IBM Travel Experience Index: Airlines

Listening to the voices of travelers to improve digital, multichannel and service travel touchpoints

Passenger experience surveys typically focus on the physical aspects of the travel experience by measuring factors, such as seat comfort, in-flight entertainment and cabin amenities. The IBM Travel Experience Index is a first-of-its-kind study that puts a decidedly digital spin on the travel experience by scoring passengers' digital interactions with airline brands, their service experiences with airline employees and the airlines' capabilities across channels of communication.

This study is based on the findings of travelers who flew on airlines across the globe, and evaluated each airline using a multifaceted, consistent and disciplined approach. This report summarizes phase three of the IBM Travel Experience Index and clearly defines the strengths, weaknesses and key differences between airlines of all segments and regions. Some of these findings may surprise airline executives.

Individual carrier names are excluded from this report, but IBM will gladly share its insights about your specific airline in a private briefing session. As this is an ongoing study, IBM will continue conducting its airline research and publish additional findings periodically.

Key findings

- Only 3 percent of airlines qualified as innovators, compared to 12 percent of hotels
- Service delivery scores were higher than digital interaction scores for 80 percent of airlines
- Twenty-five percent of airlines earned mobile scores that were less than or equal to 30 on a 100-point scale

Executive summary

Assuming the elements of a business that receive the most management attention are the areas that improve the most, the airline industry should be close to perfecting the physical aspects of air travel. There has been intense focus on all aspects of the aircraft itself, while marketing literature often features friendly employees, comfortable seats and fine wine. Yet drawing attention to the physical aspects does little to improve the intangibles, like digital experiences and personal service, which define so many passenger journeys. This study explores and exposes the non-physical aspects of the travel experience. It's IBM's hope that it will help industry leaders improve these travel intangibles by drawing attention to them.

With a clear mission to catalog and compare the intangible factors of travel, IBM deployed travelers to evaluate airlines and hotels on well-defined, consistent assessment criteria. Through this phase of the study, IBM employees completed over 1,300 flights on 115 airlines between September 2015 and May 2017. The team of mystery travelers did not inform staff that they were evaluating the airlines and hotels. See the methodology section for more detail.

As depicted in Figure 1, IBM evaluated performance in three categories: service delivery, digital interaction and multichannel capability.
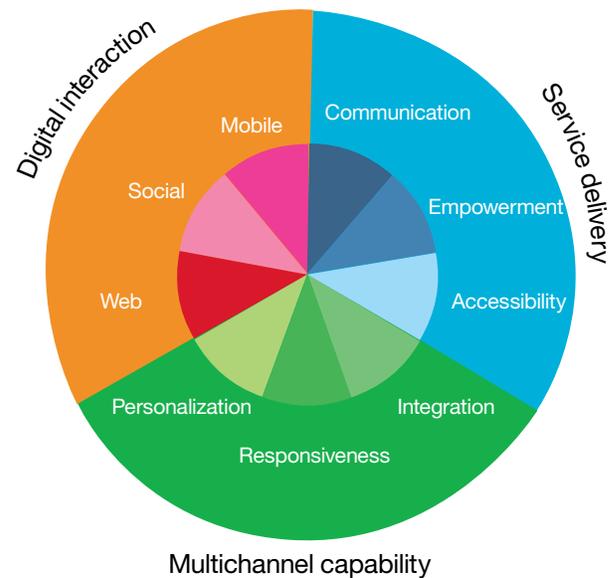

Figure 1: The categories and subcategories used in the IBM Travel Experience Index assessment

Analysis of the data reveals three interesting realities about the intangible elements of air travel. Perhaps most strikingly, IBM found that the services delivered through person-to-person contact received relatively high marks from customers. Most airlines, it seems, have plenty of well-trained, friendly and empowered staff on hand to support travelers. Unfortunately, travelers are less pleased by their digital experiences, which are delivered by way of airline websites, mobile apps and a host of social channels. Additionally, IBM found that channels are not well coordinated, less responsive than they could be and not easily personalized to specific traveler preferences. These findings underscore the potential for significant improvements in each category. IBM offers airline executives three recommendations to consider should they wish to initiate a travel experience improvement program.

Performance improvement opportunities abound

For most businesses, and almost all consumers, the customer experience can be improved. The data suggests that this need for improvement is particularly true in the airline industry, whose customers detect significant performance gaps in the variables IBM evaluated for each carrier, and wide performance variability between airlines. Performance gaps between airlines and hotel brands are even wider and more variable. These gaps suggest that even the best-performing airlines have a lot to learn from the best-performing hotels.

Travelers see vast differences between airlines

Comparing the digital and physical performance of the carriers in IBM's sample reveals significant differences between them. To define the maturity progression for each airline, three designations were used:

- Innovators are those carriers who scored higher than 70 percent on the index.
- Fast followers scored between 55 and 70 percent.
- Laggards scored below 55 percent.

While the composite index scores of the three best performing airlines qualify them for the innovator designation, 44 percent fall into the fast follower designation. Interestingly, 53 percent of airlines from IBM's sample earned digital and physical scores that placed them in the laggard designation, as shown in Figure 2.
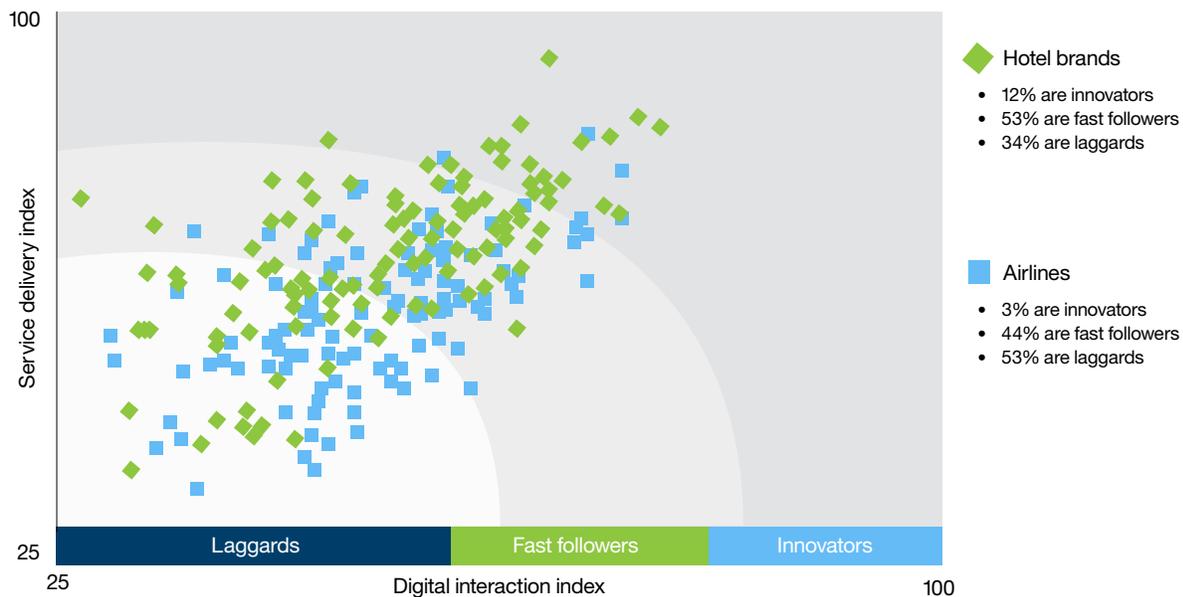

Hotel brands
- 12% are innovators
- 53% are fast followers
- 34% are laggards

Airlines
- 3% are innovators
- 44% are fast followers
- 53% are laggards

Figure 2: Travel providers are not doing well, and airlines underperform hotels.

Most hotels outperform most airlines

The performance gaps between airlines appear even more extreme when compared to hotels. Using the same criteria for evaluation, hotel brands earned better marks than airlines in all three performance categories.

For example, the multichannel capabilities hotel brands have, on average, are stronger than the multichannel capabilities airlines provide to travelers. More specifically, hotels are often seen to have better personalization, responsiveness and integration across digital and physical channels. Fortunately for airlines, these differences are not extreme, with airlines achieving multichannel scores of 49 compared to hotel multichannel scores of 53, as seen in Figure 3.
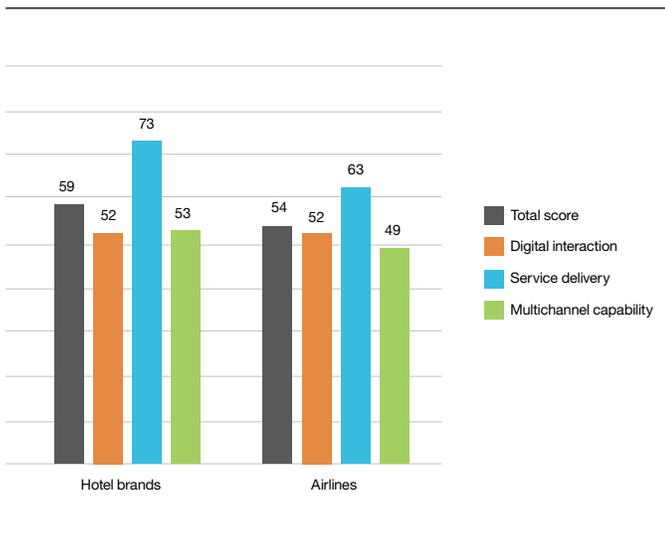

Figure 3: Hotels scored better than airlines across the board, especially on service delivery.

With the digital strength of leading online retailers such as Amazon, and the service delivery prowess of companies such as Nordstrom, customers have come to expect exceptional, seamless experiences. Leading retailers are setting a high standard for airlines, because customer expectations are determined by leading companies, irrespective of industry boundaries. This fact should prompt airline executives to carefully monitor and emulate the actions and improvements made by leading retailers across all channels.

Service delivery is a strength that can improve digital channels

Negative customer interactions with employees garner a lot of attention in the media. However, this study found that, in most cases, employees are a source of strength for most airlines, not a weakness. Airlines earned higher marks for service delivery than for digital interactions in all but a handful of cases. For this reason, airlines would do well to invest more time and resources in improving their digital channels. Airline leaders should consider asking employees what specific changes could be made to websites, mobile apps and social channels to bring their performance up to the standards of their person-to-person touchpoints.

Employee-delivered service is a relative strength for most airlines

This analysis compared carrier scores by region, segment and performance category. Each way IBM looked at the data led to the conclusion that airlines are doing rather well at service delivery. Both IBM's regional and segment analysis showed that airlines scored better in service delivery than in any other category.

Across regions, service delivery was a high point for airlines on the IBM Travel Experience Index. In the Americas, for example, service delivery scores were between 21 and 31 percent higher than the scores given for digital interaction or multichannel capabilities. In Europe, the differences between service delivery and other categories of performance were less pronounced, but still significant, with digital interaction and multichannel scores that were 15 and 29 percent lower than service delivery, respectively.

Service delivery was even further ahead of other variable categories in the Middle East and Africa where service may be making up for perceived weaknesses in other areas. Service delivery scores in the Middle East and Africa were 76 percent higher than mobile scores, and 25 percent ahead of scores given for multichannel capabilities, as illustrated in Figure 4.
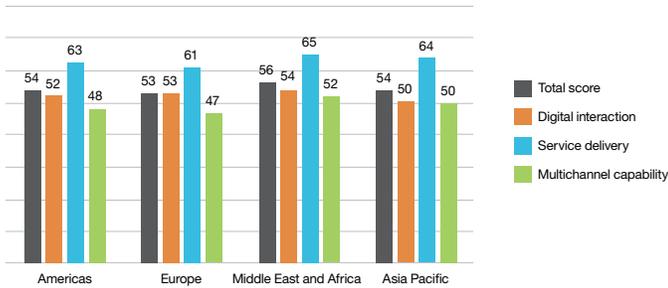

Figure 4: The Middle East and Africa region has strong service scores, but high score variance.

A similar trend is notable among regional and niche carriers, whose strength in service delivery scores masks much lower scores in other areas, as shown in Figure 5. It's worth noting that scores for regional and niche carriers showed more disparity than scores from other segments. Indeed, the highest and lowest scores for many categories came from carriers in this segment.
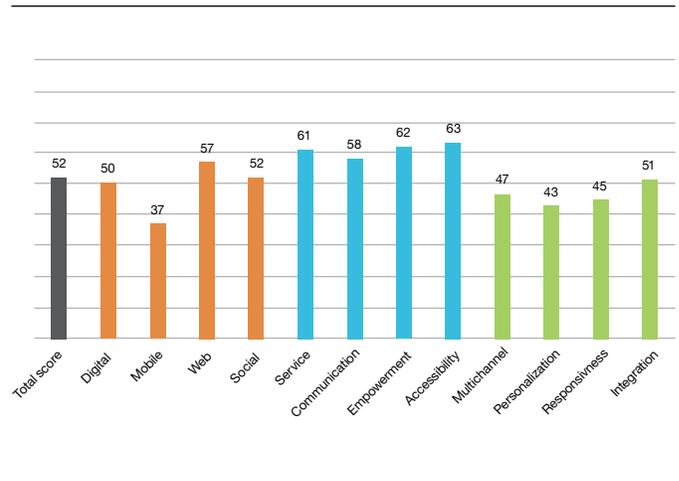

Figure 5: Regional and niche carriers are strong in service delivery, masking weaknesses elsewhere.

Conversely, global giants achieve more balanced scores across all analysis categories. Where other carrier segments struggle with digital interactions, for example, global giants are seen to excel. Global giants lead the web dimension with a score of 66. This score puts the segment 14 percent higher than large and growing carriers and 16 percent higher than regional and niche carriers, who struggle in this area, as shown in Figure 6. Interestingly, global giants earn much higher scores in the mobile domain than both their large and growing and regional and niche competitors, who score 45 and 37, respectively.
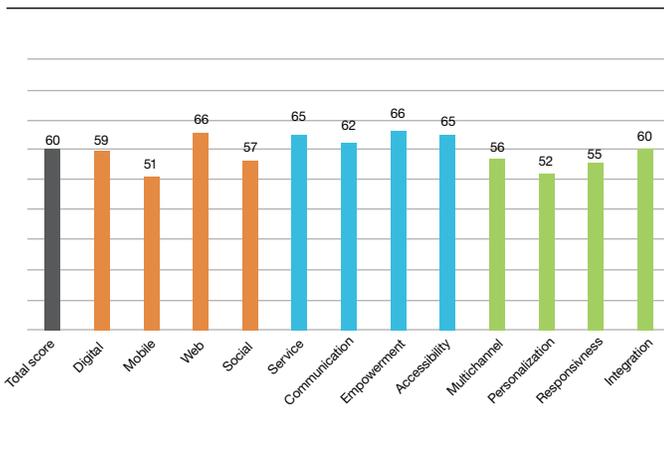
Figure 6: Global giants achieved more balanced results across the three performance categories.

Personalization is a weakness for most carriers

For at least a decade, personalization has been an important topic on the airline industry agenda. Unfortunately, IBM's analysis shows that the efforts carriers have made to personalize the travel experience have been ineffective. Personalization scores were among the lowest of any variable the study evaluated.

Personalized insights are not applied consistently at any touchpoint

To personalize a traveler's experience, an airline needs to not only know what the traveler prefers, but also be able to deliver that preference at the appropriate time and through the preferred channel. This goal may seem simple—and for the most frequent travelers it could occur with some regularity—but for most airlines it's currently almost impossible.

Effective personalization requires coordination between digital and physical touchpoints

Digital touchpoints should be the easiest place to systematically gather customer preferences and apply them consistently during the next interaction. However, most airlines failed this important test. For example, travelers who entered a request for a special meal online were often unable to check those requests on the airline's mobile app. Also, they were rarely prompted to re-enter or confirm that preference on subsequent flights, and too often didn't even receive the special meal they requested.

These findings should help airlines prioritize their improvement initiatives

The IBM Travel Experience Index findings reveal some critical oversights and glaring weaknesses that airline executives will need to address to improve the travel experience. They need to shore up weaknesses in specific channels, namely the websites and mobile apps for most carriers. They also need to initiate a set of more strategic improvements designed to enable personalization across all travel touchpoints. The recommendations outlined below represent the beginning of a transformational journey that will put airlines on the path toward revolutionizing the travel experience.

Learn from competitors, hotels and leading retailers to deliver quality digital interactions

For most airlines, the bad news revealed in this report is that their digital interactions are lagging behind other leading companies by a wide margin. The good news is that other companies, both inside and outside the travel industry, have developed robust solutions to the specific challenges that plague most airlines' digital interactions. By leveraging these existing solutions, airlines can resolve deficiencies in their websites, mobile apps and social channels with relative simplicity. With profitability returning to the industry, carriers should be able to make these digital improvements a priority because they are key elements to raising travel experience scores.

Engage travelers beyond basic transaction support to improve two-way communication

Too much of the travel experience is defined by transaction processing and support. Most interactions airlines have with travelers involve travelers providing information about their preferences and circumstances so airline systems and employees can complete travel transactions, such as check-in and rescheduling. Not surprisingly, these routine interactions are not fulfilling for travelers. Airlines should emulate the touchpoints of companies that customers consider more engaging. Touchpoints that are compelling enough to attract travelers will also be more effective for harvesting extra insights about the patterns and preferences that make each traveler unique.

Apply personalized insights to traveler interactions to continually improve the travel experience

Well-managed and highly engaging interactions increase customer advocacy. By applying customer preferences and data from previous customer interactions, the airline can personalize the services they deliver and offers they provide. Getting these personalized insights right at each interaction and for every customer, not just frequent travelers, is critical, and can be strengthened using cognitive computing systems. Cognitive systems help the airline personalize subsequent offers and services according to the customer's preferences and context, and they learn, adapt and improve in real time. Airlines that fail to personalize effectively will continue to underperform on the travel experience, especially as their peers master and apply this core cognitive capability.

Airlines should create a thoughtful strategy for improving performance

Travel executives who are convinced that it's important to better deliver digital, service and multichannel capabilities should carefully consider the following questions:

- How does my airline's IBM Travel Experience Index score compare to its regional peers?
- Is my airline more competitive relative to its market segment on the employee-delivered service or digital interaction aspects of travel?
- Do we compare favorably against leading hotel brands and, if not, what can we learn from them?
- Are we doing all we can to engage travelers, or are most traveler interactions handled as transactions?
- Do we have a strategic plan in place to capture and analyze data that will help us personalize future interactions with travelers from all customer segments?

Study methodology

The data used to complete this analysis was collected using a mystery shopper approach whereby individual travelers completed a survey for each airline with whom they completed a flight segment. These travelers were IBM employees who evaluated each airline using a multifaceted, consistent and disciplined approach. Through phase three of the study, conducted between September 2015 and May 2017, IBM collected data on over 87 percent of the top 100 global airlines and 9 of the top 10 global hotel groups by revenue. IBM evaluated 1,334 airline flights and 703 hotel stays, representing 115 airline brands and 122 hotel brands. Subsequent segmentation was then derived by comparing the relative network reach, passengers carried and available seat kilometers of each airline brand. Carriers that ranked in the top grouping of airlines on a composite of these measures were deemed global giants. The middle grouping was called the large and growing carriers segment. Those in the bottom grouping were dubbed regional and niche carriers.

For more information

To request a private briefing for your airline about the IBM Travel Experience Index, visit: **ibm.biz**/requestbriefingairlines

To learn more about how IBM works with airlines, please contact your IBM representative or IBM Business Partner, or visit: **ibm.com**/travel.

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