Improving the Airline Experience
How Technology Is Changing Customer Experiences and Communications

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Introduction

EyeforTravel, in conjunction with Relay42, surveyed UK consumers to identify how technology has changed air travel and what airlines should be doing to make the most of the latest developments to improve their services.

As the travel industry continues to expand and diversify, airlines have a central role to play. Passenger numbers are expanding, with a concurrent demand for more integrated services.

What's more, with each passenger now equipped with a powerful digital device, the opportunities to develop new innovative services to differentiate an airline from its competitors are greater than ever. This is especially prescient as our research indicates that consumers are rarely brand loyal and look at airlines as commodities.

It will therefore be critical for airlines to innovate with the progression of technology so that passengers stick with the same carrier - for outbound and return flights. The airline that can make a customer's journey as smooth and comfortable as possible, from the moment they close their door to the time they get to their accommodation, is likely to be the winner. That will entail better communication with the customer, giving the customer greater control, improving the in-flight experience, and engaging in valuable data exchange to improve services.

However, these laudable objectives are not without challenges. The quantities of data that airlines can now collect about each passenger is vast. Airlines, though, often waste this precious resource with low levels of integration and utilization of this information.

Data is often held in silos, meaning that its full potential cannot be unlocked. Airlines that can take their resources and use them as the basis for new, customer-facing services will gain not only brand awareness, but also the seal of approval from passenger groups – none more so than the millennials that are actively demanding new digital services from the airlines they use.

Technology has the potential to make close personal connections with individuals that can be used as the basis for long-term commercial relationships. The power of the smartphone and apps seen in other industries can be applied to the airline sector. Furthermore, passengers want to use the technologies they carry to enhance their traveling experiences and not simply improve their efficiency. Multiple digital touch points should be in development by all airlines as they strive to become destination brands for consumers.

Technological innovations are vital to all airlines, especially given the increasing competitiveness of the marketplace. With so much choice available to the traveler, the airline that can use digital services to differentiate will become a magnet for customers who want to use these new innovations. Technology then, can move airlines away from commoditization and into an environment of added value services.

This paper will reveal:

- How passengers currently view airlines' use of technology.

- What kind of technologies and digital services passengers want to use.

- Where airlines are falling short with their customer-facing services.

- Which airlines are innovating with new digital services.

- How airlines can act to improve the services they offer today and in the future.

As the travel sector is in constant flux, airlines need to understand the pressure points their customers are facing. With these insights revealed, services can be developed that meet the diverse demands of each customer group.

1

How Are Airlines Performing?

The rise of the low-cost airlines has rapidly expanded the use of air travel to far more consumers but it has also introduced more carriers into the market. This disruption sits alongside the advent of powerful portable digital devices, most notably the smartphone. As mass consumer travel spreads with a growing global middle class, so too do their expectations of high levels of customer services and immediate interaction.

"Today, technology is an extension of us: the lives we lead, where we go, our behaviors and preferences," says Florent Coudyser, Head of Travel at data management company Relay42. "So, airlines should be able to connect every technology and touch point, and create hyper-personalized workflows, dependent on each person's preferred channel. Herein lies the opportunity to turn passenger pressure points into sweet spots."

There is a tangible appetite to do more with the multiplicity of touch points provided by increasing numbers of devices, as we may only just be skimming the surface of possibilities. Travel is a sector that consumers consistently point to as being transformed by technology, saying that they are comfortable with many of these advancements and, indeed, want more.

Airlines have spent decades building their person-to-person customer services, which passengers use to differentiate airlines. However, what is clear (and supported by the *IBM Travel Experience Index: Airlines* (IBM, 2016)) is that the digital experiences of travelers are still evolving and are in their early days of development. Channels need to be more coordinated to offer the seamless experiences that passengers are demanding from the airlines they use. And, of course, more personalization is a cornerstone of these new services. The airline that can make each journey

Figure 1: How Do You Rate Airlines' Customer Experience in General?

- Very poor
- Quite poor
- Neither poor or good
- Quite good
- Extremely good
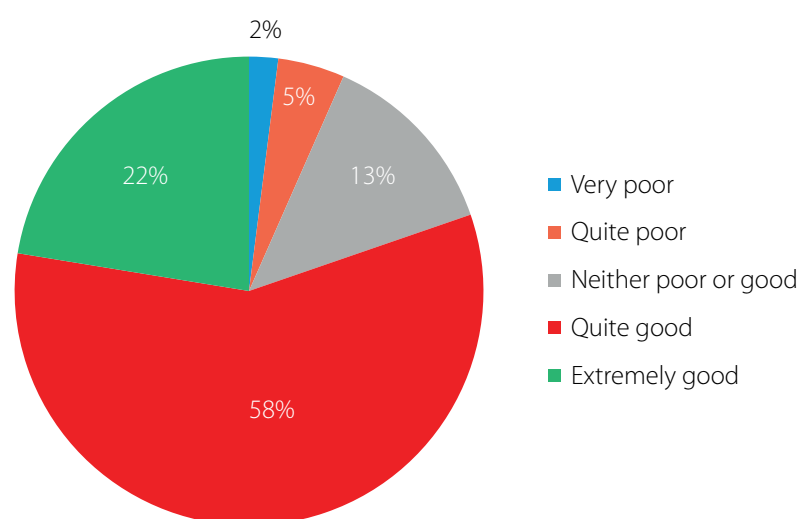
Source: EyeforTravel Technology in Air Travel Survey, 2016

personalized to the individual will gain market share and improve its brand advocacy.

The efforts of airlines to build high levels of customer services appears to have been generally noticed by passengers, as the vast majority of views in our survey were positive. Nearly 60% (57.8%) said that their airline's customer services are "quite good" and just under a quarter (22.4%) describe their general experiences as "extremely good". Just 6.6% find airline customer experience negative, describing it as "quite poor" (4.6%) or "very poor" (2%) respectively (EyeforTravel Technology in Air Travel Survey, 2016).

1.1 Passenger Perspectives: What Do Consumers Think of Airline Customer Service?

The competitiveness of airlines and the relatively small number of points of differentiation means that airlines need to be competing on customer service to avoid the danger of commoditization.

Indeed, at the 2016 CAPA Americas Aviation Summit it was clear that passengers still view airlines as a commodity, with Allegiant's SVP of planning and COO, Jude Bricker, stating that passengers "simply want to get from point A to point B in the cheapest possible manner, and I don't think that is necessarily going to change".

However, with more passenger data becoming available, which is leading to granular insight into individual travelers, airlines have an opportunity to create tailored services, which appeal to specific groups. Just focusing on price, for instance, means you are falling ever deeper into the commoditization trap. Allegiant's Bricker called it a potentially "slippery slope as you talk about customized pricing based on customer segmentation".

Against this backdrop it is worth looking at the performance of individual airlines with regard to customer service to see if consumers note a difference in levels of customer service and how wide that difference might be.

Our survey points to airlines generally being viewed positively but having a lot of room for improvement and there being plenty of distance between brands.

Exactly 50% of our respondents agreed with the statement "airlines usually make an effort with their customers and their experiences", and 23.4% of our respondents agreed with the statement "airlines always make an effort with their customers and their experiences". However, there is plenty of room for improvement here as one in four UK consumers feels that airlines only occasionally make an effort or make no effort at all.

Furthermore, when we looked at where customers felt that airlines could improve or had made the most difference, it appeared that airlines were falling short. When we asked customers what would increase their

Figure 2: Which of the Following Statements Best Describes How You Think about Airlines?

- ■ Airlines are not interested in their customers or their experience at all
- ■ Airlines occasionally make an effort with their customers and their experience
- ■ Airlines usually make an effort with their customers and their experience
- ■ Airlines always make an effort with their customers and their experience
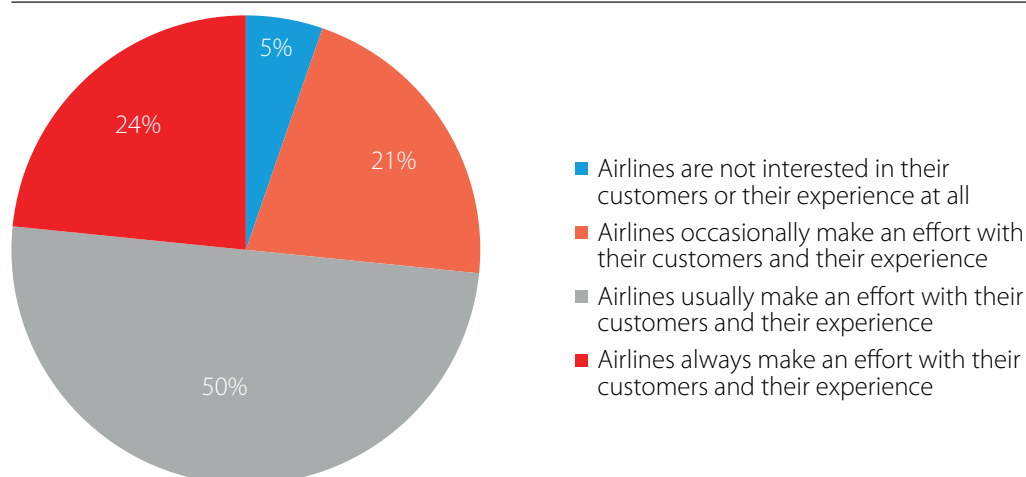
Source: EyeforTravel Technology in Air Travel Survey, 2016

preference for an airline they opted first for a clearer picture of extras fees and charges, which was followed by a streamlined booking route that allowed them to pay for the flight and nothing else. When we asked them what communications they would like to receive they told us that they wanted functional messages, such as waiting times at the airport, above personalized recommendation messages from an airline. When it came to where technology had made the most difference, the top selection was flight search processes. Comparatively few felt that technology had influenced their direct communications with carriers for the better (see Figure 7 for more).

So, although the consumer body feels that the industry is doing a reasonable job at customer service, when we dig into the specifics it seems that there is plenty of space for airlines to grow and improve their digital experience and communications.

The interest of consumers in functionality over more complex and engaging communications and services is natural, but should be of concern to airlines. If they want to be perceived as brands that bring value to the travel process then a seamless and integrated set of technologies is needed to attract and hold passengers, with customer service being a major component of these relationships. Airlines will also need to work harder to convince travelers that they can provide interesting and worthwhile information so that travelers download apps or head to airline sites directly.

1.2   Which Airlines Are Winning Customers' Hearts and Minds?

What our survey clearly revealed is that all airlines are not equal when it comes to perceptions of customer service. There is a clear differentiation in UK passengers' opinions of different customer airlines service that has the potential to make a difference to consumer preference when choosing between two comparable airlines.

We asked respondents to rate up to three airlines they had used in the last 12 months on the level of customer service they had experienced with a score out of 10. The graph depicts airlines that gathered more than 100 responses and their scores. Please refer to the table for every response gathered (2,658 responses in total).

From even a cursory glance it is obvious that the longer-haul airlines are performing better in this regard,

and budget airlines are lagging far behind. Emirates and the Virgin Atlantic/Australia brands scored 7.65 and 7.60 respectively. At the other end of the table are most of the budget brands. Ryanair sits almost at the bottom with a score of 6, despite the airline's recent efforts to try and rebrand and create a better physical and digital customer experience. Wizz Air and easyJet rate somewhat better, with scores of 6.4 and 6.6 respectively.

Although this is to be expected, to some degree, due to the budgetary constraints and profit models of these respective airlines, there are signs in the table that innovative use of technology and efficient customer care models can provide a boost to customer percep-tions and the bottom line. It is not just a nice thing to have – as CEO of budget airline Ryanair, Michael O'Leary, pointed out: "If I'd only known that being nice to customers was going to be so good for my business I would have done it years ago."

British Airways is clearly out in front of its budget rivals with an average score of 7.28. The airline has been actively developing its customer-facing technologies, but also its operational systems, to support more innovative services.

British Airways has now rolled out the ability to make pre-orders in order to enhance their customers' experiences. Passengers can pre-order duty free to their seat or home and they can also order food choices before boarding on a number of long-haul routes. BA's most recent announcement in this area noted that they were partnering with start-up AirPortr in London so that passengers could leave their bag with Airportr, which would then take their bags straight from their home to the airport and check them in.

There is also their "Know Me" program, which organizes the data they have on each passenger and delivers this as a single customer view to enable staff to personalize the services they provide. The technology uses facial recognition to allow crew to search Google to identify specific passengers and influence how they can help and support them during their flight. Initially used for Executive Club members, crew can now perform wider searches. Airports will use technology in similar ways to help them personalize their customer services and enhance the commercial services they offer to their partners and concession holders.

Emirates was the highest scoring airline with more than 100 responses and this airline is also innovating.

Figure 3: Airlines Customer Experience Scores (Airlines with More Than 100 Survey Responses Only)
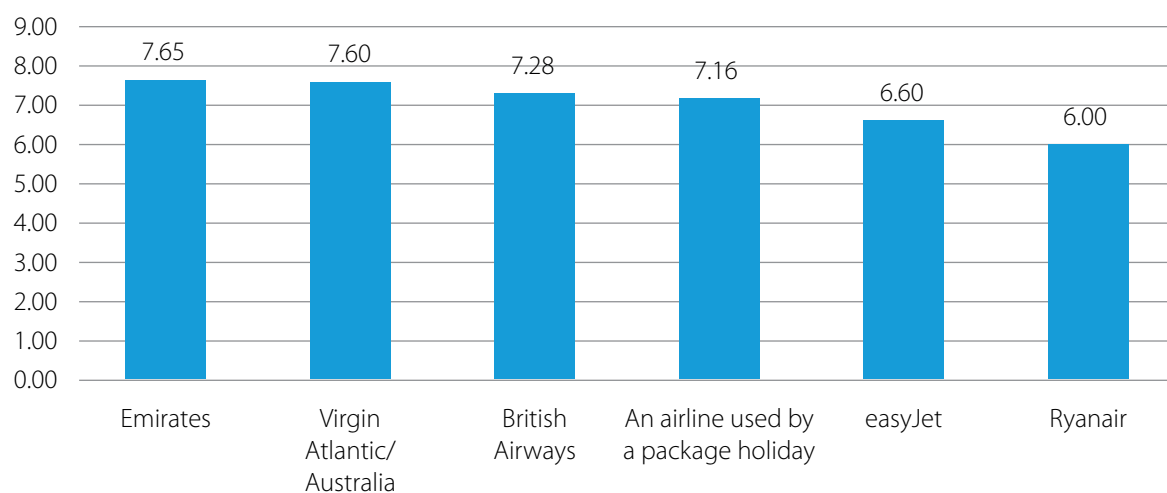
Source: EyeforTravel Technology in Air Travel Survey, 2016

Note: Scores marked out of a range of 1 to 10 by respondents, with 10 indicating the best performance possible

Table 1: Airline Customer Experience Satisfaction Scores (Rating Out of 10)

Airline	Average	Number of Respondents
Qatar Airways	8.18	33
Emirates	7.65	187
Qantas	7.64	22
Virgin Atlantic/Australia	7.60	131
KLM	7.47	59
Brussels Airlines	7.44	32
Lufthansa	7.38	34
British Airways	7.28	573
Norwegian	7.22	23
An airline used by a package holiday company (e.g. Thomson, Thomas Cook, TUIfly)	7.16	173
Aer Lingus	7.07	96
United Airlines	7.04	54
Air Europa	7.00	77
Air Canada	6.98	58
Monarch	6.92	79
Air France	6.77	83

Turkish Airlines	6.60	43
easyJet	6.60	455
Vueling	6.55	11
Delta Air Lines	6.52	31
Transavia	6.50	4
Wizz Air	6.40	60
Alitalia	6.24	34
Iberia	6.20	10
SAS	6.00	10
Ryanair	6.00	266
TAP Portugal	5.43	7
Eurowings	5.08	13

Source: EyeforTravel Technology in Air Travel Survey, 2016
Note: Scores marked out of a range of 1 to 10 by respondents, with 10 indicating the best performance possible

Its latest development is to use AR (Augmented Reality) to promote its amenity kits. Using the Blippar AR app, the patterns on the various amenity bags available can be scanned to unlock content on the passenger's phone, such as information on how they can ensure they have a relaxing and comfortable flight. Sometimes it can be these small touches that make a difference and let customers know that they are being thought of by the airline.

Another of the standout performers was KLM, finishing in the top five with a score of 7.47, generated from 59 responses. It has been one of the most innovative airlines in recent years incorporating multiple techno-logical solutions into its e-commerce and customer-ser-vice models, such as in the field of social media (see Section 4.1 for more).

2

Where Is Technology Making a Difference?

Airlines have long been leaders in the field of technology in travel. As the era of commercial aviation began, airlines worked to develop systems that offered them and their partners platforms to help them manage their passenger demand.

In 1952 for instance, American Airlines installed the "Magnetronic Reservisor" – a vacuum tube-based system that could store the airline's seat availability. Later, the airline would partner with IBM to create a new computerized system as a direct reaction to Trans Canada Airlines developing its Reservec, which stood for "Reservations Electronically Controlled".
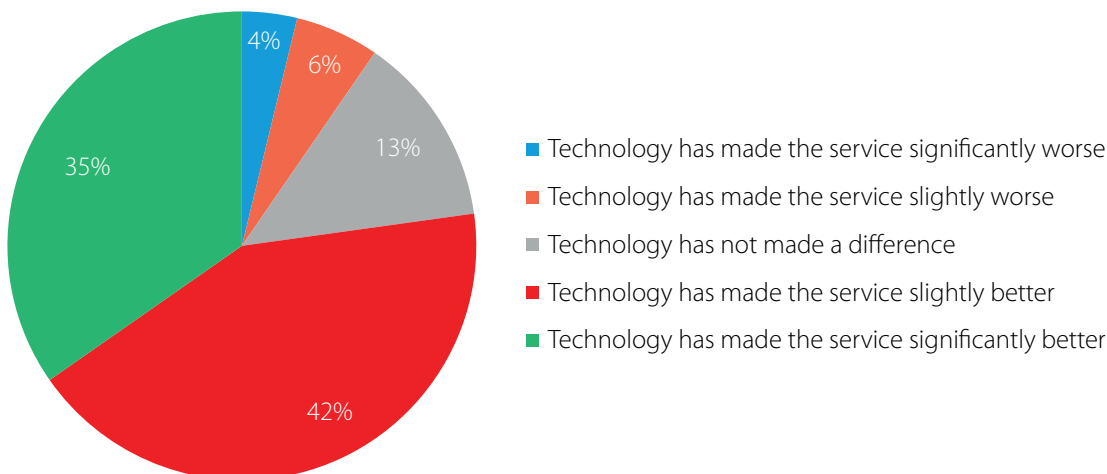
Fast forward to 2016, and these have long been replaced by technologies that can hold far more customer data and interface with the profusion of touch points that have grown between airlines and passengers. These create opportunities for airlines to reach

out to their customers, especially as they are typically connecting with passengers from a very early stage in their travel journey.

The flipside of this is that consumer's expectations have increased as well. They want to be online through their physical journey, travel in comfort, and have focused communications that are relevant but not overly pervasive.

In our survey, the majority of passengers feel that technology has made a positive difference to airline and customer service in the recent past, but given the benefits it provides, it is striking that there is still a substantial quantity who do not feel this way, pointing to the need to better meet these expectations. Of our respondents 42.5% said that technology had made airline services "slightly better" and 34.7% described it as making it "significantly better". This leaves just

Figure 4: Over the Last Five Years Do You Think Technology Has Improved Airlines and Airline Customer Service?

- ■ Technology has made the service significantly worse
- ■ Technology has made the service slightly worse
- ■ Technology has not made a difference
- ■ Technology has made the service slightly better
- ■ Technology has made the service significantly better

Source: EyeforTravel Technology in Air Travel Survey, 2016

under a quarter who feel that technology has made no difference or even had a negative impact.

Tiina Vesterinen, Customer Experience Development Director for Finnair commented: "The passengers expect a smooth travel experience with sufficient information available throughout the journey. The physical and the digital experience need to go hand in hand, no matter if the airline itself, its partner, or a third party is taking care of a customer journey touch point. This is valid both for regular journey flow, but also for any irregular situations. Technology plays an important role in all of this, both in the role of sharing information, discussing with the customer and giving customer control, but also in the form of tools that our personnel has to run the operations and deliver excellent customer experience."

Airlines need to make the first point of contact when customers are looking for an airline and then offer seamless integrated services that move that customer from initial contact to their accommodation. However, even then, passengers want to look at additional services, such as restaurants, taxis and other excursions at their destination. At every step of this process, airlines can use technology to enhance the services they offer.

The critical driver between nearly all of this is mobile. Smartphone penetration is now considerable and airlines have more chances than ever to reach their passengers, which can begin a relationship that lasts the entirety of their journey. The important aspect
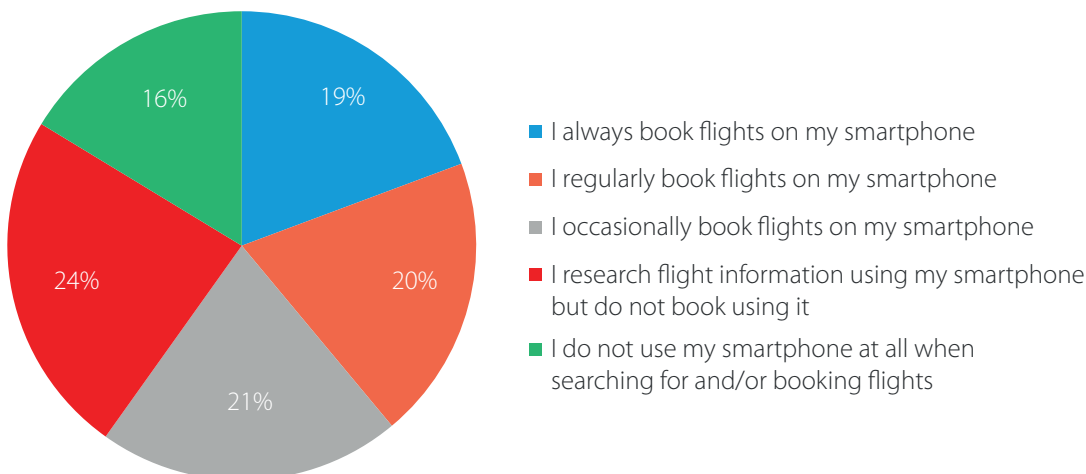
here is to ensure the initial touch point is efficient and convenient and doesn't intrude, as consumers prefer to be in complete control of the communications they have with brands, and of course how they spend.

2.1 Mobile and Mobility

The time spent on mobile, and smartphones in particular, continues to increase, often at the expense of other means of accessing media, and the way consumers are using smartphones is driving changes to the media landscape. For the airline industry specifically, the travel planning and booking experience is elongated as consumers have constant access to inspiration and research through mobile. They then expect smartphones to be a core part of their journey, easing the process, communicating with their social circle and documenting the experience. This presents challenges in terms of attribution, targeting, IT development, customer interaction and ad spend. These complexities mean that although there have definitely been successes for the airline industry in terms of mobile usage, not all airlines are leveraging search and their mobile assets to their full effect.

In terms of progress made by the airlines, when our survey asked about smartphone usage when booking air travel, the majority expressed that they had used their smartphone to purchase a flight. Some 19.3% of respondents stated they always booked flights on their

Figure 5: How Comfortable Do You Feel with Booking a Flight on a Smartphone?

- I always book flights on my smartphone (19%)
- I regularly book flights on my smartphone (20%)
- I occasionally book flights on my smartphone (21%)
- I research flight information using my smartphone but do not book using it (24%)
- I do not use my smartphone at all when searching for and/or booking flights (16%)

Source: EyeforTravel Technology in Air Travel Survey, 2016

smartphones, with similar numbers saying that they regularly did so (19.6%) or occasionally did so (20.9%). However, 23.8% stated they searched for flight information using their smartphone but didn't take the step to make a booking and a further 16.3% said that they never use their smartphones.
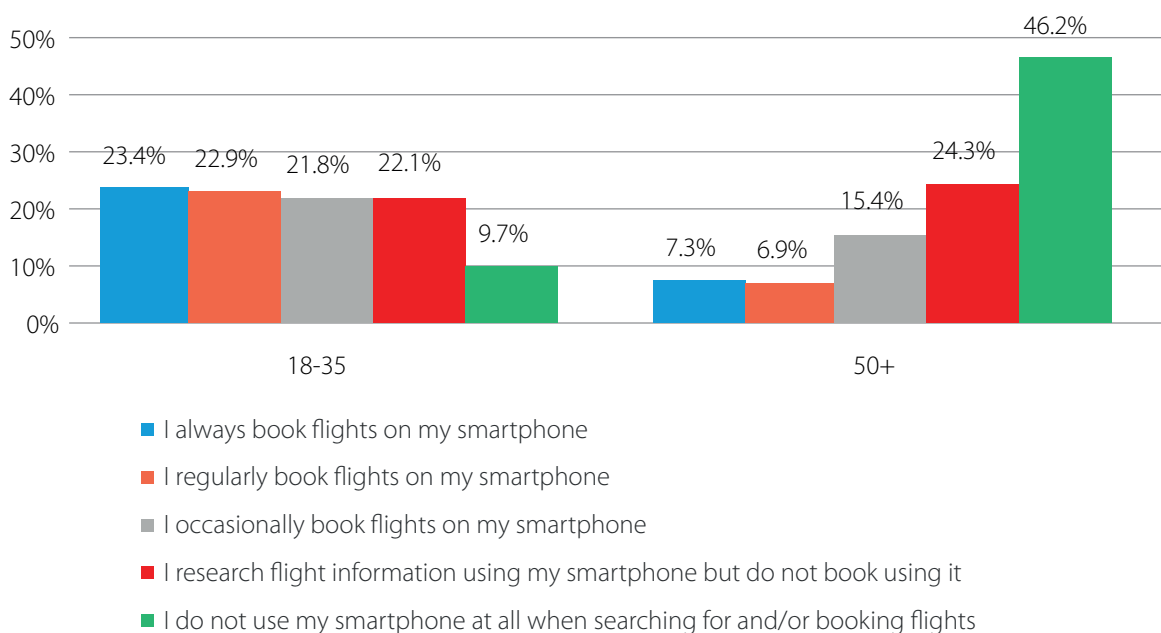
Similarly, in another UK consumer survey conducted for our *UK Travel Consumer Report* we found that mobile (smartphone and tablets) was now more important for research than desktops and laptops, but that smartphones were far less likely to be used as a booking device. Amongst respondents, 24.1% noted that smartphones were their primary research devices but 11.7% of them then booked their flight on an app or smartphone browser site. Although this is part of a wider trend, which we document in other geographies in our *Mobile Report Series*, it also points to the fact that airlines need to do more in this area to move their customers to the next stage of their flight purchasing journey.

It is also worth airlines investing more into mobile in the long term as demographic patterns will only push smartphones up in importance. For the survey conducted for this white paper, there was a clear divide in how comfortable users were in booking flights with their smartphones. Those in the 18-35 age bracket saw just under a quarter always using their smartphones and 23% regularly using smartphones to book. In comparison, over 50s in the UK were much more reticent. Just 7.3% always use their smartphone and 6.9% regularly use it. When it came to never using a smartphone, nearly half (46.2%) of over 50s reject using their smartphones in the airline booking process, compared to just under 10% of under 35s. Similarly, in our UK Consumer Report, respondents aged under 35 report booking flights with their smartphones at a rate around three times higher than those aged more than 50 years old.

In terms of mobile usage, the app reigns supreme as the preferred delivery platform for information once the booking has been made. Now the app is doing more than simply placing a travel brand onto phones. The passenger experience is being transformed by apps at every step of their journey.

Figure 6: UK Consumer Propensity to Book Air Travel on Smartphones: 18 to 35 Year Olds Vs. Over 50s

- ■ I always book flights on my smartphone
- ■ I regularly book flights on my smartphone
- ■ I occasionally book flights on my smartphone
- ■ I research flight information using my smartphone but do not book using it
- ■ I do not use my smartphone at all when searching for and/or booking flights

Source: EyeforTravel Technology in Air Travel Survey, 2016

The app from Finnair is just one example, as Finnair's Tiina Vesterien explained: "Our digitalization development has already brought tools to this, e.g. in our mobile app, website and the various customer service channels. However, on our roadmap we have a range of exciting items that we are working on to enhance this dialogue further through a wide range of digital channels."

Creating high-functioning and engaging apps has the potential to be a key differentiator for an airline. This will be particularly so if companies can begin to deploy personalization effectively in apps alongside an excellent and efficient user experience.

Relay 42 CEO Tomas Salfischberger makes the point: "Passengers are swamped in apps – some frequently used, some not so much – and many phones don't have unlimited storage. Data from across the industry also suggests that users are less inclined to download travel apps. Installs [are] slowing and solutions, such as Asian app WeChat, are making every service seamless, from travel to ordering food. So, whilst many airlines focus on improving their mobile experience, and we agree this is a good thing, we advise our airline clients not to consider a 'mobile-first' strategy, but rather a 'consumer-first' strategy."

2.2   Customer Control and Choice

When we looked at what consumers thought of technology's impact on booking and travel in more detail, there were some striking results that further pointed to the idea that airlines need to do more to match consumer expectations and avoid commoditization.

When we asked where passengers thought technology had made the greatest difference to searching, booking, and flying, the clear winner was the search process. There, 52.6% of respondents thought it had made their journey easier. A further 37.9% thought that technology had made life easier when paying for a flight (see Figure 7). When it came to direct communications received from the airline, both before and after they made a booking, these came last, with less than a fifth of respondents selecting this option.

Similarly, when we asked them what was most critical when choosing their flight, the top answers were convenience and price. Convenience, such as flight time and airport location, was chosen as the key element by

26% of our respondents, and a quarter of respondents stated the price of the flight was key. Brand awareness was a poor third, with 12.5% of respondents indicating this option as a deciding factor influencing which airline to use. Customer service was rated as important by only 7.3% of our respondents, and loyalty programs finished last at 4.6% (see Figure 8).

Together, these results point to the considerable role that Online Travel Agents (OTAs) and metasearch sites are playing and the failure of airlines to fully address customer service and communications. The feeling that these organizations have made searching and booking a flight far easier and cheaper seems to have made a clear impression. In comparison, airline communications emphasizing brand and service advantages are not making anywhere near as much impact, a clear sign of commoditization. Airlines will need to work around this new reality and remind their consumers of what they offer.

Relay42 CEO, Tomas Salfischberger, commented: "The survey shows a strong tendency towards control for today's passengers. Favoring technology that aids the search and booking stages in their journey – over the relevant delivery of offers and content – means passengers are wresting back autonomy over the buying process. In turn, airlines must shape their strategies around this.

"Take metasearchers, for example, a tool that has taken off in the travel industry. Airlines who centralize their strategy around budget, must be aware that there can only be one lowest cost airline. Control in this context, means that airlines must differentiate in more ways."

This means that airlines will need to work to make communications with the customer more relevant and also look at their relationship with the customer across the journey. This can be in terms of marketing communications but also empowering the passenger to make the right choices as they travel. As can be seen in Figures 7 and 11, customers feel that technology is playing an important role at the airport, such as at check-in and passport control. Carriers therefore need to be able to send push notifications to the consumer, integrate services with their airports and also communicate to transportation and accommodation choices to make the journey seamless. This will require increasing partnerships with the third parties providing touch points along their passengers' journey.

Figure 7: In Which Three of the Following Areas Has Technology Made Your Life Easier When Searching, Booking and Flying?
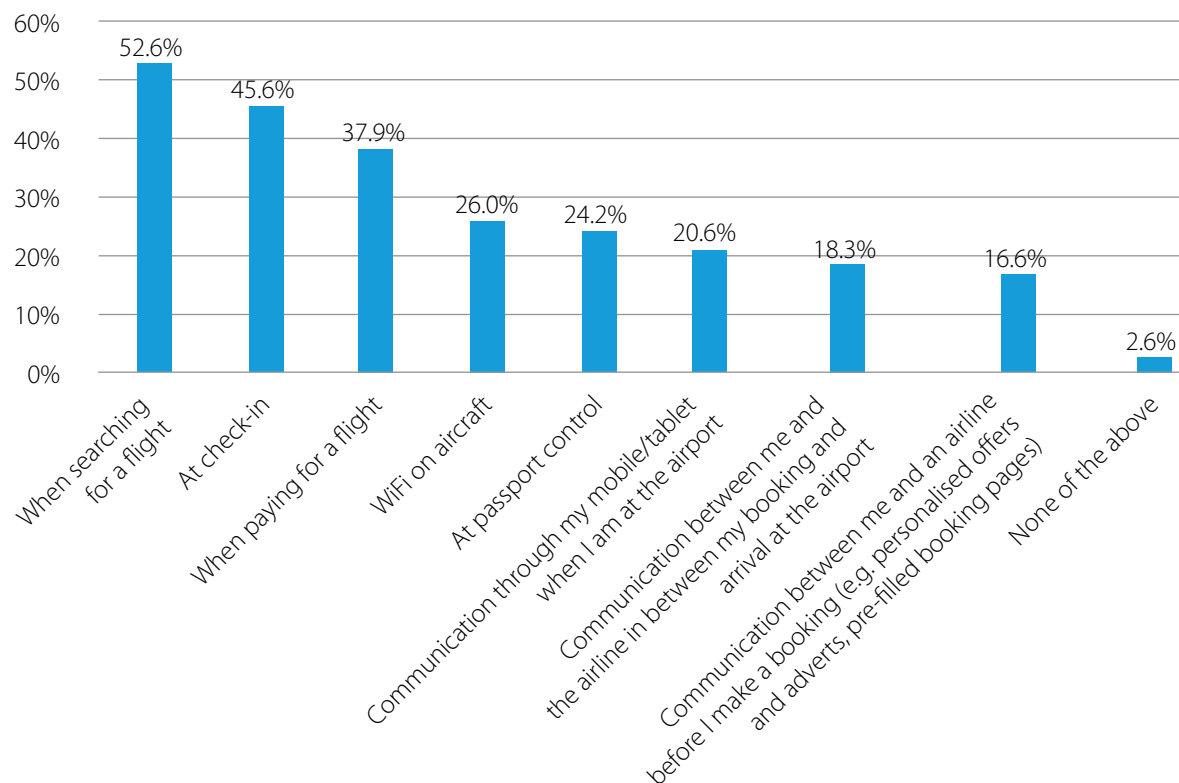
Source: EyeforTravel Technology in Air Travel Survey, 2016

Figure 8: Which of the Following Is Most Critical to You When Choosing Your Flight?
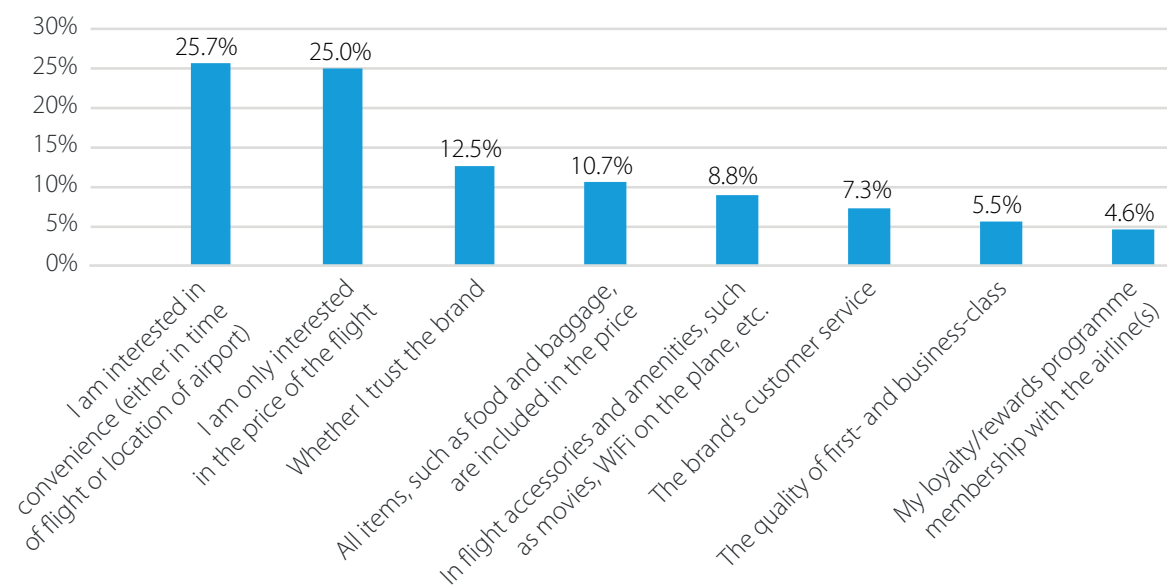
Source: EyeforTravel Technology in Air Travel Survey, 2016

For Debbie Hulme, Vice President of Customer Experience, Virgin Atlantic, it is about "knowing customers better [so] we are able to serve them better. For example, customer data showed us that customers wanted to be able to change their limo to the airport more dynamically so we now provide the ability to do this online. We have also made some significant investments . . . to serve more relevant digital content to customers that is personal to them in that moment, be it researching a trip or getting ready to fly."

2.3   The In-Flight Experience

Once a passenger is on-board, customer services shift, to a large degree, toward entertainment. As each passenger is equipped with advanced digital devices, airlines have a huge opportunity to deliver innovative services to their customers.

2.3.1   WiFi Wonder

In our survey, when asked what areas of their journey could be enhanced by technology, just over a quarter (26%) stated that WiFi on aircraft was a valuable addition.

The use of on-board WiFi has transformed how services can be delivered. Jet Airways for instance is now enabling their passengers to stream a wide range of content. The introduction of streaming is the first step in Jet Airways' plan to eventually transform its in-flight entertainment experience into fully-fledged, broad-band-enabled WiFi connectivity (subject to regulatory approvals). This will allow guests to enjoy a range of services, such as Internet surfing, e-mail, social media, connecting flight information, instant messaging, real-time travel services and destination deals.

Gaurang Shetty, Senior Vice President Alliances, Jet Airways, said: "In-flight entertainment is a key element of Jet Airways' full-service experience. Our selection of the best entertainment content across genres is aimed at enriching the in-flight experience of our guests. Streaming of content on personal devices has become extremely popular globally, and we are confident that this initiative will appeal to all our guests, especially the millennials who prefer to access content on the move."

The recent partnership between Finnair and ViaSat will see the company install high speed WiFi across all the airline's Airbus A320 for short-haul flights in Europe, with EL AL Israel Airlines also expecting to roll-out similar services by the end of 2016.

The addition of new technologies such as in-flight WiFi can have a significant positive impact on the journey of any passenger. Increasingly, those airlines that do offer in-flight services like this are raising their brand profile.

2.3.2   In-Flight Services

Furthermore, as airlines chase ancillary revenue streams, the in-flight experience is also increasingly becoming a commercial and competitive space. Finnair, for instance, is making a USD33 million investment in a fleet-wide connectivity initiative that it has been trialing with its fleet of A350 aircraft. The "Nordic Sky" initiative enables passengers to access the service with their own devices for entertainment but, more importantly, to shop with retail partners such as Ivana Helsinki and Makia Clothing. The portal will also be expanded to offer passengers the ability to order taxis before they land and book other trips and additional services, such as concert tickets.

The Finnair app has also recently won the Red Dot award in the Communications Design category. "This award stands as a good indication that we are on the right track in the development of our digital services," says Jaron Millner, Vice President for Direct Business at Finnair. "Our primary objective for the application has been to make the travelling experience as smooth as possible for users. Early on in the development phase with Reaktor, we put a lot of time and emphasis on the application's service design to ensure that the different functionalities made the journey easier for travelers."

JetBlue are also looking at in-flight technology, but are considering it from the position of improving service from their flight crews. They now carry tablets with apps that have access to JetBlue's data, including passenger manifests. This means that they can identify key passengers and also deliver personalized service during the flight.

Airlines are increasingly forging links with retailers to offer an integrated experience in flight. Delta's long-standing partnership with Westin is a good example here. Passengers in business class can try the bedding range during their flight, but as yet can't buy the range. The concept of 'tryvertising' is clearly a powerful means to connect with passengers, but airlines need to offer a seamless shopping experience as well.

Ryanair has similar ambitions to turn their cabins into retail spaces. Ryanair CEO, Michael O'Leary, says "We now have an opportunity with the new website to build

Ryanair.com not just as the airline's website, but as a
kind of Amazon for travel in Europe."

Figure 9: Finnair Have Deployed Their App on Multiple Devices

Source: Finnair, 2016

3

Improve the Passenger Experience

For airlines to differentiate their services in what is an incredibly crowded marketplace, airlines need to develop their services to become notable experiences that consumers want to take again and again.

Care needs to be taken in order to carefully match the services on offer to the needs of the passenger. Customers may carry a device that enables airlines to remain in constant contact, but how and when messages are communicated by the airline needs to be carefully managed.

Consumers are now bombarded with marketing messages. From a customer services standpoint, airlines have a great opportunity to develop personalized experiences for their passengers. It is essential to appreciate that their passengers are not a homogenous group so that messages can be tailored to each passenger's precise needs and interests.

Technology is a great enabler here, with many airlines actively developing their services to offer a personal experience, which if handled correctly, can grow an airline's brand loyalty.

3.1 Customer Conversations: Social Media, Chatbots and Smart Help

Making a personal connection with passengers has been a core driver across the airline industry with social media taking center stage as the enabler of these conversations. Airlines like KLM have become leaders in their use of the social media networks. Personalized one-to-one communications in their marketing campaigns has in the past seen them give free gifts to passengers, delivered by hand via KLM staff.

Relay42's Florent Coudyser says "As ever, it's about customer-centricity, which in terms of technology means cross-channel connectivity, and further to this, the availability of information to shape airline interactions everywhere your customer is, in the right way."

This year also saw KLM become the first to offer its customers around the world booking and check-in confirmation, boarding passes and flight status updates via Facebook Messenger. This makes information easy to find in a single place, so it's available at the airport, en-route, or at home.

Pieter Elbers, KLM President and CEO said: "The new Messenger service is a perfect addition to KLM's social strategy. We believe we should be where our customers are, and therefore Messenger and KLM are a good fit. Our customers feel comfortable sharing info with us via a more personal platform like Messenger.

"Last year, we activated the Messenger button on our Facebook Page, allowing customers to contact KLM even more directly via private messaging. Cases increased by 40%, which shows customers appreciate this form of communication. We are now taking our service to customers a step further, offering them the option of receiving all relevant flight documents and information in a single Messenger overview."

Facebook Messenger is also the next development that Icelandair will be using for flight bookings. Known as Stopover Bot, it is the one the newest examples of the rising trend in so-called "Conversational Commerce". Available 24/7, the new bot brings the point of sale directly to the customer, allowing passengers to book flights directly from Facebook Messenger.

Guðmundur Óskarsson, Director of Marketing and Business Development at Icelandair, comments: "We want to constantly improve the travel ecosystem for consumers, starting from the very beginning of their booking experience. Placing Icelandair ahead of the

game and making flight bookings available through Facebook Messenger marks the commitment to our customers. We know what platforms our customers use and want to embrace new ways to communicate and offer valuable interactions with them in that space. Through this thinking we hope to position ourselves as more than just an airline but as a software company, and the launch of the Stopover Bot is another step towards our aim of customers being able to book a flight anywhere, at any time."

Airlines are also creating an ecosystem around their services with apps and social media as a delivery channel. Last year, for instance, Dutch LCC Transavia (a subsidiary of Air France KLM) became the first to use WhatsApp messaging for its customer services.

In terms of how our respondents saw social media, it is clearly a useful tool for airlines to utilize as a competitive advantage. First and foremost, airlines should be on social media as a customer service communication channel. Some 79% of respondents reported that this would have a generally positive effect on their preference of airlines, with just under 39% answering "very much" with reference to accessing customer service using social media when asked "To what extent would you prefer an airline that offered the following forms of communication?" This came ahead of interest in social media channels for booking flights, which may be a little too new for travel bookers, who often are quite conservative in their booking channels, as we saw in Section 3.1. This generated the least interest of all the options offered, with 68% saying it would have a positive effect (see Figure 10).

However, social media isn't just another sales channel. Consumers are highly sensitive about how brands talk to them on the social media networks they use. If an airline can show value via its social media activity this will translate into brand loyalty and improved sales in its commercial spaces.

3.2 Genuine Journeys: Making Personalization Truly Personal

One of the most powerful aspects of technology that airlines can harness is the way it can enable truly personal connections with consumers. The smartphone has delivered a communications conduit that is unprecedented in its ability to make intimate connections with groups, or even individuals. In a sector such as air

travel where there has been a tendency to aggregate and commoditize services, using the direct channel that smartphones now offer to their owners must be a focus for airlines as they attempt to differentiate their services.

Finnair's Tiina Vesterinen commented: "Personalization certainly is a trend that is visible for us as well. One example from our perspective would be our loyalty program, Finnair Plus. The tier-specific (also personal-ized) benefits are delivered with the help of the tools our personnel are using, but also through the digital channels that our customers use."

Personalized experiences are actively sought by consumers. They keenly seek out brands that have innovated with new services and products. Travel is one activity that is highly personal to the individual. Here airlines can leverage the technology at their disposal to create a rich environment that delivers the services passenger want, when they want them.

However, messaging from airlines needs to have controls and be open to consumer scrutiny. Over-reaching and pursuing consumers in a heavy-handed manner simply won't cut it, especially as other airlines will be competing for this media space.

Asking our respondents what forms of communication they would prefer from an airline, 93.8% would like clearer advertising of extra charges and fees, with 66.3% choosing the "very much" option and 27.4% "slightly". Some 92% want to book and pay for a flight and nothing else when choosing an airline, with 54% choosing the "very much" option. These were the two most popular choices in our consumer survey and possibly reflect where airlines are losing a lot of consumer trust. Clearly, ancillaries are a strong driver of revenues, but airlines need to refrain from creating obtuse pricing and payment choices and bombarding with unnecessary options, as this is likely why so many people desire a means of buying their ticket and nothing else.

Commenting, Relay42 CEO, Tomas Salfischberger, said: "Our airline clients are currently piloting ways to deliver on desire for control on profile level – creating a data value exchange for individuals through "preference centers". In conjunction with a Data Management Platform (DMP), airline carriers can let passengers explic-itly choose the form of contact and content options they want to receive – and where they want to receive them. This level of direct choice isn't for everyone,

Figure 10: To What Extent Would You Prefer an Airline Which Offered the Following Forms of Communication?
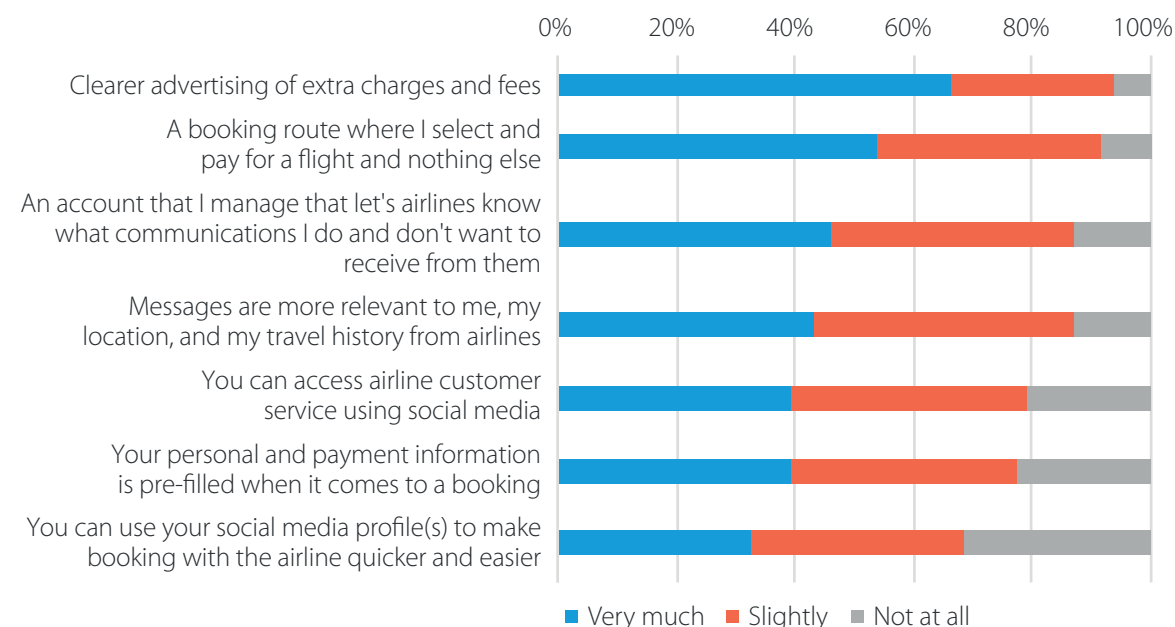
Source: EyeforTravel Technology in Air Travel Survey, 2016

but airlines can still respond to explicit choices and behaviors to make sure the right flight and information the passenger needs is at their fingertips, where and when they need it."

Airlines should look at their first party and third party data alongside testing to streamline the booking process. Understanding which consumer segments are going to buy ancillary items and which aren't before tailoring the booking process should be a critical aim for any airline pursuing personalization. "The right way invariably means frequency capping on display channels to not only save on budget – but save your passenger's sanity by not seeing the same ad seven times," says Relay42's Florent Coudyser. "It means getting the combination of channels right, and through actionable insights on each one, delivering the next message to ensure consistency and a flowing dialogue, rather than a one-way conversation."

Clumsy targeting of consumers likely plays a part in why consumers highly rate the possibility of having more control over the communications they receive. In one of our most interesting results, some 46% of respondents chose the "very much" option when asked if they would prefer an airline that enabled them to fully manage the communications channels that the airline uses to

contact them. This could be a straightforward way for airlines or airline alliances to solve the problem of how to get the right messages to customers.

If airlines are to build loyalty and avoid commoditization then they need to look at applying data and personalization more widely than just grabbing the booking.

SriLankan Airlines, for instance, captures real-time customer satisfaction data throughout the journey of their customers. At every passenger touch point – including after the passenger has concluded their journey – the airline provides ample opportunities for its customers to comment on the services they have experienced. There is also a feedback module built into the airline's IFE system inviting passengers to rate their experiences.

"Today we are serving an informed, tech savvy, demanding customer. We understand the service expectation can be delivered by working smart. We recognize that technology can bring the speed and sophistication to serve today's customer," says Mr Chanaka Olagama, Head of Cabin Services, SriLankan Airlines.

The collected data informs the flight crew via a live dashboard that refreshes every two hours, and even

Figure 11: Which of the following would you like to receive from airlines through email and/or mobile communications?
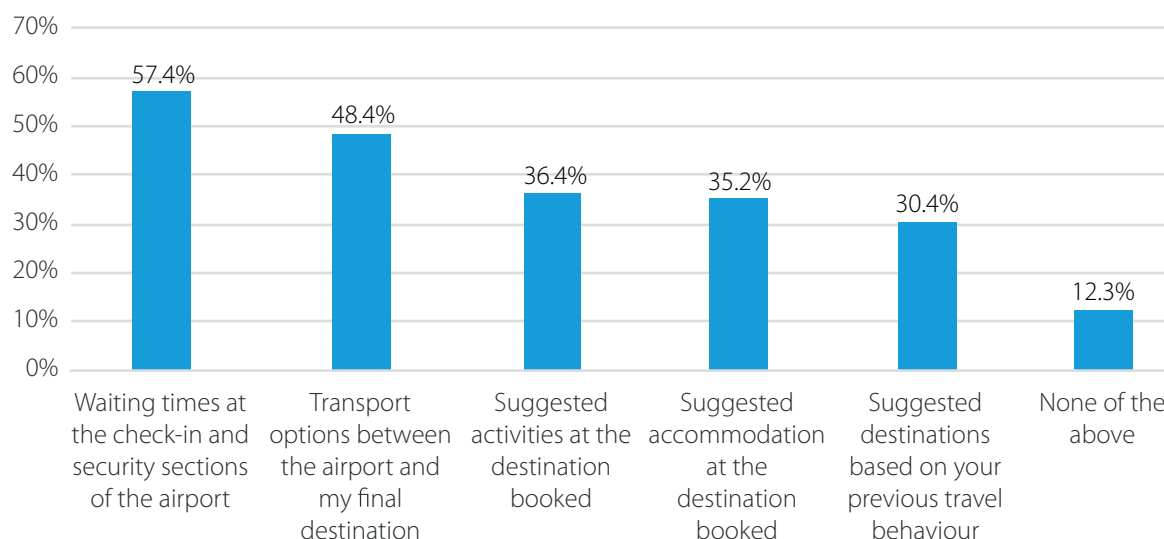
Source: EyeforTravel Technology in Air Travel Survey, 2016

gives an indication of customers' mood via color-coded cards, which are based on the responses passengers give via their customer satisfaction apps. The airline intends to also incorporate this data into their CRM system to further enhance the services they offer to customers.

A granular understanding of each passenger with historical data collected over long periods of time will deliver the insight airlines need to make their customers' journey personalized to them.

3.3   User Experience Before, During, and After the Journey

It is far easier for travel agents, airports and airlines to operate in silos with little integration, but today's consumers expect their travel experience to be seamless and efficient.

Brand loyalty is also a precious commodity that all businesses should be actively pursuing. Within the airline industry brand loyalty will be influenced by a number of factors, none more so than the customer services on offer. Consumers are tech savvy and want to use the advanced digital devices they carry to interact at every step of their journey.

Head of Travel at Relay42, Florent Coudyser, says: "It becomes increasingly important for airlines, in this competitive sphere, to make every single interaction count: to be where the customer is, when they need to book a flight, and to respond to their behavior thoughtfully, in a way which makes them choose you over the next big thing, here today and gone tomorrow. This could mean incentivizing loyalty through understanding a valued passenger's next-best destination and delivering them the right offer, at the right time, in the right place; the right place could mean escalating the use of messenger apps to manage a booking more conveniently. When combined with forward-thinking and customer-centricity, brands and what they represent will still matter."

One of the most important areas our survey aims to answer is how consumers want airlines to communicate with them, and what kind of messages they want to receive. Functional options that would improve the speed and efficiency of the journey came top in the survey. The leading option that consumers wish to receive from airlines in mobile or email communication is waiting times at check-in and security, at 57% of our respondents, and secondly, 48% of respondents would like information about travel options to and from their final destination. When it came to recommendations for a variety of ancillary items, these came lower down,

with booking activities (36%) and accommodation (35%), and activities (30%) all markedly less popular.

Similarly to the above, when we looked at the most important elements for choosing a flight in Figure 8 in Section 3.2, functional answers were again top. This does once again point to consumers principally choosing airlines from the viewpoint of convenience and pricing, whilst often ignoring branding. However, there is room for airlines to grow from these results, as nearly 40% of respondents put a premium on brand differentiators, such as service quality and in-flight experience. Airlines that want to become destination brands need to assess their target markets carefully and examine how their services fit within the entire journey of the passenger and how this can be enhanced – often with technology.

"In-flight experiences are key, but they need to match with the pre-flight digital experience," said Tomas Salfischberger, Relay42 CEO. "We still see many companies having a separate 'Digital' department, carving up 'online' as a separate strategy or team. Meanwhile, in the customer's reality the world isn't 'Digital' vs 'Traditional', but rather, 'I'm speaking to this brand on Facebook now. In their plane tomorrow, I expect the brand to be the same – a continuation of this dialogue.'

"Carolyn McCall from easyJet recently worded this nicely: 'I don't have a digital department; we are a digital e-commerce business all over.' I agree with her completely, and this should extend to the in-flight experience as well. KLM integrated their app with Uber and Airbnb this year, to bring this kind of service to fruition."

Technology for its own sake is liable to deliver lackluster services that do nothing to genuinely enhance the experiences of travelers. When designing any customer-facing service it should be remembered that, on average, the passengers' priorities will be to save time and maximize the convenience of their journey. It is also vital to understand the core drivers of an airline's customer base and how these can be supported with innovative technologies.

Virgin Atlantic's Debbie Hulme says: "Technology has a role in all of our day-to-day lives. Providing access to digital services means we are able to be there for our customers when and how they need us most. This ensures that we better meet the evolving and varied needs of our customers. It also provides a wealth of data that ensures that we can consistently understand what customers expect from us and provides us with insight that can be the catalyst for creating new and valued experiences."

If airlines can use technology to instill passengers with the idea that their vacation experience begins at their outbound flight, then they are likely to have found a key differentiator that taps into a strong emotional link. For too many, flying remains functional and a necessity.

As we have seen in the survey, consumers are beginning to understand that they have power in the commercial relationship they forge with brands and are demanding more innovation, but innovation that has tangible benefits to them. Great customer service delivered via the mobile devices passengers carry is rapidly evolving. Airlines increasingly have the information to understand what is motivating their customers, but more importantly, the information is revealing the pressure points that still exist. The airlines that can offer solutions to these pressure points will gain brand loyalty that will, in turn, become sustained commercial relationships.

Conclusion

When it comes to passengers' relationships with airlines, they remain largely functional, with few feeling brand loyalty, which should be a concern for carriers. However, there are indications in our survey that technology can be a key differentiator to meet consumer expectations and foster relationships.

Firstly, airlines should get the basics right before building on further and more complex technology. Part of this means openness and availability, such as clearly advertising their fees, but it also encompasses relatively new areas such as chatbots and utilizing social media channels. Primarily though, they should be looking at making the online booking process and journey from home to destination as smooth as possible. This can be done by effective personalization, well-constructed alerts to mobile devices, and, most importantly, a strong core of first-party and partner data that can be utilized in real time.

SITA in their "Smart Thinking" report concluded: "Many of the smartphone apps and mobile services that airlines and airports are planning to supply to passengers and staff are heavily dependent on their ability to provide meaningful data. In other words, the right data at the right time. Furthermore, this data is likely to come from multiple sources. For example, almost two thirds of airlines are planning to report bag loading status in real-time to passengers' mobiles. But to provide this service they will also need real-time data access to all the partners involved in the bag loading processes, which may include ground handlers, the airport and even other airlines, if the bag and passenger are transferring onto another flight." (SITA, 2014)

Delta Airlines appears to be getting behind the message. Their new CIO Rahul Samant commented: "Having a strong IT infrastructure is essential for IT to achieve our higher purpose to power our customers' experience from beginning to end in a seamless and engaging way. Therefore, we continue to deliver more and more functionality directly to our customers via our mobile and web channels, while at the same time, we equip and enrich our frontline employees with the tools they need to deliver the best customer service in the industry."
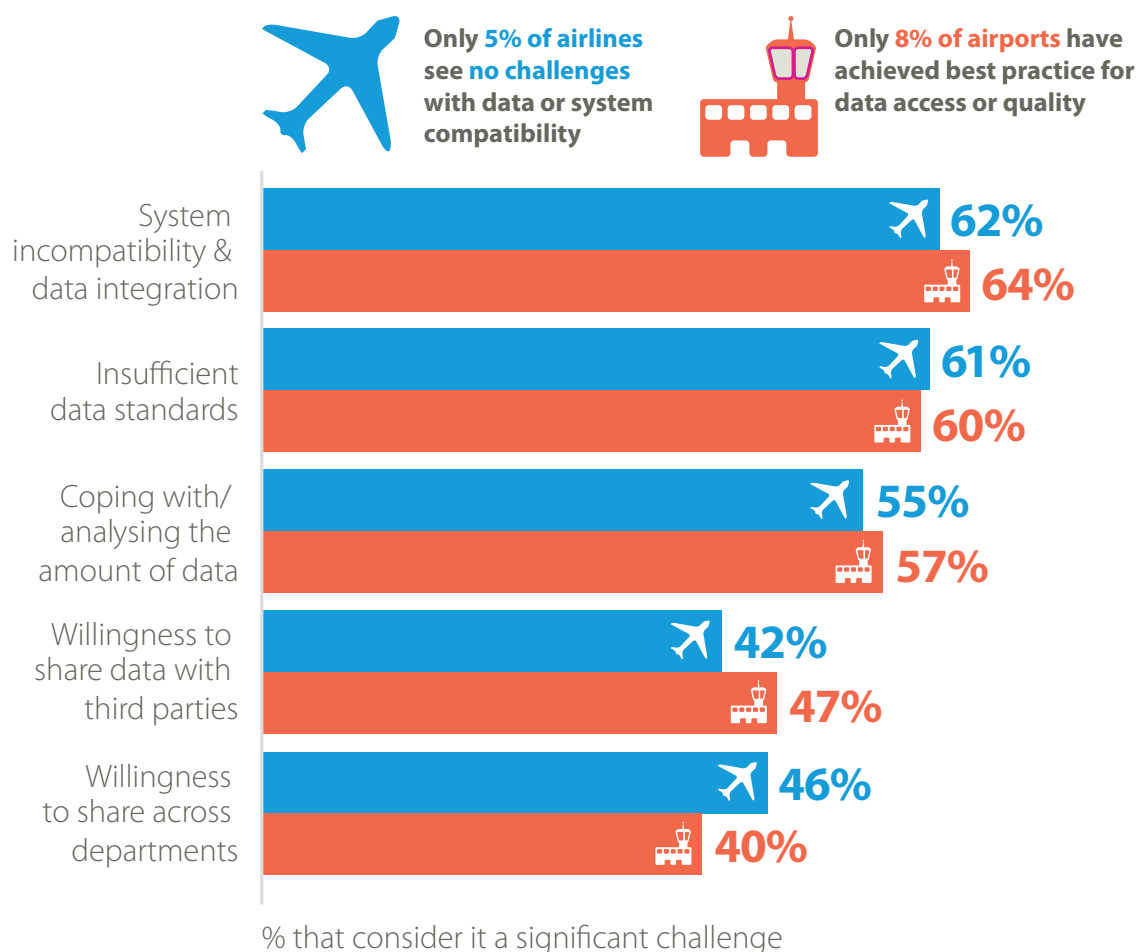
"Our mission is two-fold. We want to make technology a source of competitive advantage for Delta, not just be a support function, as well as be a partner of choice, not just be utilized out of necessity. We're also laser-focused on hiring new talent and retaining a highly-skilled workforce. Ultimately, our aim is to blend those with expertise in the airline domain with those who have backgrounds in contemporary technologies, like [the] Cloud, APIs and mobile."

The airline that builds innovative, customer-serving technology using the growing wealth of information and devices will be able to build brand loyalty through a high-level of customer service. However, once these have been achieved there is a role for wider applications of technology of that can add to the customer's experience and might be the smart little detail that they remember and that encourages them to return.

Debbie Hulme, Vice President of Customer Experience, Virgin Atlantic said: "The pace of change in technology and the role that it plays in all our lives means that the rate of change in customer expectation is quicker than ever before. The wealth of data has also provided us with unprecedented levels of insight to ensure that we are able to create new and valued services for our customers and continue to deliver the differentiated experiences that are integral to the Virgin Atlantic brand."

The key to this will be following the mobile customer and designing products and systems that can meet their expectations, particularly with regard to making their journey more convenient. Although this means investment, which can at times be substantial, if done correctly

Figure 12: Challenges to Airlines and Airports When Using Technology

Only **5% of airlines** see **no challenges** with data or system compatibility

Only **8% of airports** have achieved best practice for data access or quality

System incompatibility & data integration	✈ **62%**
	🏢 **64%**
Insufficient data standards	✈ **61%**
	🏢 **60%**
Coping with/ analysing the amount of data	✈ **55%**
	🏢 **57%**
Willingness to share data with third parties	✈ **42%**
	🏢 **47%**
Willingness to share across departments	✈ **46%**
	🏢 **40%**

% that consider it a significant challenge

Source: SITA, 2014

it can generate long-term value for a brand through customer perception and, eventually, their loyalty. Tomas Salfischberger, CEO, Relay42, believes this sentiment is growing around the industry as a key driver for future business: "Willie Walsh, CEO at IAG, framed this perfectly recently when he said: 'We need to apply technology and personalization to generate more value for our shareholders. We are in the business of selling tickets.'

"This underlines a trend we see in many industries. Instead of starting big traditional IT projects, investing millions, and finally beginning to test the market and demonstrate results after a long implementation process, airlines need to transform and learn from simple approaches like The Lean Startup, and learn faster, with shorter digital cycles and timelines.

"Michiel Blonk, Global E-Acquisition Manager at KLM expanded on this notion when he said: 'The two qualities I value most in our marketing technology solution are speed and flexibility.' Basically, we're explorers in the sense that most of our initiatives do not come from existing playbooks.

"This also means picking technology capable of quickly integrating with existing airline ecosystems – legacy or high frequency, making use of what is already in place instead of beginning yet another overhaul. Innovation is critical, of course, but passengers won't wait seven months for you to deliver the best personalized ad sequence – and neither should you."

Ultimately airlines appear to be struggling with the specter of commoditization, often failing to be seen as more than a system of getting from A to B in the mind of the customer. Our survey highlights a number of key areas where airlines can improve their customer services, with technology at the heart of these developments. The relationship with customers now begins much earlier, thanks to a shift to direct flight booking. What this means in practice is that airlines have a relationship much earlier in their passenger's journey. Indeed, our survey showed that more integration of services is wanted by travelers if it can meet their standards.

The clear message from our survey is that consumers want to do more with the technologies they carry. Technology can be transformative for airlines if they firstly understand the pressure points of their passengers, and secondly develop their customer services to meet those challenges, but also to enhance every aspect of the passenger's journey. Technology for its own sake won't be tolerated. The right communications, at the right time, containing the right information, is the path to airlines building better customer relationships and driving growth.

Methodology

EyeforTravel conducted a major survey of UK consumers between 17th August 2016 and 24th August 2016 in conjunction with market research firm TapResearch, who provided the panel. Initially, 4,069 respondents began the survey, before being redirected to a qualifying question to confirm that they had flown on a commercial airline in the last 12 months. This led to 1,795 respondents completing the entire survey. The following tables demonstrate how respondents self-identified in terms of demographics and the type of flight they reported last taking.

Gender

Male	55.0%
Female	44.1%
Other	0.9%

Age

18-25	21.2%
26-30	13.4%
31-35	20.1%
36-40	13.9%
41-45	10.9%
46-50	7.6%
51-55	5.1%
56-60	2.8%
60-65	3.1%
More than 65 years old	1.8%

Type of air journey last taken

Leisure (holiday)	77.3%
Business	10.3%
Visiting friends and relatives	11.3%
Other (please specify)	1.1%

About Relay42

Born in 2010 in Amsterdam, Relay42 has quickly grown into a marketing hub for world-class brands, helping the likes of KLM, Air France, Thomas Cook, cheaptickets.nl and ING to make their vision of one-to-one marketing a reality - and deliver real results.

The Relay42 enterprise Data Management Platform (DMP) empowers brands to turn their marketing into human dialogue. By unifying every consumer channel quickly, marketers can plug and play, personalizing every piece of outreach for the right message, to the right person, in the right context.

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