AIRLINES AND THE DIGITAL CUSTOMER

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University of Antwerp

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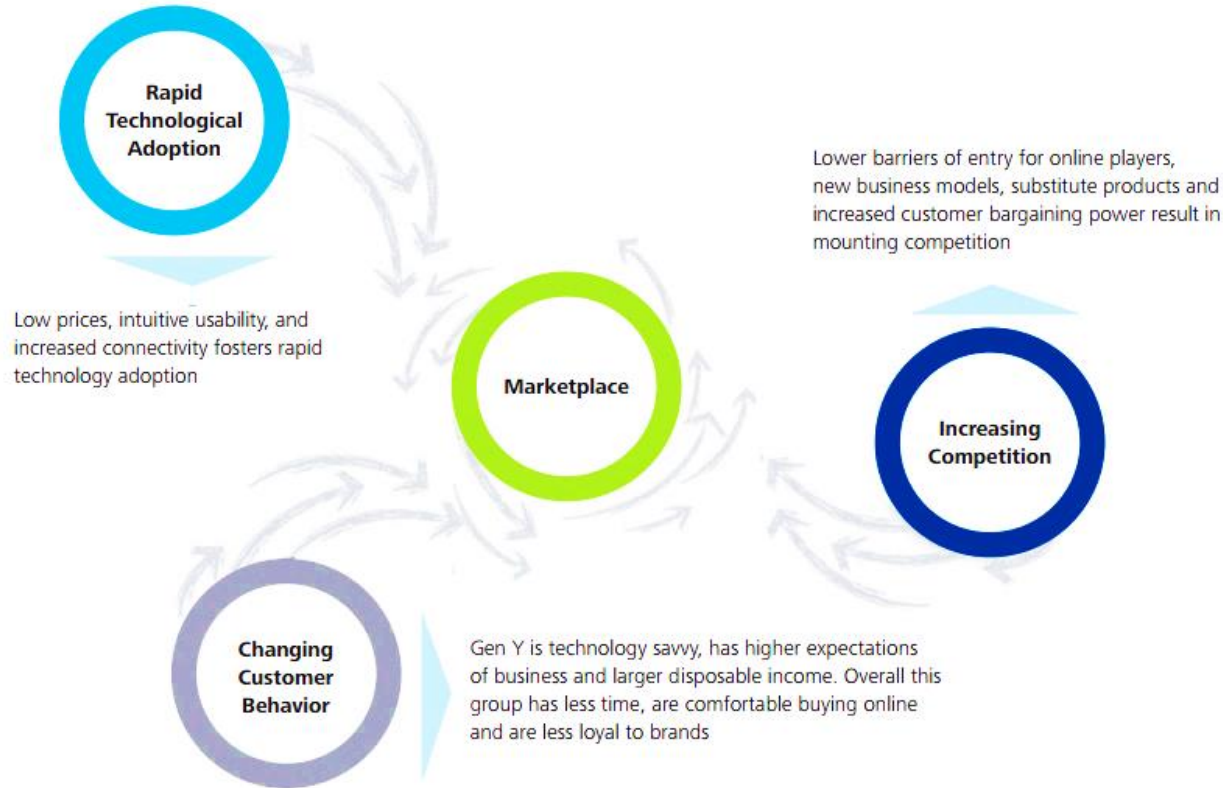
Who is this "digital customer"?

Digital customers use digital channels —
Web, mobile and social — to consume
content, engage with brands and
complete a transaction.

Source: https://www.gartner.com/it-glossary/digital-customer

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How does digitalisation change the marketplace?

Rapid Technological Adoption

Lower barriers of entry for online players, new business models, substitute products and increased customer bargaining power result in mounting competition

Low prices, intuitive usability, and increased connectivity fosters rapid technology adoption

Marketplace

Increasing Competition

Changing Customer Behavior

Gen Y is technology savvy, has higher expectations of business and larger disposable income. Overall this group has less time, are comfortable buying online and are less loyal to brands

Source: Deloitte (2013), The digital transformation of customer services: Our point of view, p. 8

Innovation = Invention + Diffusion
How much time it takes to reach 100mn users globally...

Telephone
75 years
1878

Mobile phone
16 years
1979

Internet
7 years
1990

iTunes
6 years
2003

Facebook
4 years
2004

WhatsApp
3 years
2009

AppStore
2 years
2008

Instagram
2 years
2010

Candy Crush
1 years
2012

Pokemon GO
10 days
2016

How digitalisation changes behaviour...

1997   Offline

Inspiration	Research	Planning	Booking	Traveling	Geopositioning	Sharing
Catalogue	*Guidebook*	*Personal Advice*	*Travel agency*	*Paper ticket*	*Tourist map*	*Photo album*

Competitive Advantage
CREATING AND SUSTAINING SUPERIOR PERFORMANCE
Michael E. Porter
AUTHOR OF COMPETITIVE STRATEGY
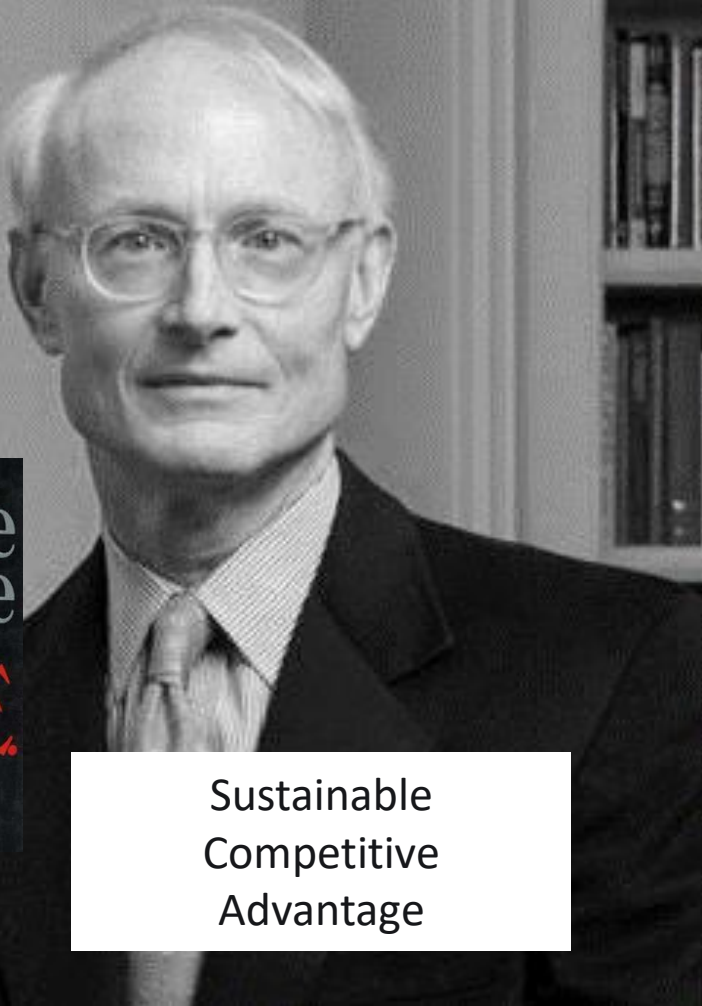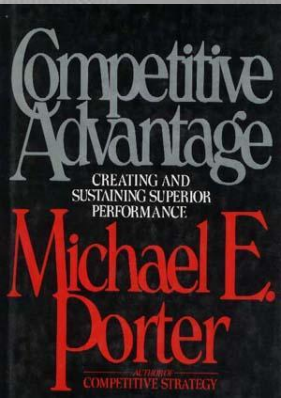
Sustainable Competitive Advantage

Tomorrow's competitors do not even register on most firms' radar screens.

No advantage is sustainable.

Is the airline industry producing a product?

corporate product

tour operator product

seat product

IFE product

catering product

interline product

sales product

codeshare product

flight product

alliance product

fare product

IT'S A SERVICE!

Service-dominant logic – A fresh view on "products"
Vargo and Lusch (2004)

G-D logic	S-D logic
Making something (goods or services)	Assisting customers in their own value-creation process
Value as produced	Value as co-created
Customers as isolated entities	Customers in context of their own networks
Firm resources primarily as operand	Firm resources primarily as operant
Customers as targets	Customers as resources
Primacy of efficiency	Efficiency through effectiveness

Service-dominant logic
Application examples

S-D logic	What to do?
Assisting customers in their own value-creation process	Design for flexibility, allow customer touchpoints to integrate you in their flow via APIs
Value as co-created	Your customers are part of your services – integrate them in the design process of your services
Customers in context of their own networks	Customers interact in their social networks. Create offers for networks of customers not for individuals only
Firm resources primarily as operant	All soft knowledge is valuable. Make sure you have an appropriate knowledge management set up.
Customers as resources	Take customer complaints serious. Are customer complaints reviewed in all pillars of your company?
Efficiency through effectiveness	Seek for seamless processes throughout the value chain and make it easy for the customer to use your services.

How about the airline industry?
An observation over time

Flight including Service	Flight excluding Service	Flight plus Service	Flight = Service
Differentiated/ Luxury Product	Lean Product	Customized Product	Customized **Service**
Differentiation	Efficiency	Value	Experience
Offline-Channels	Online-Channel	Multi-Channel	Omni-Channel

What can we do to adopt to the digital customer?

"Traditional corporations, particularly large-scale service and manufacturing businesses are organized for efficiency. Or consistency. But not joy.

If you fear special requests, if you staff with cogs, if you have to put it all in a manual, then the chances of amazing someone are really quite low." – **Seth Godin**

→ **Find new, clever approaches to cover the expected extra mile!**

Handle your customers with true care

Efficiency paradigm:
Avoid customers from claiming all of their rights by making it uncomfortable to request compensation.

Customer experience paradigm:
Pay out the compensation proactively to the FOP at time of booking as it was "your fault" or at least allow customers to request compensation online in an easy process.

In order to provide customers with smooth experiences, airlines need to connect their layers!

Imagine a world, where your baggage got offloaded and after landing you receive a message by the airline saying:

"Dear Stephan, unfortunately we are unable to deliver your baggage on time. It will be arriving with the next flight. Please save your time and do not go to the baggage belt. We have ordered you a cab that will bring you downtown. Your baggage will be delivered to this place in due time."

→ Is your baggage system connected to your CRM?

External APIs support an easy integration into future innovative solutions

- Order a flight from your smart fridge.

- Use Alexa, Siri, Cortana or Google Assistant to book a flight.

- Use an external App to organize your group travel with friends.

- Make flights sellable in non-aviation E-Commerce-shops.

- Integrate into new travel apps to come.

Airlines and the digital customer

- It's about the customer – less about technology!

- No airline industry player owns the customer !

- Your future competitor might not be in the airline industry!

- Customers expect smooth processes thought from their perspective!

- In order to stay ahead of competition, airlines need speed to market and flexibility!

- Airlines need to adopt their management styles to enable agile practices where needed!

- APIs will allow airlines to connect and integrate to offers from other industries!

- Are you able to identify your customer throughout the customer journey?

- Ensure you have state-of-the-art CRM systems in place!

- Focusing Customer Experience means fostering Employee Experience – make it easy to fix customer problems on the lowest possible level!

- Only who is able to spot a problem is able to solve it! – Be open, even if it hurts!

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