Spurred by economic factors and shifting guest expectations, the all-inclusive resort segment is rapidly expanding with more luxury product, local travel experiences, and age-delineated services targeting a wider range of international consumer demographics.

Building Customer Memory: How airlines can create a customer-centric digital experience

In this report, we look at ways airlines can build more reliable paths to true passenger personalization, to reinforce brand, build strong loyalty relationships, reduce the burden on front-line personnel empowering them with the tools and information to respond appropriately to customer needs, and to raise purchase rates of ancillary and a-la-carte products and services.

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Executive Summary

The chatter around personalized technology focuses on a utopian ideal: seamless technology, satisfied customers, improved operational efficiencies, and increased ancillary revenues. Those results are welcome—and can be achieved—but only through the design of flexible digital systems which make connecting with customers on a personal level easier, anticipating needs, resolving concerns, and suggesting solutions at the right time to motivate ancillary purchases or improve customer engagement.

Getting from now to next in the pathway of forging strong customer relationships requires robust customer memory. That can be improving the organization's memory of customer identity, status, needs and preferences, as well as building positive customer memories of their brand experience. Installing systems to support these aims requires a clearly defined roadmap of the passenger journey. It also requires a manageable plan of action, timing the right interactions around the most common needs of travellers at each travel touchpoint and better managing disruptions when they happen to improve speed and efficiency of response time.

Sabre's commissioning of this report has allowed us to delve into goals, strategies, and emerging digital technologies of innovative airlines, who are customers of Sabre, which have implemented or are in the process of implementing customer-centric digital retail systems. From them, we learn the opportunities these systems offer, the importance of defining pathway of customer touch points with a flexible back-end reservation system enabling customized, unique digital engagement based on the airline's strategy, the gathering and effective application of customer insights, and the deployment of a multi-channel, multi-platform approach to digital commerce.

In this report, we look at ways airlines can build more reliable paths to true passenger personalization, to reinforce brand, build strong loyalty relationships, reduce the burden on front-line personnel empowering them with the tools and information to respond appropriately to customer needs, and to raise purchase rates of ancillary and a-la-carte products and services.
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The pathways of customer memory can be mapped at each touchpoint along the journey from the moment of travel inspiration to the happy return home.

Letting a customer wander in the dark, without encouraging signs of progress and points of familiarization can derail the best intent of customer-centric systems. At worst, it can build long-lasting negative experiences.

Brand experience memory drives customer loyalty. Consumers can make arbitrary judgments influenced by their sense of self in relation to surroundings and circumstances. The more positive feelings those surroundings produce, the better impression a brand makes at travel touchpoints both routine and for disruption management, the bond between the consumer and the airline strengthens.

Traveling side-by-side with the customer this way, staying on top of their individual needs consistently throughout the journey at multiple consumer touchpoints is only possible through automation. Even when the contact touchpoint is a front-line staff member, that staff member can best address passenger needs when empowered by a technology interface which can make live
passenger data readily available so that there is a context for the individual flyer flagging high-tier loyalty program members and high-revenue flyers immediately.

Gathering and correlating customer history is also part of building customer memory at the organization. The term applies both to what a brand remembers about the customer, and what the customer remembers about the brand, based on shared experiences over time stored as passenger data correlated and accessed by customer-centric systems for each trip.

The implementation of fully integrated customer-centric systems should be simple. They should be mapped in achievable milestones. Each contributing element is a step forward to ‘next’ in the passenger journey.

A company needs the flexibility to create a responsive UI (User Interface), develop an understanding customer data to personalize the experience in a way which satisfies customer needs, that also integrates with operational systems to help handle disruptions as they happen through mobile, create bundled ancillary offers across channels, and similar aims. This requires a flexible, open, enabling back-end reservation system which makes controlling engagement easier, yields customer insights, and is flexible across channels, and storefronts, on any devices at all travel touchpoints.
Some of the best example of customer-centric digital systems built around building customer memory are found outside the aviation industry, in digital retail.

Think of Amazon’s ability to remember each customer’s orders and product views then correlate a purchasing trend not only to make related product recommendations but also to send tickler reminders of commonly purchased products which may need replacing. The company has invested heavily in the smart application of customer data to turn a very impersonal retail presence—developed with no brick-and-mortar or personal interactions at all—into a very personal space which not only makes the sales process smoother for the company but also more pleasurable and efficient for the consumer. The strategy also encourages additional purchases by remembering abandoned cart items, triggering suggestions based on discounted items which have previously been purchased, and sending timed requests for ratings which help boost the product to other customers, creating a sense of customer community and lending credibility to the brand.

Do we see Amazon spending large sums of money with social media teams to respond to customer complaints or push products? These things are not necessary because Amazon anticipates service disruptions and automated systems update customers before they get a chance to be disappointed. The design of the retail platform itself raises awareness of new products tangentially related to the individual customer buy-ins, fitting their lifestyle preferences as reflected by their previous product selections. And, of course, Amazon earns plenty of press with technology experiments (whether they’re effective or not doesn’t really matter) which keep the brand at the forefront of a public conversation on the future of retailing.

Airlines have invested heavily in social
teams to address customer complaints and to push brand messages through creative campaigns. They have also invested in physical spaces, hard assets, and customer-facing staff. In addition, they’ve developed highly complex systems to manage flight logistics. These are turned-in for operational efficiency, and for crisis response, not tuned-in for customer relationship building and brand definition.

It is a curious juxtaposition of digital paradigms because, in many ways, the two: Amazon and airlines share a common retail space. They are both transporters, one flying other companies equipment (until very recently) and the others with impressive fleets all their own.

By considering the digital retailing techniques of Amazon, and capitalizing on well-established in-house strengths, airlines could easily stand out in the consumer memory as an invaluable lifestyle need and always first-choice provider.

Customer-centric systems will support this transformation and offer airlines the same quality of retailing and service efficiencies which have made Amazon a strong first-choice global retailer. Timing couldn’t be better. As air traffic grows over the coming years, air travel will become a common need for many, and airlines will need to develop more efficient ways to manage their interactions with those millions of flyers. Responding to complaints via social media just won’t be good enough. Eliminating the need for this responsiveness is far better.

We spoke with airlines which have launched their own customer centric digital systems to find out what works best and what they would further improve. We also received insights from a psychologist of UX and systems design on the best way to drive engagement, building a desire to purchase.

We’ll look at ways customer centric design succeeds and review a viable path forward from anonymous bulk selling of destinations, services and ancillaries, to personalized and optimized bespoke retail. We’ll identify those moments when customers are not only more likely to opt-in, but also more likely to be delighted by the airline’s engaged awareness of their travel circumstances, and the airline’s willingness to offer solutions when they most are needed.
Customer memory: impressions and expectations

To build positive customer memory of the brand experience, and engage sales at next, we need to understand customer impressions and expectations of existing technologies.

Most airlines currently have a low bar for engagement with customers through their digital platforms throughout the journey. Rather than customer centric, these systems are designed to trigger contacts focused internally on the needs of the organization: bulk destination promotions, generic loyalty promotions, uniform reservations interfaces, and canned updates on flight status.

All of these are designed by based on systems familiar to airlines from the pre-digital, even from the analogue era. But layering on a digital platform on this fixed foundation grounds the brand and the customer in the journey process of the past, and squanders the flexible, adaptable, and responsive capabilities of modern digital and mobile solutions.

That aft-facing digital system design not only feels stale to consumers, it also leaves gaps through which cost-benefits of more efficient platforms are lost and revenue-generating opportunities are missed.

The right UX may encourage some increase in bookings, and ancillary purchases at the time of booking, but they have no significant impact on the consumer.

There is also a heavy cost to brand definition. Choppy, anonymous digital interfaces simply do not generate sufficient ‘aha’ moments to spread a positive word about the brand, encouraging more travellers to use these digital systems, and creating a positive buzz around the airline.

This, at a time when travelers and digital natives are engaged on social media. With nothing dramatically positive to chat about, the group conversation focuses around brand fails, reinforcing negative impressions in the group.
The High Costs of Social Reactive Strategy

Case in point: Stratojets commissioned a somewhat self-serving study of airline social media performance—to highlight the alternative of flying private to avoid the hassle. The results of this review were interesting beyond the context in which they were presented. They reveal the brand energy drain and corporate resources spent on responding to dissatisfied customers and a trend of consumer mood when interacting with airlines.

Some airlines are very good at empathising with the customer when troubles occur along the journey—finding many ways to say I’m sorry.

Of course, one perspective is to commend these top performers on their empathy for customers experiencing hardship, but another way to look at this data is to consider the significant chunk of time spent using social media to apologize for complaints which could have been eliminated through a proactive digital response to disruptions or service failures. Is it preferable to spend limited airline capital on social media staff who spend up to 40% of their time apologizing and who are being measured for their quick response time, or to create automated digital systems which inform the individual of the service failures which could affect them before they experience these service failures?

And let’s look at the customer emotional response to all of this reactive social media empathy. Again, airlines could pat themselves in the back for earning over 100,000 thank yous and permanent digital records of thank yous are certainly positive. But what’s missing from this study is the percentage of those thank yous belonging to those previous empathetic apologies for complaints about service disruptions. A “thank you for fixing the mess” doesn’t have the same brand currency value as a “thank you for making my trip magnificent”.

Further, the complaints broken up by popular terms deceive a bit here. Each on its own is much smaller than thank yous, but in total negative messages outnumber positive ones.

Let’s look also at the common terms used. “Delayed, late, cancelled” are relatively unsurprising considering the nature of the airline business—with its inevitable service failures, outside of the airline’s control, such as those caused by weather or air traffic management issues. But digital customer-centric systems could simply inform these customers of delays in advance and provide assistance: alternative bookings, upgraded lounge visits for frequent flyers, digital coupons...
for complimentary meals or hotel arrangements. Imagine that each of these customers had been prompted with such positive and proactive reactions to the same disruptions when they occur. Perhaps only a smaller percentage would resort to social media to share those positive experiences with friends—but those positive shares would become the record and the social media team could spend more time sharing those positive messages and thanking customers for their compliments instead.

Seat complaints also present opportunities. A smartly designed customer-centric digital retailing system could offer high-profile and loyal customers discounted upgrades when load factors are high, for example.

The level of profanity used according to this study is alarming. It reflects the intensity of negative emotions associated with the brand at this point. One might write a few of these events off to an individual’s habit of resorting to profanity when frustrated—but again, it’s a permanent record there to be reviewed, analyzed, talked about and reported on.

Leaving customers alone in the journey, with their only recourse to express brand dissatisfaction in the public forum is simply poor brand management. It creates a permanent digital record of a service failure which might once have slipped under the radar, in an analogue age. In today’s mobile always-on society each occurrence is recorded to feed future analyses like these, open to data spins, launching articles in numerous publications on
Airlines spend a considerable portion of their budget on advertising and work hard to earn positive press. So why operate with reactive customer service strategies which fodder negative press and which also present a financial burden in staff hired expressly to avoid the social conversation from getting out of hand?

As Crimson Hexagon stated in a special report on airline performance on social media last year, “Thousands of customers take their complaints and questions to social media every day. It is easy to feel the ramifications as a business when people are more likely to talk about their experiences on social media than they are to call an airline’s customer service number.”

The report goes on to propose that effective customer service on social media is critical to customer satisfaction, but that’s short of ambition. To say that engaging customer to address problems more often through overloaded social teams is akin to saying that we must continuously add staff to emergency rooms and build new hospitals because we lack basic preventive medicine.

By chasing the “social media responsiveness” target alone, airlines are missing opportunities to engage with customers providing solutions before there are any issues to complain about. Passengers may still tend to take to social media to complain—there is an inherent dynamic of social media as a tool for griping more often than praising—but the number of complaints social media teams have to handle would be reduced with well-timed digital customer-centric solutions, saving airlines from having to continue growing those departments as their customer base grows. And there is such a thing as positive social chatter.

But before we get to that, another way to look at the negative social discussion as a customer-drafted map towards customer-centric digital retail design. By identifying the various travel “nexts” during which customers have gone on social media to complain, we can build a road map for “aha” moments.

At this point, social media sentiment metrics become useful tools to measure the effectiveness of customer-centric retail. Is negative sentiment high? What can we do to build sufficient positive customer memory which might address those negative impressions?
Airlines capture at least as much personal data—perhaps more—about their customers as Amazon. But while the retail colossus has intelligently applied it, airlines often leave it sitting quietly and going stale in silos. That data is a competitive and capital asset—gathering it is a cost burden for airlines in hard and soft systems alike.

Airlines might well ask themselves: Are we applying the data we have on our customers effectively enough to anticipate when they might need something and offer it, instead of waiting for them to ask?

Are the improvements we are making to our digital retailing and service models effectively driving customer sentiment to positive impressions?

What areas do we need to focus on most? What areas do we focus on next? We can easily measure the status quo on digital channels, and we have.

What we’ve found demonstrates the chasm of engagement with customers throughout the journey, and lost opportunities not only to increase ancillary sales, but also to build the lasting bonds of surprise and delight brand associations.

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**Skift Survey**

To better anticipate and meet my needs, airline representatives should know the following: Results for respondents with demographics. Weighted by Age, Region. (397 responses)

<table>
<thead>
<tr>
<th>Data Point</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>my needs are already being met by airlines</td>
<td>42.7%</td>
</tr>
<tr>
<td>history of cancellations/delays</td>
<td>23.3%</td>
</tr>
<tr>
<td>loyalty membership status</td>
<td>19.1%</td>
</tr>
<tr>
<td>add-on service recommendations</td>
<td>8.3%</td>
</tr>
<tr>
<td>purchased add-on services</td>
<td>6.7%</td>
</tr>
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</table>

source: Skift 2016
Currently, just under a third of travelers we surveyed don’t bother with airline apps. While some may simply not be digitally minded, others simply find insufficient value in the assistance provided by the app to rely on the app throughout their journey.

Of the remaining two-thirds who use airline apps, the overwhelming majority, 40%, use the apps to replace paper tickets and boarding passes. They are the next most likely to use apps to make flight arrangements or to manage flight disruptions around 13% each. Booking extras, ancillary items, only occurs to 2.2% of those surveyed as a potential benefit of apps.

And we say as a potential benefit because the numbers of this survey of consumer associations with journey touchpoints are directly reflective of the focus airlines have had for the application of customer centric technology.

Most airlines have only explored their apps as substitutes for these hard-wired legacy travel transactions. And can we be honest? The benefits of driving customers to check-in through the app and use electronic boarding passes are as far from customer centric as you can get. Rather than solve a problem for a customer, they solve a problem (paper) for the airline. Consumers flocking to use these features may themselves appreciate the convenience of never losing a ticket, but the payoff for consumers is at a very low bar and there’s more of an “ahem” than an aha at this digital touch point.

Using apps for travel planning and bookings is a bit higher-level thinking. It demonstrates that airlines recognize the rapid rise of mobile passengers.

But incentives to buy, such as app-only discounts on standard ancillaries, discounted fares to new destinations which need pushing, or app-only travel destination offers raising load factors off season, could prove a greater incentive to customers, which raises usage above that 13% mark.

The 13% of passengers who would use an app to manage travel disruptions, may simply be booking new tickets on-the-go, or keeping an eye open for alerts about travel disruptions. But there’s a missing link in the “next” chain of customer-centric retailing if disruption notices do not directly link to opportunities for alternative bookings, or to coupons for meals and hotel arrangements under the worst of circumstances.

In its report, Crimson Hexagon found that the “chatter” around airline brands intensifies around seasonal cycles which are most likely to lead to disruptions.

“We see increases in post volume at similar times each year. The major increase that we see repeatedly is the summer travel rush, from late May to early June, and then we see smaller increases in March, October, and December,” the report notes.

We could look at these as peak
problem seasons to shore up customer service response—which is good. Or we could look at these peak times as new opportunities to engage with problem-solving solutions before complaints reach the customer service response team.

Day to day, airline operations are relatively smooth—even if social chatter promoting positive is low at these points. But those smooth operations shouldn’t translate into a hands-off approach with customers. They are ideal moments to sell “next”.

As Joe Leech, author of Psychology for Designers, and an expert in the design of UX for maximum consumer engagement, tells us:

“It’s all about timing. There are two way to sell any items: Talking about the positive things that purchase gives you, or about the negative things that purchase solves. During overnight flights, you’re most likely to upgrade if it’s a flight when you want to sleep. Flying back it could be about getting a better seat with four inches of extra legroom.”

Leech suggests the UX opportunities lost in digital apps are messaging prompts around those particular travel mood moments which could sell ancillaries. “The thing is to highlight the right benefit at the right time, in the context of the journey” he says. “The most successful upsells are at the right time when the problem might arise. Selling travel insurance two or three days before they visit, for example.”

Leech suggests that insurance may be a hard sell at the time of booking, but as the date of the journey approaches, and customers prepare for their trip, they may be thinking about problems that could arise during their travels, and insurance to resolve those problems will seem more attractive.

Similarly, he suggests, passengers may be more likely to buy extra luggage allowance on their return trip—when they may be packing their bags and find they’ve purchased more at their destination than they can fit. A call to
action for extra baggage allowance, through email, app notification, or text message, is ideally timed at this point in the journey. It is also “next” gap in the design of many airlines ancillary sales digital systems. The empathy demonstrated by such digital engagement can become an important brand differentiator as a moment of surprise and delight.

Leech cautions that in designing these moments, letting the consumer opt-in to prompts is critical. On by default, he says, can lead to a feeling of intrusion, building consumer resentment.

He also emphasizes a simplified UX process which doesn’t force consumers to think too carefully before pressing the buying button.

“The call to action wording must be right,” he says. “It must emphasize the problem you’re solving. That’s far more effective than a ‘buy now’ button. Ensure you’re solving a problem and have one thought process per page. If we, as consumers, have to think too much about it, to make a decision, then we simply won’t make a decision. Try to sell things they would be thinking about: the right thing at the right time.”

There is another advantage to this type of ancillary unbundling and contextualized offers. The individual price point of the product or service is divorced from the journey booking total. At the time of booking, when a consumer looks at the total price on their shopping list, every small charge can be a discouragement. A separate offer—even for the identical price offered at the time of booking—could make the unit cost more appealing and lower consumer resistance.

While airlines have unbundled their products, making such “on-time” sales possible, they have then re-bundled the products in the shopping cart, resulting in consumer resentment over being charged extra. The consumer benefit of unbundled—that they only need to buy what they will use—gets lost in the total bill of that overloaded shopping cart. But, as Leech suggests, consumers are more likely welcome problem solving buys timed when they will use it. Seat selection buy around the time of flight check-in, extra legroom seat sales, cabin upgrades, special meals, extra baggage, ground transport and hotel offers—all can be made at various points in the journey each timed so that the price point for that service stands alone.

Leech calls this the Twix sell. That item bought at the cash register before leaving the shops. Last-minute temptations which might make the flight more pleasant—or less painful, priced so that it’s optimally attractive to the consumer.

But before planning Twix sales, airlines need to decide where along the “next” purchasing path consumers are most likely to develop an appetite.
for a crunchy cookie with caramel chewy center and a delicious chocolate coating. Leech’s analogy can be applied literally—why not make problem solving “buy” prompts in-flight, before the cart comes around with the goodies?

The best way to decide is to demonstrate empathy with the consumer in systems design.

Leech tells us the best way to ensure that systems are designed to be customer centric is for those designing the various travel touchpoints for engagement to consider the journey through the traveller’s perspective—not the company’s—and design sales opportunities around the “next” gaps.

“There’s an exercise travel companies can go through, putting digital engagement in context and including nothing which is out of context. The ideal is to create a customer experience map which looks at all of the touch-points along the journey and finds the opportunities throughout each point,” he says. “Map out the entire journey and understand what people are feeling at each step. It will show you where you could be selling new products or existing products. It identifies a gap.” It is through empathetic design that digital systems can become customer-centric. Doing the legwork of placing oneself in the position of the buyer, relating to the buyer at that point in the journey, identifying their buyer’s biggest concerns, will highlight untapped opportunities to sell solutions.

Leech leaves us with a little ego boost for progress so far, though. Asked how he judges UX and touch-point design in travel, compared to other industries, he tells us, “The travel industry is pretty good. It’s better than financial services, though not as good as retail.”

On a scale of one to 10, Leech rates travel at a five. So we’re halfway there…we just need to get to ‘next’ on our journey to memorable.
Iain Meaker is the executive manager for commercial distribution for Comair Ltd., a unit of Kulula.com. The airline upgraded digital channels and introduced a new mobile app which has improved the airline's digital relationships with your customers, and the efficiency of its operations.

"The mobile app that we introduced was a simple extension to our customer self-service that took place on our website," he says. "It's a very simple application that allows for content on schedules, policies etc, mobile check-in, weather and flight status. It's purely a supporting application for servicing. So whilst it's a simple application it has helped in driving more people to check-in on-line. This has the benefit of better customer satisfaction as those that don't have baggage don't have to queue, as well as the process efficiencies at the airports with less people to deal with at the counters. Online check-in on the web has been available for some time."

Kulula’s ancillary services are currently sold through the website, but the airline is considering offering ancillaries to customers in future through other touchpoints after the adoption of IATA’s NDC distribution standard, both with partner distribution channels and by expanding the points along the journey that the airline’s app offers supplemental products and services to customers.

"NDC roll-out will, in the future, assist with our ability to make ancillaries available to other distribution partners," he says. "We are currently rolling out an entirely new responsive application that will cater for any device that our customers might be using. It will initially cover the full spectrum of airline products."

The airline has benefited by selling unbundled ancillaries on its website, and believes offering key services along the journey could further increase sales and improve customer service.

Mapping a pathway

Kulula promoted ease of use of its digital bookings interface with a clever campaign showing passengers booking tickets in bed—at the airport. The emphasis was on a seamless transition from dreaming about a trip to taking off on the adventure.
“Products like seat pre-purchases, discounted extra baggage, priority boarding all help customers in accessing specific preferences up front help with overall satisfaction,” Meaker says. “Giving customers access to these at all possible interaction points in an easy and simple interface is key to closing the loop.”

While the roll out is only beginning, Meaker tells us, “It’s a substantial change and upgrade to our current selling processes.”

The airline expects, that by selling ancillaries on-the-go, the new design increase customer’s uptake on booking offers and ancillary services.

“We are adding hugely improved ability to manage rule sets, specific promotions and lots more flexibility about how we sell ancillaries. We will be able to bundle them, discount them for specific flights and come up with specific ancillary bundles for different audiences or segments of passengers travelling on our flights. We are working with our technology partners to develop a customer centric approach in how and what we sell to each of our customers. We will also be able to offer products based on a customer profile and specific customer attributes,” Meaker says.

The design process for the airline’s point-to-point customer-centric digital ancillary retailing system is still ongoing, but Meaker describes it as: “a very fluid process, with lots of internal and external collaboration. It’s an iterative process to achieve some very tight delivery timeframes.”

The airline’s motivation to introduce ancillary sales processes in its app is in large part due to its observation that its customers are increasingly mobile. “We are definitely seeing a much higher usage of mobile devices visiting our desktop channel. The stats are all pointing in the direction of providing for an effective platform that allows customers to interact with our business in a multi-device enabled environment. We are working hard to get this completed as soon as possible. It’s predicted that in South Africa nearly 50% of online e-Commerce purchases in 2017/18 will be from a mobile,” Meaker tells us.
Meaker gives us a bit of advice, from his own experience with the implementation of a customer-centric retail strategy of Kulula, on the key points to consider throughout the systems redesign process.

He emphasizes taking the time to clearly identify and understand the problems passengers face and the potential solutions to those problems. He also notes the importance of having strong partners for the systems implementation who can help define and deliver a solution which meets those needs.

Planning, he says, must be thorough and will involve an iterative process of trial and error to identify weak spots in the system and correct them.

“Always keep the customers’ needs in mind and develop the UI [user interface] with an understanding of your customers’ requirements, not losing sight of what elements will assist in effective selling and retailing,” Meaker says. “It’s challenging as you also need to be aware and remedy the down line impact of ensuring what you are selling is effectively delivered throughout the customer journey.

If you not thinking about how to personalise and deliver appropriate products to the right customers, then you may need to reassess your approach. Customer relevance and recognition creates a connection that certainly encourages customers to come back.”
Aeromexico made designing robust customer-centric digital a core part of its brand definition program, reaping the benefits both in sales and operational efficiencies. Its design approach includes keeping step with the customer along the journey, ensuring they don’t stray far, and that when they do go off the beaten path it is for a pleasant detour to a place they’ve never visited before.

As Brian Gross, VP of e-commerce channels and content for Aeromexico, explains, the airline’s customer centric design is not only responsive to customers it is interactive engaging them in conversation through travel inspiration. From pre-travel to journey’s end, the airline has found ways to use digital to increase bookings, reduce booking costs, boost sales and improve customer relationships.

“Overall of course we are trying to increase sales through our direct digital channels,” Gross says. “This means we want to increase conversion through intuitive interfaces and other means to sales conversion and payment conversion. But it also means improving the customer’s experience overall so that he or she wants to come back to our airline and to our channels.

“The efficiency benefits are, we hope, a better customer experience with them in control and also more options for fare classes, seats, ancillaries, and managing their booking. Efficiency to the company’s bottom line results from selling more premium seats, ancillaries, and upgrades, and, when sales shift from indirect channels, huge savings on GDS fees and commissions.”

Gross explains how Aeromexico plotted and refined its engagement on various digital channels and points along the journey.

“We have come from a low penetration-percent of our sales coming from our direct digital channels—and nearly doubled that in the past year,” Gross says. “Every percent increase means a corresponding increase in premium seat and ancillary sales. Add to that a concerted focus in constantly improving and honing the seat and
ancillary offering. We have optimized premium seat pricing and created more and more categories of seats.”

Even so, Gross has high expectations of further improvements from a consistent development of this digital relationship with customers.

“We have really only scratched the surface -- there is a long way to go before we reach the full potential for unbundling and ancillary sales,” he says.

Aeromexico has focused on elegant UX to reap maximum benefits from its digital customer-centric systems platform. The airline launched a public beta of its new website in March of this year launched using an API which contains the business logic for its digital channels.

“We needed the flexibility in the front end to optimize the user experience through simplicity, ease of use, and presenting ancillaries where and how we wanted. We also are now going to use APIs, both our own and from partners in order to present truly personalized ancillary offers at appropriate points during the purchase process and also post-purchase. We are taking the first steps in Big Data analysis in order to do so.”

Development of these digital platforms required up-front investment of personnel and creative resources focused on carefully mapping the journey and proactively resolving hurdles--which makes the investment pay off in the long term. Aeromexico optimized costs by using resources wisely.

Getting top-level executives to buy-in to the program and lend support was also critical to success at Aeromexico. “We are lucky that we have enthusiastic support for this revolutionary program from our CIO, chief revenue officer, CEO and Chairman,” Gross says. “Also, key stakeholders in Aeromexico are a tight group and it’s easy to pick up the phone to any of them and get their help. I’m being totally honest when I say that we don’t have your typical battling stakeholders here. They are incredibly supportive.”

Aeromexico has noted a marked positive reaction from customers to the changes implemented through digital customer-centric design, Gross says--and the airline is only getting started.

“We don’t have data for the new website or app yet, but speaking of our existing website--which we have done a lot of ‘tweaking’ to..we have almost doubled [use of this digital channel] in the past year. I think that’s a good sign that customers have found an improved digital experience so far. But it’s far from what we aim to achieve. That’s why we are launching the totally new site. And in the late Summer, we will launch a totally new app, built from the ground up together with a world-class agency specialized in apps.”

Gross identifies the systems gaps addressed by upcoming refinements of the airline’s digital platform. Mapping the customer journey objectives have helped Aeromexico identify those gaps, and develop plans to build bridges.

“Our new mobile app, which will launch in late summer, will concentrate on post-purchase and the day of travel in particular. Push notifications are key, pushing all relevant information to the user’s device--after purchase:
suggestions for ancillaries and upgrades, when it’s time to check in, gate and itinerary information, and eventually, any rebooking needed.” Gross adds. “We also have some very cool surprises in store that will delight the customer, such as guiding them to the right counter for baggage drop off or if they don’t have luggage, guiding them straight to security, even embedding a wayfinder that uses Google’s Indoor Maps.”

Having a well-developed roadmap also helped the Aeromexico team set realistic expectations of the timeline for completion.

“We have our hands full with the launch of a new site, then several major incremental releases to that, a new app, and new check-in kiosks which also come out this summer.” Gross says. “After that, we will continue to work on the channels to increase conversion, seat, and ancillary sales, and provide an ever better experience. We will also get involved in other parts of the customer journey where we can add value through technology, whether that be at the airport, onboard, etc. Big Data crunching and acting on it is also a big part of the agenda for 2016 and beyond.”
Virgin America has integrated flexible digital ancillary retail as part of its service model, and as reinforcement of its unique brand. Using digital touchpoints has helped the airline stay on top of its customer relationships, and boost sales of the products those passengers need most along the journey.

"From the beginning, the idea behind Virgin America has been to give travelers more control and more of the choices they actually want when flying - which is why our cabins feature Wi-Fi, power outlets and an on-demand inflight menu via our Red IFE [In-Flight Entertainment system],” says Virgin America Spokesperson Jennifer Thomas. “Because we know that everyone’s preferences are different when it comes to travel, we have come up with some new ways for our guests to customize their trip.”

The airline’s initial customization options are similar to what other airlines have done by unbundling services from the base airfare and offering customers the option of buying only what they need, but the airline has also created branded fares packages as retailing options which give customers a ‘set menu’ choice of select services they might want to include in their trip. The airline has called this branded fare Power Trip.

“Power Trip was designed based on feedback from our most frequent business travelers as to what they consider to be the most important flights perks. The new bundle features all of them in one neat package so guests can bundle and save between 30-50% each flight. Specifically, it includes priority security and boarding, ‘dibs’ on preferred main cabin seating, a ‘Plans Change Pass’ which waives change fees, and a checked bag,” Thomas explains.

The same Power Trip benefits can be purchased as à la carte ancillaries.
if customers choose to do so, with a reservations menu option called ‘Customize Trip’ on a separate page of the Virgin America site. The airline adapted the virginamerica.com website so that customers could easily navigate through the choices along the path to booking.

"New ancillary changes were made possible by a technical change we made to the back-end of our reservation system last year to an ‘Electronic Miscellaneous Document’. This enables us to make these changes and ultimately improve the booking and flying experience for our guests," says Thomas.

A customer-centric digital ancillary sales platform is essential to Virgin America’s brand image and its unique relationship with customers. The brand character is smart, fun, modern and technically savvy—which fits the way many of its customers identify themselves. The brand ethos as reflected in its design, character, product and advertising builds a connection with target customers, but to ensure that relationship continues to evolve and keeps up with the changing needs of customers, Virgin America continuously monitors the effectiveness of its customer touchpoints.

“The idea behind Virgin America has always been to reinvent the flight experience for the better by offering travelers more options, more control, more content, more interactivity, more customization and personalization of the air travel experience, and more of the choices they actually want," Thomas says. “Similarly, we want to provide our guests the ability to manage their experience with us via our digital platforms. Up until recently, that has focused more on making it easier for guests to manage their travel on their own if they desire. More recently, we’ve been moving towards increased customization of the experience in the area of new product offerings."

Studying passenger habits, the choices they make, Virgin America is identifying the types of products customers need most and when they are most likely to buy them. Virgin America has found that if ancillaries are presented attractively in the original booking process then ancillary sales can increase early on in the travel process.

“Guests are increasingly interested in buying products when they are booking their tickets. Guests have always purchased products in the check in flow, but we are finding that given the option, people are willing to pre-purchase a lot of options when they are booking their tickets. For example, a significant number of guests do want to purchase a checked bag option upfront, which is why we recently made that option available," she says.

But Virgin America also innovated in-flight retail through digital platforms in its Red in-flight entertainment system. Other airlines have since added such features. Thomas explains why this on-demand ancillary sale option works for Virgin America customers at this point in the journey.

“Our Red in-flight entertainment system has been one of the most frequently praised aspects of our product by guests, as well as a
significant driver of ancillary revenue," Thomas says. "Red allows guests to purchase a high quality meal in real time, whenever they want it, and this any-time ease-of-use – including its ‘Open Tab’ function, a capability we pioneered in the US market. Customers can swipe their credit card once at the beginning of the flight and make purchases – food, cocktails, movies etc. – for the entire flight. It is something our guests love that also drives purchasing and increases revenue. What we are doing now extends this type of customization to our website."

Thomas shares the main objectives of Virgin America's customer-centric retail design.

“As a guiding principle, we always strive to offer a consistent experience for our guests. So that means that when implementing new offerings or products in our digital channels we would like to also have a consistent offering in other channels at the same time.

For example, via our guest contact center, at the airport, etc.,” she says. “We are always looking to improve our guest experience in our digital channels, whether it is new product offerings or simply making small changes to smooth the experience. We are exploring new product customization options for our guests – similar to the Power Trip package.”
Getting to Next: Actionable Strategies

- Create digital channels which engage customers in more direct personal relationships with your brand, reinforcing strong preference for and loyalty to your brand.

- The survey shows that travellers aren’t necessarily asking for additional engagement with the airline. However, they may not know what to even expect (or the additional value that could be provided to them) in terms of personalization, additional products and services, contextual engagement, and proactive sales and service. With recent digital technology innovation, first mover airlines have the opportunity to capture market share by wading into new waters with traveller digital engagement.

- Draft a truly customer centric journey map, designed with empathy for the traveller’s greatest “pain points” or concerns at each touchpoint and consider customer service, sales or ancillary product solutions which can be designed into the customer-centric digital retail flow.

- Identify the various lost opportunities along the path due to deviations, identify potential service gaps and plan resolutions into the digital process.

- Time offers to ensure they are both empathetic and contextual, consider letting users opt-in to offers, and use relevant language in the context of that travel need, rather than a generic “buy now” call to action button.

- Don’t complicate UX to the point where consumers have to make decisions. Make the sales path easy by limiting the offers made at any point. Limit the options a customer must consider before making the final purchase, followed by a quickly actionable click and buy or tap and buy interface. This is far more effective than a complicated purchasing menu which leads to too many choices prompting the consumer to think twice—or give up—before completing the transaction.

- Consider price point sensitivity when offering bundled or unbundled services. While many customers may buy ancillaries at booking, others who have not could be tempted by buy-in when the time is closer to their context. When the individual product is divorced from the rolled-up price of the ticket, customers are more likely to find the price reasonable and affordable. Timing helps here too. What may seem an unnecessary “extra” at the time of booking could become an essential opt-in at another point along the journey.

- The successful customer-centric system is built the flexibility of a responsive User Interface (UI), an understanding of customer data, personalization of the passenger experience which meets the needs of individual travellers, the integration of internal operational systems which can handle disruptions with mobile, create bundled ancillary offers across channels, and provide other timely solutions. Companies need a flexible, open, back-end reservation system which enables, makes controlling the process easier, yields valuable customer insights, and is flexible across channels, storefronts, devices, and touchpoints.
About Skift

Skift is a business information company focused on travel intelligence and offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Founded in 2012 by media entrepreneur Rafat Ali, Skift is based in New York City and backed by Lerer Ventures, Advancit Capital and other marquee media–tech investors.

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