



## Social Loyalty: A Way Forward for Airlines

### Executive Summary

For most airlines, social media engagement is a given. Any airline that is not yet participating in social media is missing out on a major business opportunity to connect with customers.

Most airlines have a Twitter or Facebook account. Twitter is the primary channel for customer communication and, in some cases, for delivering customer service. Facebook is predominantly used for creating brand awareness, and some airlines have created apps for booking tickets or choosing seats. Outside of these company-controlled accounts, review sites such as Trip Advisor provide a way for consumers to share their travel experiences and offer feedback to airlines.

It's relatively easy for airlines to monitor their brand mentions and engage with customers on corporate accounts residing on Twitter or Facebook. However, many users are also discussing their experiences on thousands of other platforms that need to be monitored and addressed with a proper engagement strategy.

For any social engagement to be successful, the first and most important step is to identify where the conversation is happening. The next step is to engage with customers to create a positive brand image and, based on ongoing conversations, identify brand advocates and detractors.

Traditionally, brand advocates are assumed to be customers in the top tier of the loyalty program. These traditional loyalty programs are based

on consumption of a particular service, such as purchasing an airline ticket, buying miles using a branded credit card or partaking of a service via a channel partner. But none of these incentives account for a customer's social interactions. Airlines have typically awarded miles based on customer transactions with any of the aforementioned services; given the torrent of social media activity, it's essential that airlines now integrate their customers' social interactions with their loyalty programs.

### State of the State

With advances in smartphones and high-speed data networks, consumers can always be connected to social networks. They look at their social networks as an important source of advice, solutions and a way to share their experiences.<sup>1</sup> Such constant connectivity was among the key factors in driving airlines to set up accounts on Twitter or Facebook, thereby establishing a presence where their customers are talking or socializing.

Examining the Twitter accounts of some of the front-runners in this space, it is clear that each company has a huge number of customers following them, and most are using Twitter to provide customer service (see Figure 1).

The large number of followers shows the amount of social capital that an airline can generate if it engages with customers effectively. Today, many carriers are using Twitter in a siloed fashion to provide customers with a quick response to one-off inquiries and, in some cases, to engage

## Getting Social

| Airline            | Twitter Handle | Followers | Tweets |
|--------------------|----------------|-----------|--------|
| Delta              | @Delta         | 283,677   | 4,249  |
| Southwest Airlines | @Southwestair  | 1,211,047 | 8,225  |
| Air Asia           | @AirAsia       | 288,050   | 8,938  |
| American Airlines  | @AmericanAir   | 316,406   | 17,391 |

Note: Twitter metrics as of Jan. 16, 2011.

Source: Cognizant

Figure 1

There is no enticement for customers to share their good experiences on social media sites.

in problem-solving. Additionally, many carriers use Facebook to introduce special offers and as an alternate channel to initiate the ticket-booking process.

Delta<sup>2</sup> and FinnAir<sup>3</sup> both host blogs to share behind-the-scenes activities, experiences, stories and ideas generated by employees, as well as to converse with customers to better understand their likes and dislikes. However, engagement on both of these blogs is exceptionally low. To boost activity, these airlines need to ask an essential question: Why would a customer come to the site, read the blog and comment?

What's in it for him or her to share their thoughts with the airline and their followers on Facebook or Twitter? Beyond customer service, it remains unclear why consumers would feel compelled to discuss their experiences, good, bad or ugly.

### Social Loyalty

#### Challenge: Rewarding Social Behavior

Traditionally, loyalty programs have been designed to reward users with points when they consume an eligible service. For example, by purchasing airline tickets or using a co-branded credit card, customers are awarded with miles.

Conversely, customers receive little value (and no remuneration) for sharing positive experiences on social media. No airline, according to our research, offers to reward their customers' social engagement, whether in the form of loyalty points or any other award. There is no enticement for customers to share their good experiences on social media sites. At most, the customer who submits a review might receive a response from the airline, provided the review was on an official airline account; at worst, the customer's efforts

go unnoticed by the airline. Meanwhile, no matter how – or whether – the airline responds, any commentary on social media can greatly impact the purchase decisions of the customer's network of followers, since they would most likely trust the authenticity of the customer's comments.

Air travel is a commodity business, with punctuality and price being the two most important factors impacting airline choice. However, 35% of the decision-making process is influenced by other perception factors, so brand image can play a big role in shaping ticket purchase decisions.<sup>4</sup> By identifying influencers, and engaging with them on social channels, companies can nurture these relationships, transforming the influencer into a brand advocate. By sharing their particular travel experiences and writing reviews, these influencers can help promote the airline, resulting in a superior brand image.

These social contributions need to be incorporated as a key part of airline loyalty programs and rewarded with miles or another valued reward. The challenge is that social media and loyalty initiatives at most airlines are operated by different groups that do not work in conjunction with one another. This is a major reason why loyalty teams fail to identify and reward social influencers.

Another major big challenge is that airlines can be so focused on their Twitter and Facebook accounts that they neglect listening to customers conversing on other social platforms. They do not have a strategy in place to identify the influencers, nor the social tools to enable the process.

#### Solution: Overlapping Programs

Social loyalty is a program by which an airline offers loyalty rewards not only in return for the consumption of goods or services but also for activities on social media. It requires airlines to overlap their social media programs with their large and well-established loyalty programs. It's

not just high-mileage customers who should be placed in the elite tier of the loyalty program; airlines need to make sure their most influential customers on social media – the customers who can increase brand image by sharing their positive experiences – are also categorized in the top tier of the loyalty program and rewarded with preferential and differentiated treatment.

To maximize the benefits of both their loyalty programs and their social media initiatives, airlines need to overlap the two so that customers can be rewarded for their social media activity (see Figure 2).

To enable social loyalty, successful organizations need to focus on the following components:

- **Organizational structure:** Most social media initiatives are undertaken by the sales and marketing business unit, which operates in a silo. A dedicated group needs to drive all social initiatives, working in a hub-and-spoke model with other business units. This would ensure that the loyalty programs are designed with traditional loyalty rewards and incentives for social media initiatives from the get-go and that this strategy is embraced by each and every business unit across the organization.
- **Culture:** When multiple groups need to work across business units, it's important to foster a collaborative culture. Each group needs easy access to information, requisite support (both monetary and technological) and the responsibility and incentives to work in collaboration with others.
- **Loyalty programs:** Traditional loyalty programs are designed to generate ever-increasing customer loyalty. However, this goal must

be redefined to translate customer loyalty into brand advocacy. To accomplish this, the focus needs to shift from one-time transactions, to interactions and engagements. Rewards and incentive programs, therefore, need to be designed to act as catalysts for travelers to share more and engage more with the brand.

- **Technology:** By investing in technology enablers like social media monitoring and text analytics tools, airlines can identify who is talking about their brand and on which networks. Also, by deploying a location-based strategy, they can provide the rewards within the right context and at the right time. One enabler that should play a much bigger role going forward is gamification. By applying game mechanics to the entire process of rewarding social activities and building loyalty, airlines can take brand awareness to the next level. With game techniques, airlines can use extrinsic motivators such as miles or free tickets to influence customers to share more and more about their experience on social platforms. This approach can also ensure that the customer sees real value in the rewards, which would motivate him to share his positive experience with his peer community, potentially triggering a viral effect. To encourage this kind of behavior, airlines need to embed catalysts into their social loyalty programs.

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## Colliding Worlds

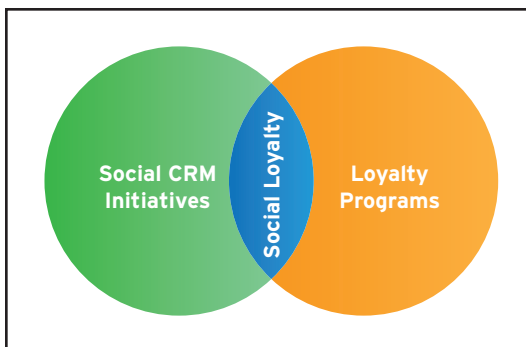


Figure 2

## A Two-Pronged Approach

Going forward, airlines need to structure their social and traditional loyalty programs in a way that maximizes the benefits of both initiatives. Not only do they need to be able to identify the high-fliers who consume their services; they also need to engage with influencers who can become brand ambassadors, enhancing the airline's brand image by sharing positive experiences with their peers worldwide.

## Footnotes

- <sup>1</sup> "Social Media Becoming Most Important Marketing Channel for Travel," Tnooz, Nov. 7, 2011, <http://www.tnooz.com/2011/11/07/news/social-media-becoming-most-important-marketing-channel-for-travel-ppc-in-fourth-place>.
- <sup>2</sup> Delta blog, <http://blog.delta.com>.
- <sup>3</sup> Finnair blog, <http://blogs.finnair.com>.
- <sup>4</sup> Anant Rangaswami, "Kingfisher Airlines: The Brand That Never Was," Firstpost, Nov. 14, 2011, <http://www.firstpost.com/business/kingfisher-airlines-the-brand-that-never-was-130257.html>.

## About the Author

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