New Airline Mandate:
Own the Travel Ribbon for Ultimate Customer Engagement

With never-ending competitive, financial and global challenges facing the airline industry, carriers have historically been focused on selling seats and refining their loyalty programs as the primary means of engaging with existing and prospective customers. Only recently has the concept of merchandising, or the marketing and sales of ancillary products and services, entered the equation.
The airline industry, which pioneered loyalty programs over 30 years ago, is struggling with travelers' changing needs before, during and after airline travel. Low-priced tickets and the lure of free travel via accumulated loyalty program activity is no longer the primary reason for passengers to engage. Customers are challenging airlines to think more like retailers, and less like a simple means of transportation for the purpose of a leisure or business trip.

Within the past five years, a few early adopters are coming to realize that there are abundant opportunities to engage with travelers at touch points throughout the travel-planning and booking process in order to engender additional brand loyalty and generate incremental revenue via ancillary services. And, these ancillary services don’t merely involve the airlines’ own optional services such as checked-bag fees, club passes and onboard meals. Ancillary services can also include the sales of hotel rooms, car rentals, ground transportation and a bevy of other services before and after the actual flight.

A leader in travel and hospitality consulting, Cognizant has developed the Cognizant Travel Ribbon® as a tool to assist airlines and other industry players in broadening their thinking about when and how to engage with customers. Cognizant defines the Travel Ribbon by eight essential stages of the overall travel experience including: 1) Inspiration, 2) Planning, 3) Booking, 4) Purchase, 5) Pre-trip, 6) Departure, 7) In-flight and 8) Post-trip.

Millennials (Gen Y, born between the mid 1970s to the mid 1990s) have had a huge impact across more than just the travel industry, challenging traditional business models and customer engagement. They are driving behavioral changes and have necessitated a shift from selling commodity seats to selling the travel experience. Attention must now be given to creating a highly evolved service offering, which can respond to the demands, whims and fancies of customers across the Travel Ribbon.

One can observe across several continents early efforts to engage customers across various stages of the Travel Ribbon. Visitors to AirAsia.com can book stand-alone flights, as well as air and hotel packages, but they can also tack on car rentals and in-destination tours and activities. And similarly, Delta.com customers can book flights, SkyMiles partner hotels, Hertz car rentals, airport parking, lounge passes and ground transportation. And Royal Jordanian recently struck a private label deal with City-Discovery to offer the airline’s customers tours, activities and ground transportation around the world as they shop for flights on the Royal Jordanian Web site.

These actions to further engage passengers highlight the fact that many airlines are taking steps – or pondering moves – to transform their brand images and operations from mere providers of a commodity product (seats on a plane) or means to an end (a transporter of passengers from point A to B or C) into entities providing timely and alluring services throughout the Travel Ribbon.

Analytics and the Traveler Experience

In 2011, Cognizant conducted research, summarized in its Airline Travelers’ Experience Survey: Analysis and Insights. This survey, which featured opinions from 4,800 people from nine countries, was designed to assist airlines interested in focusing on making their products and services more customer-centric. Cognizant surveyed travelers in the U.S., Canada, UK, Germany, China, Japan, India, Singapore, and Hong Kong; divided them into business traveler and leisure traveler categories; and split them into age groups with a slight bias towards Millennials. Some 45% of respondents were female and 55% were male.

The Airline Travelers’ Experience Survey was designed with customer-centricity as the key theme. The survey’s design was intended to provide insights for airlines.
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The share of traffic booking their travel through OTAs and travel agents represents an opportunity for airlines to capture additional market share. Source: Cognizant Airline Travelers’ Experience Survey

53% Over half of travelers who plan their travel on travel advisory Web sites book their travel through airline Web sites.

- Book using social (2%)
- Book using travel agency (10%)
- Book using OTA (22%)
- Book using airline.com (53%)

The share of traffic booking their travel through OTAs and travel agents represents an opportunity for airlines to capture additional market share. Source: Cognizant Airline Travelers’ Experience Survey
and devoting enough resources into competing with the combined travel-advice competencies of online travel agencies (20%), travel advisory sites (20%) (such as TripAdvisor and Lonely Planet) and friends and family (13%), according to the Cognizant survey.

Thus, even the travel research sphere – let alone competition for the flight booking itself – can be seen as a cutthroat arena and a vital one calling for immediate attention. Travelers researching flights and trips already have a penchant for booking on airline Web sites. Carriers thus could attract many more bookers if only airline Web sites would enhance their travel-planning options. In that regard, the Cognizant survey noted that 53% of travelers who research their options on travel advisory sites leave them and navigate to airline Web sites to book their travel. The lion’s share of travel advisory site travel-planners who don’t book on airline Web sites book with online travel agencies (22%) and traditional travel agencies (around 10%), the study found. This tends to support the thesis that airlines which increase engagement with travelers throughout the Travel Ribbon can tap into the opportunity to steal market share from OTAs and travel agencies.

Here’s a closer look at the stages of the Travel Ribbon and the opportunities therein:

**Inspiration:** How does an airline convince leisure travelers to take a trip when they have no definite plans? And in what ways can a carrier entice travelers into booking a flight and biting on a hotel offer when they may have a set budget, but no particular destination in mind? Travel deals publishers such as Travelzoo, Living Social, and many others have been particularly effective at turning stay-at-home armchair travelers into spontaneous vacationers with enticing deals. And airlines, fully aware of the frequent flyer status of their most loyal customers, are well-practiced at filling e-mail in-boxes with last-minute flight or vacation package deals accompanied by mileage redemption offers.

American Airlines has dabbled in the Inspiration phase and directed one of its efforts toward an African-American audience with its BlackAtlas community/social media site. The site encourages its “business-focused, family-oriented” online community to be active members and to contribute their travel stories about particular destinations because “every city has a story.” On BlackAtlas, visitors can read OneBrownGirl’s story about “Six Reasons To Go To Antigua with Elite Island Resorts,” view images and videos about destinations and then try out a Fare Finder booking widget.

British Airways takes a more traditional stab at Inspiration with its Holidays Destination Guides, which enable users to drill down on Beach Holidays, Family Holi-
days, City Breaks, Romantic Holidays, Winter Sun Holidays and even Spa Hotels. However, given the small images and matter-of-fact language in use, the effort really isn’t very inspiring.

**Planning:** Some airlines are beginning to assert more of a focus on the Planning stage, and the new tools being trotted out often provide much overlap with the Inspiration phase, although Planning might be considered further along the path and closer to the booking.

Air France-KLM recently rolled out Affinity Search on several of its country sites in Europe in partnership with Google’s ITA Software. With a Google Map as a backdrop, users select potential departure airports, travel dates and budget, and then view hundreds of possible destinations and fares detailed on a calendar. Lufthansa’s Trip Finder solution, powered by Amadeus, and British Airways’ new Holiday Finder take a similar approach, although the latter breaks with its peers and serves up holiday packages in rows of text instead of plotting them on a huge map in the background.

The Cognizant Traveler Survey revealed a finding that supports airline initiatives in honing in on travelers’ interests during the Inspiration and Planning stages of the Travel Ribbon. One might think, in this era of flash sales and never-ending discounting, that cost would be a determining factor in vacation plans, particularly for leisure travelers. However, the survey, which queried both business and leisure travelers, indicated that cost (25%) and interests (24%) were virtually on an equal footing as determinants of travelers’ vacation plans. Closely related to interests, destination activities (15%) was also a strong driving factor. All of which back the trajectory of new airline Inspiration and Planning tools seeking to spur travel by focusing on travelers’ vacation interests.

With travel advisory and review sites, coupled with advice from family and friends, playing such influential roles during travelers’ research and planning activities, it would be ideal for airlines to integrate social media platforms and reviews, such as guest-written hotel and destination reviews, into airline Web sites to enhance travel research capabilities. American Airlines’ BlackAtlas site, which essentially is a community network, and British Airways’ Holidays Destination Guides, which integrates TripAdvisor hotel reviews, are examples of airlines leveraging social networks and advisory sites for Inspiration and Planning efforts.

**Booking and Purchase:** Many airlines are finally “getting it” and realizing they will miss opportunities to gain market share and increase engagement with their customers unless they lean toward becoming one-stop-shopping venues, offering hotels, flight and hotel packages, car rentals, tours and activities, ground transportation or similar services. Airlines shouldn’t attempt to become online travel agencies — that indeed would be a skewing of their core missions. But airlines can partner with third-party experts in data analytics, digital marketing and cross-selling to take better advantage of the customers who are visiting airline sites anyway and boost already-attractive conversion rates. Alternately, they can choose to take on these responsibilities in-house if they feel they have the requisite talent and resources.

It isn’t difficult these days to find airlines engaged in cross-selling. For example, BMI reports a boost in room nights and incremental hotel bookings since it began pairing flights with possible hotel choices for passengers using the Expedia Affiliate Network’s (EAN) Smart Cross Sell tool behind the scenes on the BMI Web site. After passengers select their flights, the EAN sorting algorithm serves up the highest-converting properties in the destination market to entice passenger hotel bookings. Passengers then can optionally add car rentals from Europcar. And in a further push to engage passengers and to serve as a more well-rounded solution,
BMI separately enables travelers to make stand-alone hotel, car rental and parking reservations with no flights involved.

Lufthansa, in partnership with private label technology and e-commerce company Switchfly (formerly known as ezRez), integrates a Lufthansa Miles & More CRM tool with Switchfly's e-commerce engine and business logic to engage with travelers throughout the Travel Ribbon, including the Booking and Purchase phase. For example, with the airline well aware of the passenger's Miles & More frequent flyer status and flight destination, the airline sends passengers personalized hotel rewards offers coinciding with the flight destination in the confirmation e-mail.

But Lufthansa doesn't let its marketing to the passenger end there. The airline e-mails passengers hotel and car offers based on their flight destinations in pre-flight communications. In addition, whether the Miles & More member has active travel plans or not, Lufthansa digs into its travel Inspiration arsenal and gives rewards members a birthday gift – a mileage voucher good for travel reward redemption. And at other times during the post-booking phase of the flight, Lufthansa sends loyalty program members direct-mail pieces with offers for a specific hotel matching their flights and Miles & More account balance.

**Pre-trip:** In addition to contacting passengers with personalized promotions before the flight, there are numerous additional things airlines can do to enhance interaction with travelers in the days leading up to the flight. Although some of these aren't necessarily tied directly to producing revenue, they could go a long way toward enhancing the relationship between customers and airlines.

In the Cognizant Traveler Survey, for instance, 33% of respondents indicated they would welcome airlines making available on their Web site various travel forms and support for accurate completion of forms such as visa applications, immigration forms or passport application forms. The desire for airlines to provide online access to these forms was particularly acute in Europe (45%). And as any passenger who has dealt with these types of forms knows, sometimes instructions for completing them are far from self-explanatory. Airlines could step in and provide a service to their customers by providing step-by-step instructions on their Web sites or even by offering live chat or automated customer service features to handle inquiries about filling out the documents.

Along the same lines, providing passengers with pre-flight checklists, packing tips and advice from travel experts on what to do at the destination and essential facts about the country and culture could be advantageous to airlines' brands and relationships with customers. There is no reason for airlines to cede this territory to OTAs, travel advisory sites, friends and family or social networks.

**Departure and In-flight:** It is ironic that one of the most neglected phases of the Travel Ribbon is the Departure and In-flight period when passengers actually are at the airport or on board the aircraft. After all, this is where passengers come into the direct human contact with airline personnel. Some airlines see a much larger opportunity to engage with passengers at the airport or on board the flight beyond encounters at airport ticket counters, boarding gates and during pre-flight safety instructions.
A few airlines have come to see the Departure and In-flight phase as a great arena to tap into the power of mobile and social media. For example, United Airlines is encouraging travelers to use their smartphones and other mobile devices to check in using Foursquare when in the vicinity of the airline’s U.S. airports and they then collect 50 United MileagePlus rewards miles and special offers each time they do. (Check-ins at the airport are limited to one per day.) Within a few minutes of the check-in, travelers receive acknowledgement e-mails from United along with special offers, which sometimes include deals at restaurants or shops in the airport. Passengers are then encouraged to share the special offers on Facebook and Twitter, with the hope that this will provide more marketing punch.

When it comes to personalization, engaging with passengers at the airport and leveraging mobile and social media, KLM is a standout airline. With KLM Surprise, the airline’s passengers perform social check-ins at airport locations using Foursquare or they tweet a message to the airline that they are at the airport. “We see our passengers fighting boredom while they wait,” the airline explains on its dedicated KLM Surprise Web site. So, after the social check-ins at the airport, KLM employees then search passengers’ social media profiles, get a feel for the passengers’ personalities and greet a handful at the airport, sometimes holding makeshift signs with the passengers’ names to find them, and deliver personalized gifts or vouchers. These keepsakes are small enough to easily carry onto the aircraft. For example, a passenger named Willem, an ardent football fan, received a map to the best football bars in his destination city. And a Dutch passenger, Tobias, who had been away from home for an extended period, received a “homesickness package: Dutch cooking lessons, liquorice, and stroopwafels.”

Separately, KLM and Malaysia Airlines are using social media to engage with travelers pre-flight and they enable passengers to engage with one another during the flight. KLM’s new Meet & Seat program, which has been taken up most readily by business travelers, enables passengers to manage their bookings as much as 90 days before the flight and to share their Facebook or LinkedIn social media profiles with other passengers who have opted in. They then can use the profiles as the basis for selecting seatmates for the flight or even for sharing ground transportation to or from the airport.

Instead of offering this “social seating” option on its Web site as KLM does, Malaysia Airlines uses a Facebook application called MH Buddy to facilitate flight bookings. Once passengers book their flights using MH Buddy, they can choose to share their Facebook photos, which are linked to their profiles, with other passengers as a basis for making their seat selections. And Malaysia Airlines goes a step farther, informing passengers if any of their Facebook friends are traveling to the same destination, even if they aren’t traveling on the same flight, in case they want to plan a meet-up at the destination.

**Post-trip:** When the flight is over, airlines can close the loop with passengers – or, better yet, keep the cycle of communication going – by interacting with customers through a variety of means. In addition to contacting passengers when the trip is completed with opportunistic offers on their birthdays or when their miles are nearing expiration dates, airlines might send passengers links to online surveys soliciting their feedback. Many hotels and online travel agencies routinely do this, and then suggest that their customers submit hotel reviews, for instance.

In the Cognizant Traveler Survey, in fact, more than half of respondents indicated they’d prefer to provide feedback through various online media.
Personalization: The Time is Now

For several years, airlines and hotels have spoken of the need to engage travelers in a more personalized manner without really following through on the promise in a rigorous way. But today, a variety of developments, including the evolution of analytics, the social graph, the mobile revolution, data collection techniques, search engine marketing, e-commerce engines and CRM tools, have placed very effective personalization techniques in the hands of the airlines, enabling them to really drill down and become customer-centric.

Airlines already boast of look-to-book ratios that are the envy of other travel suppliers and intermediaries. If forward-thinking airlines would only transform their marketing and Web site activities into engaging more personally and effectively with customers by introducing more inspirational offerings, tools and travel-planning features, then they undoubtedly would see revenue benefits.

Airlines don’t need to become full-fledged online travel agencies to succeed in their passenger-engagement missions, but they could be neglecting market share and revenue opportunities if they neglect to transform themselves into more well-rounded and involved travel providers throughout the entire Travel Ribbon.

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