How Airlines Can Deliver a Personalized Customer Experience During Operational Disruptions

By distilling and applying meaning from the digital data that surrounds people, processes, organizations and devices, airlines can create “personas” that reveal how and where customers want to engage, and customize offers that secure customer loyalty and elevate brand reputation.

Executive Summary

Your flight has been canceled, you’re stranded at the airport, and the corrective action offered by the airline does not suit your purpose. Sounds all too familiar, right?

Welcome to the 21st century world of airline travel. With increased air traffic, airports are hard-pressed to overcome complex operational challenges, from flight scheduling and terminal operations, to passenger communication and retail and maintenance planning. As a result, what the industry once called a “disruption” is now the new normal.

In a continuous attempt to preserve brand equity, passenger airlines are trying to institute the best possible service recovery measures, keeping in mind the expectations of their tech-savvy customers, who have a plethora of information, often more than the airport itself, at their fingertips. Simultaneously, they are fighting to retain customers, who today are often afforded greater air travel options and alternate modes of transport.

Add to this the move by some airlines to offer a personalized experience rather than mere transport, and it becomes clear that competition in the travel industry has become more intense than ever before. Every dimension of the traveler’s journey is being questioned, including the experience during “non-normal” operations, such as delays.

In response, airlines must look to personalize the customer experience during disruptions. Because customers cannot be fully understood when categorized in traditional ways, based on geographic location, intent and psychographics, airlines should create segmentations based on “personas” – a complex combination of factors, based on event, time and behavior - in order to drive intended outcomes.
This white paper examines how passenger airlines can leverage non-discrete and bounded customer personas to deliver a more personalized experience during airline disruptions. Doing so involves what we call Code Halo™ thinking, a discipline in which meaning is made and applied from the metadata generated by the connected and online behaviors of people, processes, organizations and devices. We also present recommendations based on primary research that we conducted through a survey of 200 consumers to understand their behavior during airline disruptions.

Current State of Airline Industry

Competition

To fully grasp the challenges facing passenger airlines today, it is necessary to understand the business landscape. All airlines today have well-established standard operating procedures for handling customers during disruptions, including e-mail notifications, rebooking options, refunds and special offers, such as coupons and vouchers to be used during periods of latency.

Although airlines currently offer some form of marketing-related personalization, such as customized food and beverage services or product and service recommendations, such personalization is completely missing from the service recovery experience. Airlines currently have large stores of customer data from which they could design algorithmic- and heuristic-based personalized service recovery experiences; however, they are hindered by aging systems, a lack of omnichannel capabilities and an inability to seamlessly coordinate the activities of multiple partners in the value chain.

Software and service providers are starting to move in the direction of personalized disruption handling. For instance, online reservations systems provider Amadeus recently partnered with TAM Airlines to launch Personal Disruption Companion, which provides personalized re-accommodation options to passengers. While this is a step in the right direction, the application only provides rebooking of primary and ancillary products based on the customer’s history and fails to address the entire service disruption experience.

A Three-Phased Approach

A cohesive and holistic approach to personalized disruption-handling will require airlines to close three gaps that exist today (see Figure 1).

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The Non-Normal Operations Chasm

**Action Gap**

No operational process exists for delivering customized/personalized messages during disruption-handling.

**Content Gap**

There appears to be no clear direction on the type of content that could be personalized via algorithmic and heuristic approaches during non-normal operations.

**Interest Gap**

Airlines currently approach disruption-handling using standard operating procedures, with no imminent solution to resolving traveler pain.
Cognizant 20-20 Insights

Airlines can bridge the content gap and the action gap by taking a three-phased approach (see Figure 2).

**Phase 1: Define Code Halos**
For every interaction a customer has with an airline, an immense amount of data is generated, whether it is explicitly captured or derived from travelers’ online activities. This swirl of data (which we call a Code Halo) can be used to create a series of customer personas. Using this metadata (which is based on an analysis of the airline’s customer database, blended with an empirical understanding of traveler behavior) airlines can devise a personalized disruption treatment experience. Such metadata would include the following:

- **Current Trip Data**
  - **Age:** Customer response to non-normal operations differs according to their age. Our research reveals that travelers aged 18 to 24 are 34% more prone to requesting compensation and refunds than other age groups.
  - **Gender:** Men and women vary in their preferred treatment, both during and after a disruption. In our survey, women were about 10% more likely to ask for refunds and compensation following a disruption.
  - **Nationality and ethnicity:** Passengers’ country of origin and ethnic background can also help airlines predict their emotional state and behavior. For instance, we correlated four dimensions of national cultures developed by social psychologist Geert Hofstede (individualism, masculinity, uncertainty avoidance, long-term orientation) with the elements of situational response to disruptions. We concluded that travelers with nationalities that are highly individualistic, assertive/competitive and tolerant of ambiguity/uncertainty — and that value past- and present-related virtues, such as national pride and tradition) — are likely to be more vocal about requesting remedial measures such as service corrections, compensation, refunds, etc. Travelers from cultures that are more collectivist, modest/caring, intolerant of uncertainty and geared toward future-focused virtues, such as persistence and adapting to changing circumstances, are likely to be less adamant about remedial measures. For example, a customer from the U.S. would be far more insistent on receiving these services than a customer from India (see Figure 3).

**Country Comparison**
The Hofstede Model scores countries across several dimensions in order to visualize culture differences and anticipate their impact. The following is an example of how India scores on four dimensions vs. the U.S.
Travel purpose: Three common types of travel include business, leisure and family gatherings. While our study reveals little variation in behavior across these three categories in terms of refund requests, travelers to family gatherings are somewhat more likely to ask for an explanation of the delay from the airline, and are much more likely to request compensation (see Figure 4). Airlines must understand travelers’ propensity for irritability based on their travel purpose in order to deliver the most relevant experience when flights are delayed.

Association with airline or travel group: People who are associated with an airline or travel-related group are more inclined to request compensation, refunds and explanations than other traveler types (see Figure 5). In our study, 72% of people associated with an airline or travel group reacted negatively to “soft” forms of compensation and instead asked for monetary types of refunds.

Activity on social networking: Customers express mixed feelings about sharing their travel disruption experience on social channels. However, as all age groups become increasingly focused on using social channels for interaction and content consumption, this is an important attribute for airlines to track.

Channel of service: More than half of respondents said they would want to receive service from airline staff during a disruption (see Figure 6, next page). Although this finding appears contrary to the trend toward self-service technologies, we believe it is related to the risk-averse attitude of customers during a disruption, as they are focused on avoiding further difficulties and don’t want to leave resolution to chance.

Smart device usage: As consumers increasingly use mobile devices to check trip status...
and obtain real-time flight information, airlines should push disruption-related notifications to these channels in the form of SMS and Whatsapp messages.

**Historical Data**

**Previous acceptance of flight re-booking:** By analyzing past response to rebooking an alternate flight, airlines can target offers to those customers who are most likely to accept such an offer.

**Previous acceptance of alternative offers:** Because a high correlation exists between customers who accept alternate offers (i.e., vouchers, transfers, etc.) and those who applaud the service recovery experience, airlines can use customers’ offer acceptance history to target and improve their net promoter score.

**Previous acceptance of compensation:** Our research shows that customers with a strong inclination toward asking for compensation, and a tendency to not accept rebooking or alternate offers, also tend to be neutral or skeptical in terms of their level of brand advocacy. Airlines should consider such behavioral tendencies when devising experiences for each customer type.

**Previous refund-seeking behavior:** Our study also reveals that customers with strong refund-seeking behavior are net defectors for an airline. Such customers must be identified and given special treatment.

### Phase 2: Develop Personas

By aggregating behaviors and time- and event-based attributes, airlines can develop customer personas. The following are typical clusters that airlines can develop:

- **Behavior-based:** These clusters are based on the behavior of customers toward offers made by airlines during a disruption, in the form of coupons, hotel stays, discounted next trips, etc.
  - Refund seeker.
  - Explanation finder.
  - Compensation hunter.
  - Apology acceptor.
  - Agreeable type (supersedes all other clusters).

- **Reaction-based:** These clusters are based on post-service-recovery reactions:
  - Applauders.
  - Stay neutrals.
  - Skeptics.
To develop accurate and useful traveler personas, airlines should combine these two clusters, using the matrix defined in Figure 7.

**Phase 3: Developing Insights and Executing the Operational Roll-Out**

To achieve the envisioned operational excellence, airlines should consider implementing a five-layered protocol:

1. **A personalization engine informed by Code Halo thinking** that is capable of handling the attributes highlighted throughout this white paper, as well as their combinations and intersections. Such an engine would help correlate and ascribe meaning to passenger behavior and events, in time to develop a compelling recommendation for delivering an exceptional customer experience. For example, an offer could be sent to the mobile device of a business traveler who is likely to desire an apology in the event of a disruption and applaud the service recovery experience if properly executed. Only a robust implementation of both predictive modeling and situational analysis can help an airline bridge the action and content gaps and move toward algorithmic-based personalization.

2. **A channel of handling.** With today’s blurring of the physical and digital world, airlines need to enable an omnichannel approach for posting and sending notifications and information. This requires:

   ▶ **Social network channels for communication and real-time flight information.** Few airlines today use social media as both a channel for customer notifications and real-time flight status. Given that this is a free and much-used channel for communication, airlines need to quickly develop a mature capability on this front.

   ▶ **Enablement of personalized social messaging channels,** such as Facebook Messenger and Whatsapp. By sending notifications and sharing the right information at the right time on the right device, airlines can greatly diminish customer anxiety. Approximately 90% of travelers today say they know about a disruption only when they have arrived at the airport, which is the greatest cause of dissatisfaction.

3. **Resolving information asymmetry.** With the speed of information dissemination today, it is important for airlines to understand that asymmetry of information can quickly dilute brand value. For example, when a customer incorrectly believes that her flight has been disrupted, she will develop a negative perception of the experience. If airlines can collectively inform passengers that a disruption has occurred (say multiple airlines are facing disruptions because of an airport operational problem), travelers will be far less aggravated.

4. **Enabling staff.** Even as self-service proliferates, the majority of travelers still want disruption-handling to be carried out by the airline’s staff, according to our research. Also, because travelers increasingly want information on-the-go, it is important to arm staff and contact centers with the ability to enable context-specific and personalized information and service during disruptions.

5. **Predictive customer handling.** Airlines such as British Airways use predictive disruption identification models, such as possible cancellation or disruption scenarios, to interact with customers upfront before the disruption occurs. This resonates with our finding that many customers want to hear of disruptions or possibilities on an *a priori* basis.

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**Making Sense of Personas**

A cross-tabulation of personas enables a better understanding of them. For example, ‘applauders’ might seek explanations but not refunds.

<table>
<thead>
<tr>
<th>Offer Acceptance Reactions</th>
<th>Refund Seeker</th>
<th>Explanation Seeker</th>
<th>Compensation Hunter</th>
<th>Apology Acceptor</th>
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<tr>
<td>Applauding</td>
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<td>–</td>
<td>√</td>
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<tr>
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<tr>
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</tbody>
</table>

*Figure 7*
Looking Ahead
Delivering a “segment of one” flight-disruption-handling experience can boost customer loyalty and increase brand value. However, successfully completing such an initiative requires a mindset shift. A complex set of attributes, tasks and values are required to bring about the necessary changes in systems, business strategy and attitudes. Making the transition to the Code Halo paradigm for service recovery treatment requires the following:

• **Looking beyond day-to-day customer data.** Airlines must utilize data from social networks, rich customer profiles, historical customer behavior data and other sources. To do this, they need to be adept at asking customers for relevant data at various touchpoints across the service purchase and servicing value chain. For example, British Airways is now asking passengers to specify if they are traveling for leisure, business or to visit family and friends, and it specifies upfront that this data will be used to personalize offers.7

• **Clearly understanding offer acceptance/rejection behaviors.** There is no one-size-fits-all customer response to offers made during delays, cancellations, etc.; rather, behavior is dependent on situations and events that are unique to an individual passenger or journey.

• **Predictively modeling personas and events.** Once these models are devised, airlines can assign the best and most relevant personalized treatment to offer to customer segments.

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Footnotes


3 Cognizant conducted an online survey of 200 business and leisure travelers from the U.S., UK, Middle East and India in August 2015.


About Cognizant

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About Cognizant Travel & Hospitality

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. Learn more at: http://www.cognizant.com/InsightsWhitepapers/own-the-travel-ribbon-for-ultimate-customer-engagement.pdf.