A photograph of an airport terminal interior during sunset or sunrise. The scene is silhouetted against a large window that looks out onto an airfield with several aircraft. A person is walking with a suitcase, and another person is standing in the background. The ceiling has a grid of wooden slats.

THE EMPOWERED PASSENGER

Break the Cycle of Learned Helplessness to Drive Customer Satisfaction and Higher Revenues

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GOLFDALE
CONSULTING

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Introduction

No one meant for airline travel to become such a joyless affair.

As consumers travel more, carriers have re-engineered efficiency, seat optimization, safety, security, and most of all, the cost-savings that customers demand. The result? Crowds of air travelers who, aside from bouts of frustration followed by long waits and resignation, are suspended into a state of learned helplessness. There is too often an air of submission and surrender to an experience endured, not appreciated. Modern demands have unwittingly conspired to make the very anticipation of air travel one of dread, not delight.

It was not meant to be this way. Decades ago, most governments introduced free market systems in the commercial airline industry, with the hopes of increasing consumer options and seeing an end to overly bureaucratic systems that had given rise to widespread public discontent. Aside from safety standards, various deregulated controls ranged from the market entry of new airlines, their fares, and routes, through to allowing mergers among carriers. Various mega-players formed through mergers and many discount carriers sprung up. As with any free market introduction, the airline industry also saw many players, both new and old, go bankrupt. Airlines turned to ancillary revenue streams to support their bottom line in the form of fees for changes to bookings, baggage, upgrades, entertainment, in-flight retail offers, meals and most recently, placement in the boarding line.

Against this backdrop, the threat of new regulatory scrutiny looms large, most notably various Passenger Bills of Rights that are being mandated across the globe. While many will see this development



as laudable, can we expect that increased government regulation, no matter how positively framed, will do anything to make the experience better? It is more likely to curtail its worst excesses.

As the airline industry is subject to ever-increasing public scrutiny and security requirements, it begs for disruption and redesign. How can we innovate toward travel as something exciting, or at least a pleasant anticipation, once again? Retail, grocery, and ground transportation are at the forefront of digital disruption, all promising better experiences to consumers at lower costs. The public is eager to embrace digital change that adds to their convenience and enhances their experience. What lessons can be learned and what innovations deployed that could help airline customers experience a sense of choice and control, not helplessness? Could carriers build resilience among their passengers and crew to withstand the mutual challenges they are likely to encounter? Rethinking the entire travel experience and placing it at the center of innovation and design offers the opportunity to make air travel a joy once again.



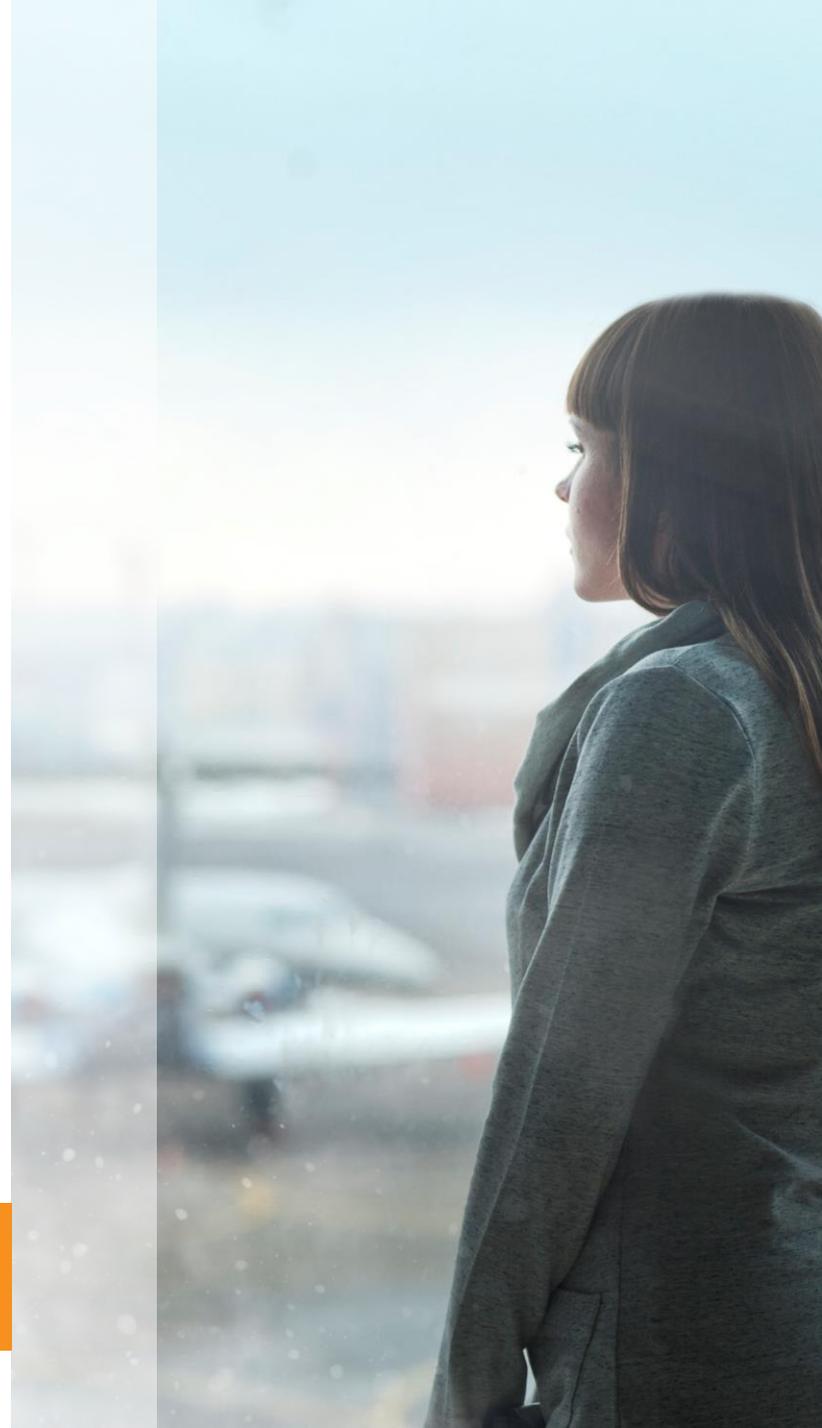
A Primer in Learned Helplessness and Why this Matters to Airlines

Being on a plane trumps all other ways of travel in provoking anxiety.¹ There are many reasons why, including actual fear of flying, fatigue, limited seating, noise, discomfort, conflict with crew or other passengers, and flight delays.^{2,3} Underneath all these reasons is a more general explanation, which is that “passengers tend to get anxious in response to unpredictability and uncertainty.”⁴

In almost any situation, we react poorly to a real or perceived absence of control over the outcome. Persistent lack of control in unavoidable situations can result in the psychological phenomenon of learned helplessness, a term coined 50 years ago after experimentally demonstrating its effect on animals in laboratory settings.*⁵

Most discussions of learned helplessness center around its effects on individuals, evidenced by increased rates of anxiety, depression, and phobias and a failure of people to thrive. However, the concept also extends to the collective. Groups, of any type and any size, hold shared beliefs about the way they work and what they can or cannot do. When a group senses it has diminished control, members typically suffer low morale, lack of perseverance in the face of failure and little tolerance of interruption and turnover.⁶ There are all kinds of examples, including group reactions to price increases,⁷ medical costs,⁸ package design,⁹ energy conservation efforts,¹⁰ and consumer complaint behavior.¹¹ It is not a stretch to say that airline passengers as a group often suffer this affliction.

** Seligman and Maier's animal experiments demonstrated helplessness as a learned response to adverse stimuli such that subjects became unable or unwilling to escape when presented with the option to do so, unlike their experimental counterparts who had not been pre-exposed to the noxious stimuli.*



This group effect is not just a customer phenomenon. Employees can also suffer from it, believing their collective hands are tied from improvement efforts, especially in highly regulated industries like the airline industry.¹² As consumers, we are all at times witness and party to interactions with frontline employees that present us with a mild state of apathy: “I’d love to do that for you but I really can’t.” Poor service leads us to complain relentlessly to friends and family, but only 5% will try to contact merchants about their dissatisfaction.¹³ Collectively, we may even suffer this group effect when electing government representatives (“45% of Americans favor replacing Congress by picking random names out of the phone book”).¹⁴

Learned Helplessness in Air Travelers

The unique angst air travel provokes is not merely due to the discomfort of delays and missed flights, but rather the perceptions of an uncontrollable environment. Much of air transportation involves following requirements with limited latitude for negotiation. Arriving sufficiently early to meet carrier requirements, clearing uncertain wait times in security lines, meeting luggage requirements, making connections, having the correct documents, and suffering through limited meal options, etc., all necessitate a good deal of planning and mental gymnastics which can provoke anxiety.

Even “doing everything right” is no guarantee that all will go according to plan or that the journey will be stress free.

So it is little surprise that air travelers are particularly susceptible to learned helplessness. Of course, not all passengers experience it. Collective helplessness does not always generalize to each individual.¹⁵ As one airline’s tagline puts it:

“Some people just know how to fly.”

The reality of modern air travel is that we relinquish individual rights in return for permission to fly. Customers enter into a contract in which they agree to make themselves more vulnerable and give up a degree of control in exchange for increased security. Experts even instruct passengers not to complain, with cautionary tales of customers who opt out of body scans having to succumb to intrusive pat downs and the passenger arrested for complaining about a chicken sandwich.¹⁶ Essentially, this approach promotes learned helplessness as a coping strategy.

The tension between increased vulnerability as a consumer and enhanced personal security changes the nature of the airline-customer relationship. Arguably, it places carriers at a disadvantage as they serve customers who, by giving up control, are automatically less forgiving and more stressed. Research has shown that the stress of air travel increases the incidence of both passengers’ and crews’ “bad behaviour.”¹⁷

Against this backdrop, governments have turned to regulatory fiat as a way of enforcing minimum standards of reasonable service. For example, flights into and out of

the European Union (EU) are subject to Regulation 261, which provides compensation for flight delays and missed connections. Specific guidelines are provided, including exact financial compensation based on various wait times. In the US, airlines are required to conform to a Passenger Bill of Rights, which shortly may “upgrade” existing compensation requirements.¹⁸ In Canada, voluntary codes are adopted by the three top airlines, but under public pressure, legislation is expected soon, mandating rules for all airlines flying in and out of Canada. Without regulation, as with all other consumer industries, carriers need to weigh the cost of adequate compensation against the potential for reputational damage, customer attrition, and possible lawsuits.

Mitigating downside risks is not the same as weighing upside potential. CustomerThink.com’s research on consumer experiences in the United States found that after just one negative experience, customers were 20% more likely to switch brands and 25% more likely to complain about the company. By contrast, after just one memorable experience, 19% of delighted customers said they purchased more products/services, and nearly one-third said they recommended the company to a friend or colleague.¹⁹

To Improve Experiences, Create Better Journeys

Airlines pay the price for learned helplessness being part of the passenger experience. The business impacts of customer dissatisfaction are well known. At the group level, it has resulted in a cultural disdain for the airline industry as a whole. Indeed, US air carriers join telephone/cable companies as a bottom ranked industry,¹⁹ despite making some modest progress over the past 20+ years.²⁰

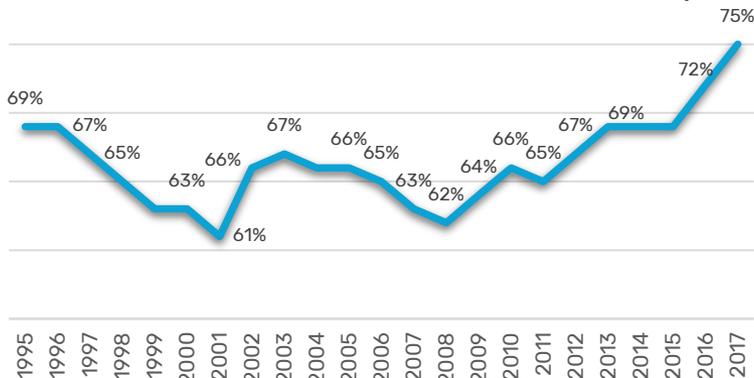


Long before any benchmarks were established, most of the industry had given up its business model of exemplary service at a high price and became a commoditized service for the masses.

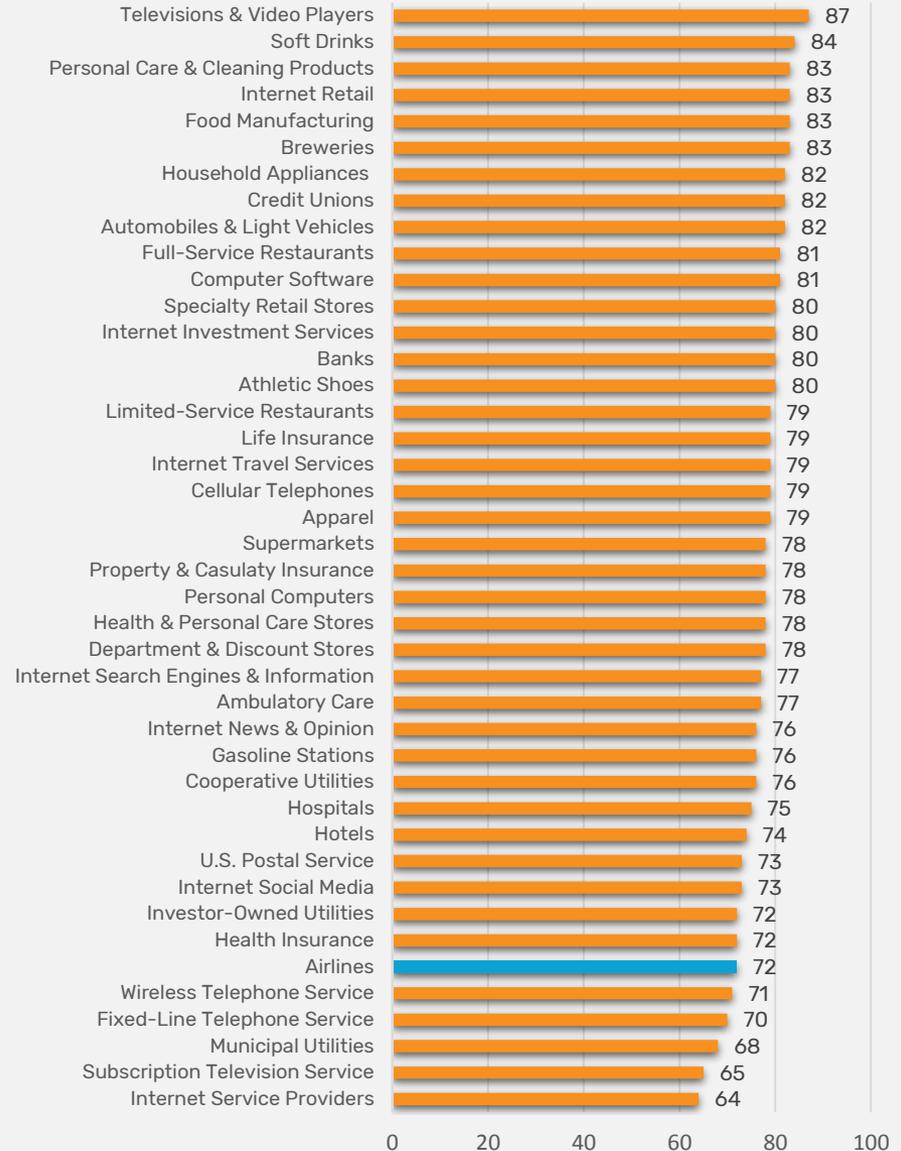
The benchmark results showing improvement nonetheless are consistent with objective measures tracked by the US Airline Quality Rating (AQR). Despite the prominence of outlier negative events on social media, the 2016 score is the best AQR score in the 26-year history of the rating. Specifically, they reported the following improvements from 2015 to 2016:²¹

- on-time arrival percentage increased from **79.9% to 81.4%**,
- mishandled baggage declined from **.324% to .27%**,
- involuntary denied boardings declined from **0.0076% to 0.0062%**, and
- consumer complaints declined from **.0019% to .00152%**.

ACSI Trend for the Airline Industry



Customer Satisfaction Benchmarks by Industry



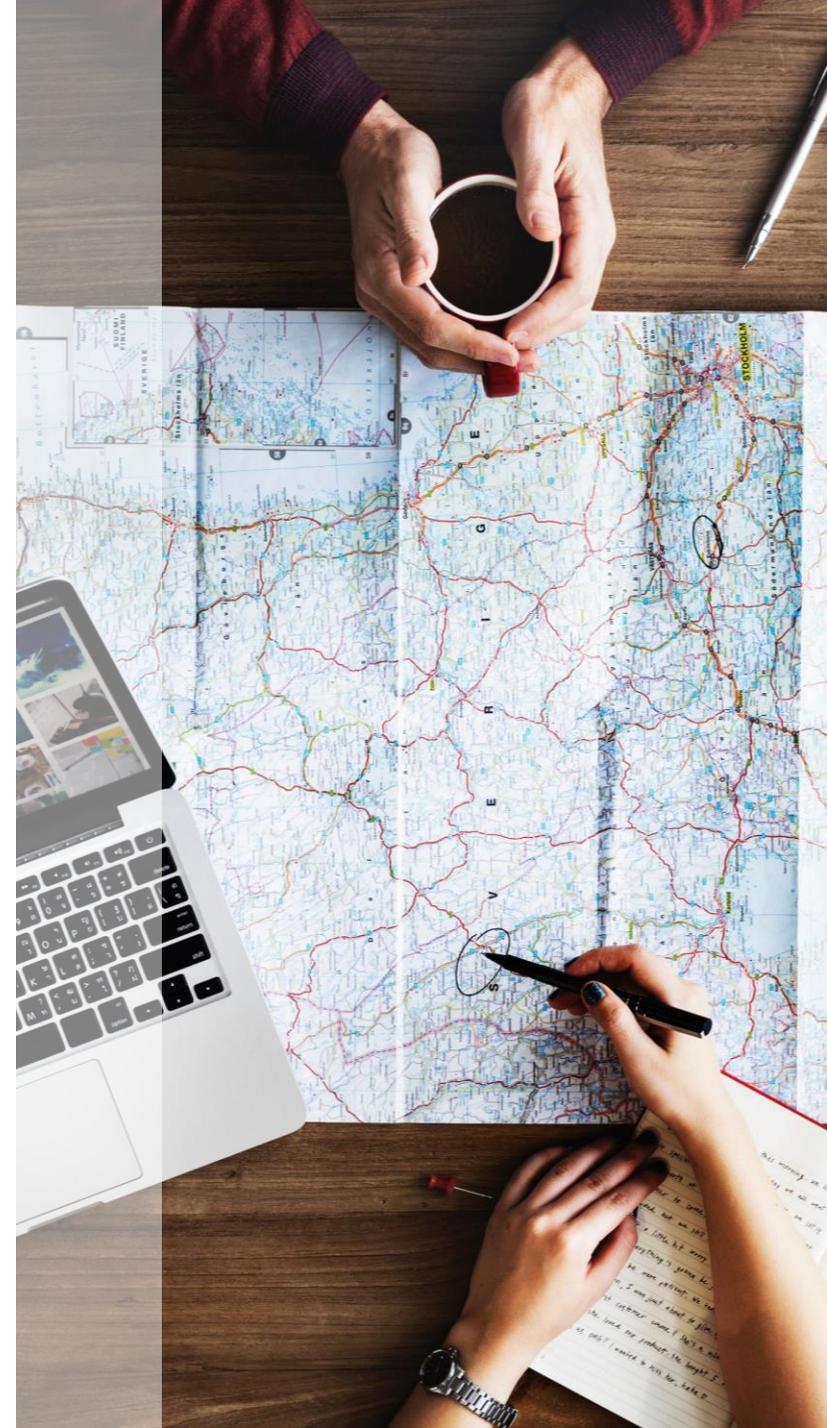
Source: [ACSI](#)

Aside from these objective measures of quality, academic studies have demonstrated that it is the intangible aspects of service, such as empathy and attentiveness of the crew, that are the key drivers of passenger customer satisfaction which in turn, bolster positive word of mouth.²²

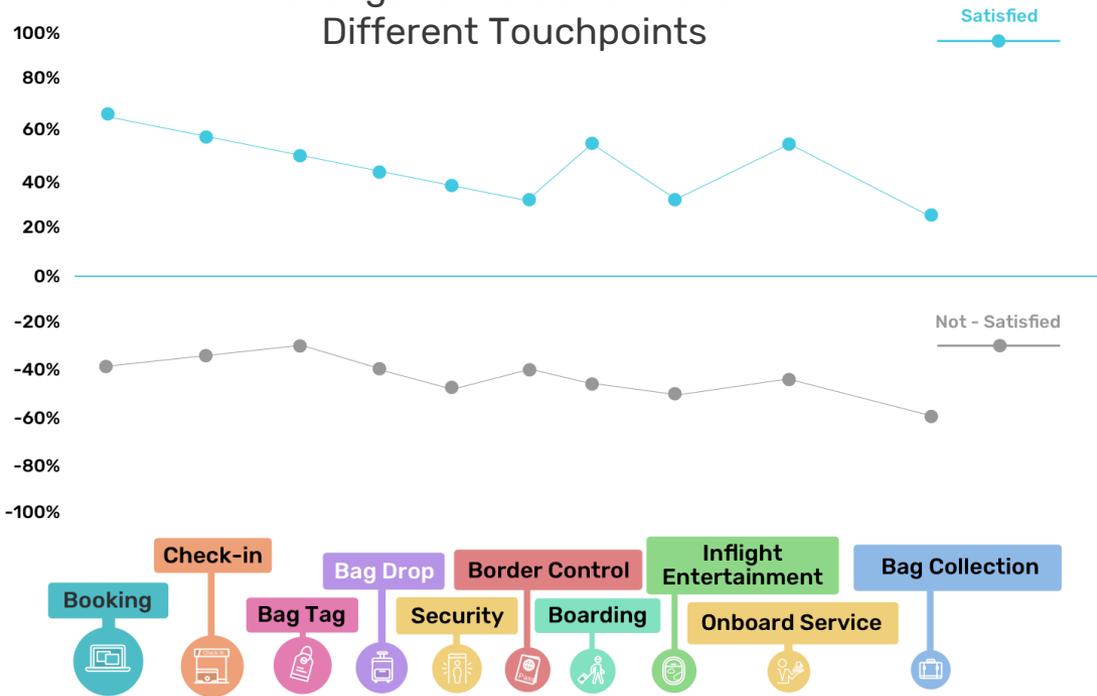
Air travel is an experience that crosses boundaries, both geography and sector (hotels, transportation, food, entertainment, etc.). As such, it represents a complex ecosystem of industries, goods, and services, with overlapping processes and players. Airlines cannot expect to control all the elements a passenger interacts with over the course of their journey or to design complete consumer experiences with predictable outcomes. However, airlines can work to create situations and facilitate solutions that support customers in creating their desired experiences.²³ Targeting opportunities to remove the learned helplessness phenomenon is in airlines' best interests.

Providing air travelers with a positive, seamless experience requires mapping out their journey, walking in their shoes, and sitting in their cramped seats. Opportunities for win-win improvements are everywhere, from the first idea to take a trip, to buy a ticket, travel to the airport, and get on board, as well as the in-flight experience, baggage management, and passage through toward the destination.²⁴

Once we understand the consumer journey, problem-solving can target key touchpoints. According to the 2016 Global Passenger Survey,²⁵ passenger satisfaction varies at different touch points. Satisfaction is highest at booking and check-in, whereas dissatisfaction is highest with security, in-flight entertainment, and bag collection.



Passenger Satisfaction Level at Different Touchpoints



Source: [IATA](#)

According to this survey, the aspects that customers identified as having the potential to improve their experience varied by age: passengers under 24 named in-flight WiFi, passengers 24-44 timely e-notifications, and passengers 45+ an attentive cabin crew. Irrespective of age, there are prime market opportunities with onboard services, baggage handling, travel retail and other a la carte offerings. The trick in driving these potential revenue sources is in changing customers' entitlement mindsets.

While air carrier brands are under pressure to offer ever lower ticket prices, they need to recognize the substantial upside of pursuing higher customer satisfaction at each touch point, *as well*



as the journey overall, typically measured in the form of Net Promoter Scores (NPS). It is tempting then, to consider just one part of the journey and to improve it. However, the journey is greater than the sum of its parts. Helping customers take ownership so they can enjoy their whole journey, not just parts of it, requires sequencing events, managing the order in which customers experience pain and pleasure, providing options along the way, and ensuring the journey ends on a high note.²⁶ The real value comes from owning and improving the entire journey.

Research by McKinsey found that overall journey satisfaction was 30-40% more predictive of customer satisfaction and churn than individual touchpoints.²⁷ For one of its auto insurance clients, a tenth of a point in overall journey satisfaction resulted in a full point increase in revenue, equating to a value of ~\$200 Million.

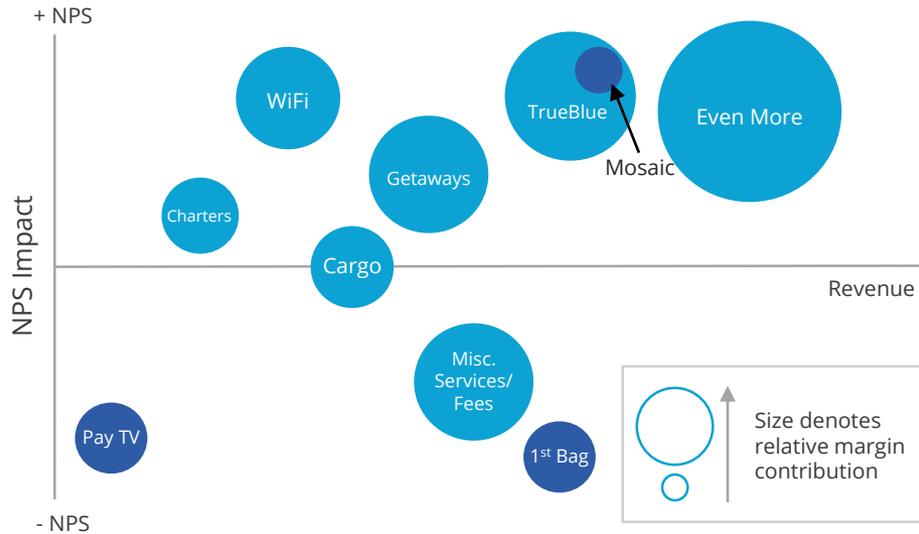
The opportunity here is clear. While carriers aggressively disaggregate the customer journey to meet consumer price demands, third-party applications are a natural fit to re-aggregate ancillary services to recreate a seamless, connected journey that customers value.

Airline executives have embraced NPS as a strategic KPI that links customer satisfaction to future business growth through positive recommendations.²⁸ JetBlue, for example, adopted several aspects of self-serve alongside opportunities to “buy up” additional



services.²⁹ The impact of these ancillary services has been not only financial gain, but also positive NPS.

Margin Contribution & NPS Impact of JetBlue's Ancillary Products



Source: [Market Realist](#)

As NPS grows, customer advocacy follows. Through positive recommendations, customers tend to spend more on ancillary services, increase repeat purchases, and to bring on new customers through positive referrals and reviews.

Building a seamless, positive journey requires airlines to have the foresight to apply the psychology of design thinking to the problem of learned helplessness at hand

and to reimagine all aspects of the customer experience.

Indeed, too often airlines lean on the behavioral loyalty they obtain from their frequent flyer programs to drive retention versus the opportunity to win customers' attitudinal loyalty. On customer loyalty, airlines are being encouraged to strike a balance between offering frequent flyer programs and establishing: "close personal bonds with their customers through interactive feedback sessions, prompt and positive grievance handling mechanisms, and co-creation of supplementary services."³⁰ Indeed, the passenger in-flight experience has come into focus with personalized onboard experiences and service satisfaction as key areas of competition.³¹

Airline Antidotes to Learned Helplessness

Targeting learned helplessness allows airlines to rework the negative narrative surrounding airline customer experiences. By addressing and applying design thinking to learned helplessness, carriers can build their passengers' resilience. An increased sense of control enhances morale, increases perseverance, and builds tolerance of interruption and turnover.³² Airlines can align their services with the broad aim of providing a sense of personal control. In other words, helping passengers help themselves in order to own their experience of travel.

Carriers should consider four key areas they can target to further this goal.

Choice

Having choices increases a sense of control. In a famous study³³ conducted in the '80s, researchers gave a group of nursing home residents different degrees of choice over their lives. Those on one floor could choose which potted plants they would have and had the responsibility for watering them. Collectively, they could also choose the day of the week for a movie night. Residents on another floor got the same deal with plants and a movie night, but with the staff making the choices for them. The patients on the floor with a sense of increased control not only became more cheerful and active, but they also became healthier. After 18 months under this regime, the death rate on the 'sense of control' floor was half that of the 'no control' floor.

This example is not isolated. Several scholarly studies have demonstrated that increasing a sense of control has positive health benefits for patients, particularly in the self-administration of analgesics for pain management. Self-administering patients are found to use less pain medication than when administered by health practitioners, and they terminate its use faster.³⁴

Being in control changes our mindset and our bodies' reactions. The effects of control are not limited to our psychological states. In an experiment where two sets of subjects experienced the same stimuli that would produce motion sickness, those who perceived they were in control by being "behind the wheel" suffered far fewer motion sickness side effects.³⁵

More generally, Maier and Seligman suggest that our brains have a "hope circuit" which is our best defense against helplessness. The implications of this for the passenger experience are far reaching. It is not that the negative moments of travel all need to disappear.



Rather, they need to be reframed and reduced to challenges that customers perceive to be temporary, local, and controllable.³⁶

There are many events to create real opportunities for choices during the travel journey. While many decisions are made at booking time, **having choice during travel is critically important to overcoming learned helplessness.** Having a wide array of meal choices prior and a continued set of options right up to the time of travel (beyond standardized meal carts) can create pleasurable anticipation and enjoyment in-flight. Opening such a possibility creates new customer mindsets and accounts for differing price points across the spectrum of travel. For many executives traveling, for instance, company policy may land them in the lowest price seat while they still hold a meal allowance befitting executive treatment.

Boarding early can make the difference of whether a bag is stored overhead versus tagged and packed below. If offered the opportunity to pay a small fee for early boarding, this scenario becomes a trade-off of time and convenience versus the small cost for getting a temporary boost in status. In addition to being an ancillary financial benefit to the airline, if executed well and positioned as in the customers' best interests, the choice offered reframes the line-up problem as a challenge that meets all the criteria of being temporary, local and controllable.

Choice opens the world of personalization versus the packaged options approach of various ticket classes (i.e., economy, premium economy, etc.) Why not offer

customizable upgrade options? Extra leg room may be one passenger's priority while others may include VIP meal options, quick bag pick delivery, etc.

Trackers

Like choices, tracking capabilities tap into this need for control. Courier companies figured this out some time ago. Ask any major courier brand the status of your package and the industry has created a "pull on the rope" illusion of control for its customers. Long before the Internet of Things (IoT), couriers began scanning packages at each stage of the journey so that clients could know exactly where it was. "It just transferred from the truck to the plane in Sacramento and should be arriving as scheduled tomorrow morning" is a far superior answer than "It should be arriving on time. Please call back if it doesn't." Such features have been shown to result in decreased stress and increased satisfaction.

Similarly, lengths of time waiting and traveling are often not the issue. Rather, it is the ability to reduce uncertainty and to regain a sense of control. According to a 2016 Global Passenger Survey,³⁷ the three areas passengers would like notifications for are flight status including any changes (85%), baggage status and waiting time for delivery (60%), and waiting times at security/border control (58%). Tracking and information sharing shifts the perceived locus of control, creates a sense of togetherness between the brand and the consumer, and **even absent any actual change in delivery times**, is highly effective in reducing learned helplessness and winning over customers.

Tracking systems also provide an opportunity for premium service offerings. Typically, customers in business class or those with elite loyalty program status are rewarded with front-of-the-line baggage delivery. However, consider Amazon Prime type “shipping” applied to baggage status and delivery. Customers may well pay a small fee to have their bags surface first, irrespective of their loyalty program tier or rewards balance.

Empathic Responsiveness

Rather than a sense of shared helplessness between front-line employees and customers (“I’d love to help you but I can’t”), empathic responsiveness provides an opportunity to bolster mutual resilience and a sense of shared control over difficult circumstances.

As much as we may be wired for learned helplessness, we are also wired for empathy. In 1959 the experimental psychologist Russell Church demonstrated that rats would not push a lever that delivered them food if doing so caused other rats to receive an electric shock. While philosophers and scientists debate whether these findings prove that animals, not just humans, can exhibit self-aware, moral behavior,³⁸ surely we can agree that flight attendants and passengers are not just “in it for themselves” and can work together to reduce the toxic moments of travel.

Reducing the amount of time that it takes to find solutions to a customer’s problem can help overcome the mutual challenge customers and employees face of learned helplessness. Additionally, the ability of staff to have numerous small rewards such as front-of-line service, free drink offers, etc. at their disposal (versus large ones such as financial compensation and upgrades) can be quite helpful. If well executed, these small rewards along



with the opportunity to be at the center of a “fix,” with the knowledge to resolve and speed up customer resolutions, can create a personal bond that is critical to customer satisfaction (“We’re in this together.”)

People of all ages are increasingly connected, and their lives increasingly integrated with technology. This is no less true for airline crews who need to problem solve in a collaborative fashion with their colleagues and passengers to build a shared sense of mastery in a challenging environment. Digitally enabled services that deliver these various benefits build mastery, resilience, and anticipation among air travelers and airline staff.

Distractions

Take lessons from the magician’s playbook. Distraction remains one of the greatest opportunities to entertain and “trick” the mind away from the difficulties of air travel. Certainly, for the long waits and in many cases long travel times endured, providing consumers with means to entertain themselves is an obvious antidote to laborious elements of their journey. Again, academic studies support this notion:

“ A number of distractors should be added in to fill in long waiting hours prior to flying. Apart from food and drink... multifarious facilities... offer alternative ways of filling spare hours and preventing escalation of flight anxieties. ³⁹

Most airlines have caught on and now offer an array of in-flight entertainment. It need not stop there though. Passengers are now encouraged to “Bring Your Own Device” (BYOD) by many airlines. This heats up competition for the best onboard mobile shopping experience. Digital commerce is a way to offer consumers the wonderful distraction of online shopping, aptly described as retail therapy. Modern retail systems maximize and optimize the matching of available inventory to create and fulfill new potential consumer demands. For airlines, this means that line ups, seats, food, drinks, goods, baggage, baggage service, etc. can all be price optimized to maximize revenue and minimize costs. For customers, travel can become a seamless, end-to-end shopping experience through the entire travel journey.

Of course, air travel involves times when connectivity is limited. Again, this barrier is not insurmountable when one takes a user experience viewpoint and looks at how other very successful apps manage these downtimes with illusory controls. Take Instagram for example, which when deprived of a connection appears actively functional. It provides the user with continued limited capabilities like clicking a “like” button, by storing each action locally on the user’s device and then synchronizing when a connection is re-established.⁴⁰

Giving customers choices that they did not have before, helping them to track and manage the difficult moments of travel, being empathically responsive to their challenges, and offering up pleasurable distractions are the four keys to changing air travel from a journey of helpless frustration to one of anticipation and enjoyment.

With the true challenge and potential solutions at hand, building mastery among customers to own their own journey, we can turn to digital technology to transform and to disrupt the way that airlines serve their customers. This industry has been at the forefront of both material and electronic engineering on performance, automation, and safety, but a laggard regarding customer experience design. Nonetheless, we have the lessons, business models (and even some of the code!) of other industries, particularly retail, to improve customer experience through digital technology.

The Evolution of Digital Technology and the Passenger Experience

A Digital World: Web 1.0

Technology first changed travel by enabling the replication of the material world in a digital one. **Web 1.0 democratized information access.** Passengers could now decide: book via a travel agent or online? Pick up a ticket or download it? Go to the airport or check for updates online? This technology is now central to the passenger experience and airline service model. Over 90% of travelers now book flights with self-service technology.⁴¹ Increased choice, self-service, and convenience are the legacies of Web 1.0.

Technology also allowed airlines to engage with their customers in innovative ways. Reward systems sprung up, and increasingly consumers began to fly more strategically to build up their loyalty points.

Going Mobile: Web 2.0

And then, digital went mobile. It was not simply a new, convenient



channel for information delivery. Web 2.0 democratized content production. It changed how customers engaged with airlines. From 2012 to 2016, app share of bookings via smartphone increased from 12% to 24%.⁴² The number of passengers using mobile boarding continues to grow by more than 60% each year. Passenger satisfaction also increases when airlines use mobile services. Airlines who have embraced this trend have seen their customers respond positively. 55% of Ryanair's online traffic is now via smartphones and 56% of Air France's passengers interact via smartphone.⁴³

Indeed, the travel industry has quickly learned to engage with customers via mobile technology. In 2016, total worldwide downloads for travel apps increased by 20% from 2015. Time spent on travel apps in the United States doubled in 2016 compared to 2014, and tripled in Canada.⁴⁴

As collaborative between consumers and airlines as these developments have been, social media also became a way to fight back. Passenger complaints are often documented publicly and in real time. Tweet shaming along with instant sharing of photos and viral videos have far-reaching implications for reputation management. Apropos, one delayed passenger in Chicago tweeted:



Michael Hendricks
@MHendr1cks



"Learned helplessness and air travel delays: a primate model." E3, ORD. #sfn15

7:26 PM - 21 Oct 2015

Source: [Michael Hendricks](#)

More to the point, despite over a hundred thousand flights a day worldwide, just one or two extreme negative customer events can dominate public discussion. Social media influences up to 84% of millennials' travel decisions: "Within seconds, customers can compare notes, demolish price structures, destroy marketing strategies and tell the world to shop elsewhere."⁴⁵ On the other hand, social media also offers so much upside potential. With their voice amplified, consumers share information about themselves that in turn offers all sorts of opportunity for personalization: who they are, the information they need, their wants, their changing circumstances, and the missions they are on to complete.

Mobile digital technology means that passengers increasingly connect throughout their travel experience. Currently, 98% of passengers carry at least one mobile device, and 70% take two or more.⁴⁶ Context-aware airport apps are on the rise, with beacons deployed that interact with where consumers are in the airport, not only guiding them on their route and making them aware of changes to flight itineraries but also serving up promotions and offering choices.⁴⁷ 53% of passengers connect to WiFi after passing through security,⁴⁸ and 75% of millennials post on social media while traveling.⁴⁹ These realities not only increase the reach of mobile solutions but they also enhance the immediacy of customer feedback – positive and negative.

The Semantic Future: Web 3.0

Web 3.0 democratizes knowledge and action. Technology combining the Internet of Things with Machine Learning

and Artificial Intelligence can enable interconnected services that elevate customer experiences. By way of example, personalized virtual assistants and chatbots that connect, machine to machine, with optimized order and delivery systems are changing the retail landscape. Hungering for a meal after your workout? Your virtual assistant can anticipate that need and deliver it to you. Alerted by your wearable device that you just finished a workout, it knows what you like, makes the order, pays on your behalf, and has it delivered to your address. All of this is done, on your part, through a short set of voice prompts and responses. Web 3.0 includes zero UI (User Interface). The future extends personalization, convenience and choice.

As a 2017 survey on the Retail Landscape⁵⁰ makes clear: “Desktop and mobile devices will become a less important part of the process as voice-driven, IoT and zero UI technologies continue to connect with one another to drive new experiences. Even in its early stages, 15 percent of consumers already say they always or often make purchase by voice.”

The race is on to apply these capabilities to airline ancillary services. Consumer demand for digital solutions at all stages of their journey continues to grow. The previously cited 2017 Passenger IT Trends survey found:

- **59%** would use a Digital Travel Concierge,
- **74%** would use alerts on flight and gate pushed to their mobile device,
- **57%** would use biometrics instead of a passport or boarding pass across the journey, and
- **64%** would then track their bag in real-time via an app



All of this is now available, in various locations, using separate digital applications. Innovation is rampant in the airline industry. A wide variety of applications adopting various “wow” conveniences are well summarized in a recent summer of 2017 report by Airline Trends. As the author states, there is a: “... grand vision of airlines as omni-channel retailers, in which the in-flight part is just another touchpoint in an end-to-end, personalized, seamless, digital travel eco-system.”⁵¹ The real value is not in coming up with the latest single convenience for any one stage or element of the journey; it lies in becoming the end to end engagement platform.

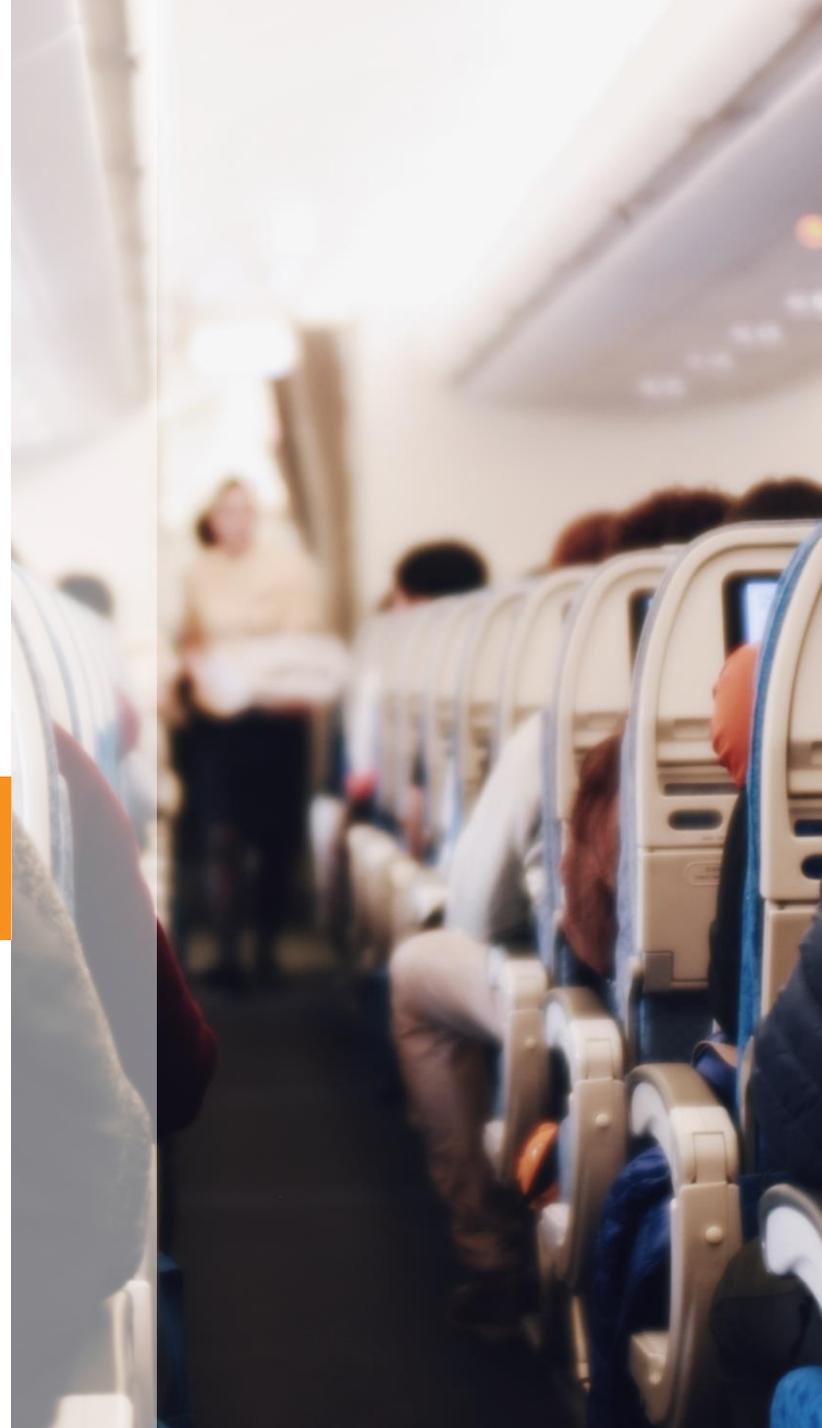
The ROI of Mastering 3.0

The ability of passengers to specify what they want, how, and when, benefits both passengers and airlines. Airlines can access vast amounts of real-time data, use it to meet and anticipate passenger needs, and, in many cases, charge for the service.

Low-priced seats need not equate to low-priced service offerings.

Airlines can offer superior goods and services that passengers pay for separately when traveling.

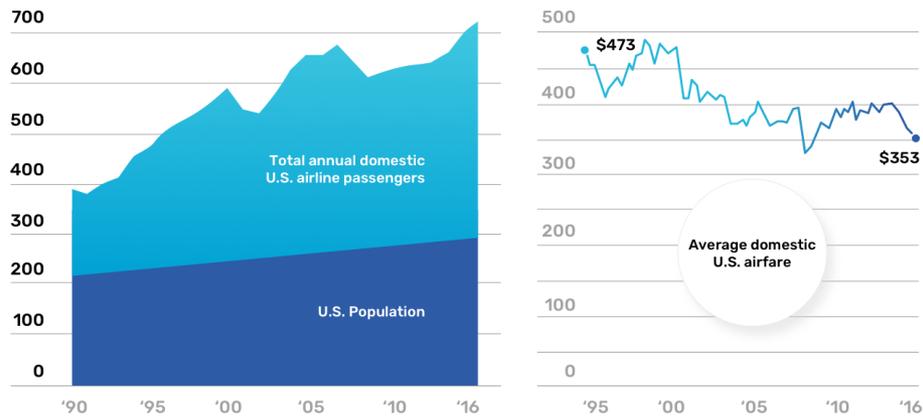
For the airline industry, these ancillary revenue opportunities have resulted in a growth from 10% to 33% of their overall revenue. A recent global report headlines the opportunity being realized: “Top Ten Airlines Generate as Much as 46% of Sales from Ancillary Revenue.”⁵² The best current method for doing so is clear: through mobile apps that focus not only on seat assignment and baggage



needs, but rather offer all kinds of personalization of everything from menus to on the spot upgrades and price comparisons.⁵³

The opportunity is large and growing. More people fly, and they do so more often than ever before. Despite occasional mishaps, most do so on time, without getting bumped or losing their bags, at a seat price that continues to decline.⁵⁴ In the US, domestic air travel continues to outpace overall population growth while the price per ticket over the past two decades has dropped by some 25%.

US Airline Passengers and Domestic Airfares



Source: [New York Times](#)

Worldwide, the International Air Transport Association (IATA) forecasts an 89% increase from 3.8 billion passengers in 2016 to 7.2 billion in 2035.⁵⁵ Ancillary service offerings are poised to exponentially grow.

In a Web 3.0 world, with more people traveling and doing so more often, what entices consumers to spend online are personalization, free and fast shipping, coupled with real-time and relevant information. Technology is the enabler.

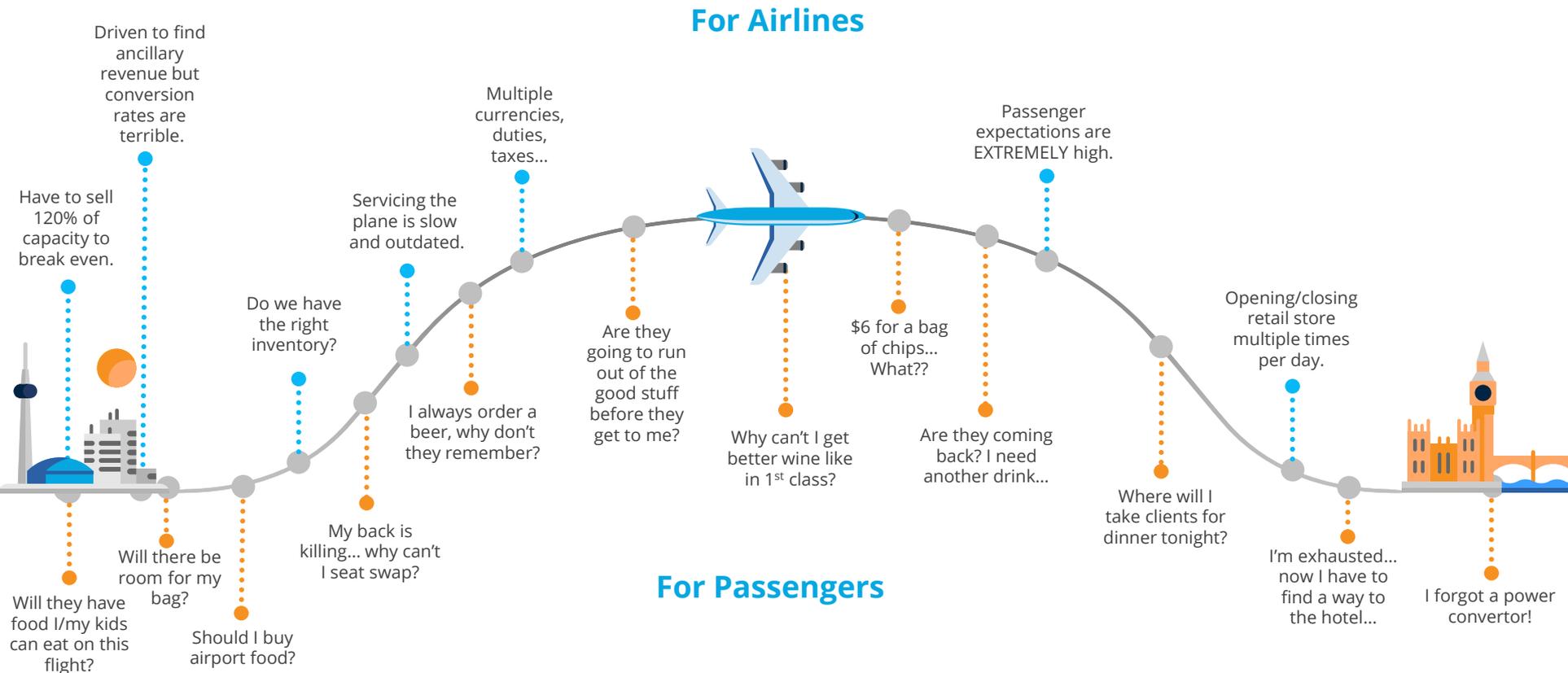
The Internet of Things and so called Big Data provides companies with all the tools they need to enhance the experience of air travelers while increasing revenue. Predictive and personalized solutions are becoming a reality. Mobile applications are increasingly enabling fliers to personalize that which they value most, by way of food and amenities. They can also facilitate purchasing additional privileges through loyalty rewards. Seeking clarity on the best offers to put to various consumer segments, technology enables rapid experimentation and testing (e.g., A/B testing) of these new feature sets.

Winning in a Web 3.0 world involves shaping new and better co-created customer experiences, where the original deregulation promise of better consumer choices are realized and airlines as businesses thrive.

In this new digital economy, airlines can significantly deepen customer relationships, create streamlined travel experiences, and build better partnerships to enhance the customer experience.

Consider the current problem set on a typical journey, from both the airlines' and the customers' perspective:

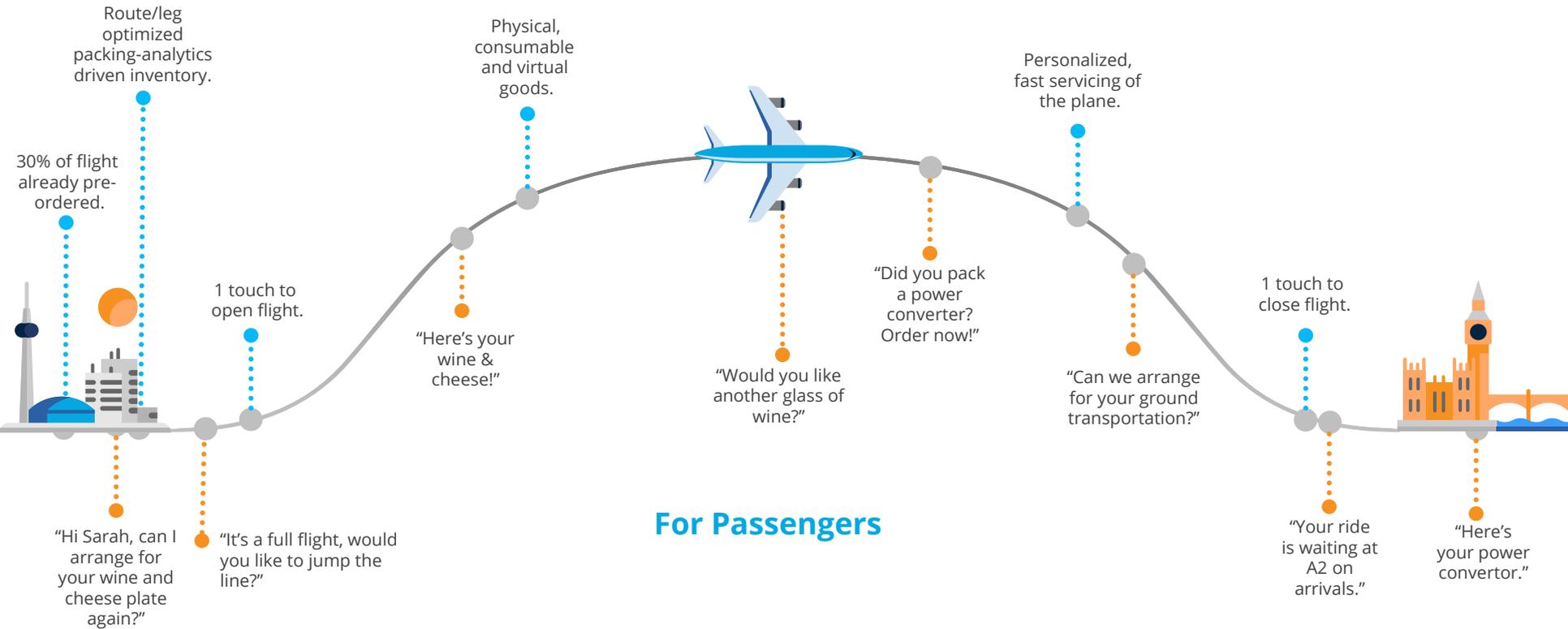
CURRENT PROBLEM SET



Now consider the opportunities that Web 3.0 services offer:

FUTURE SOLUTION SET

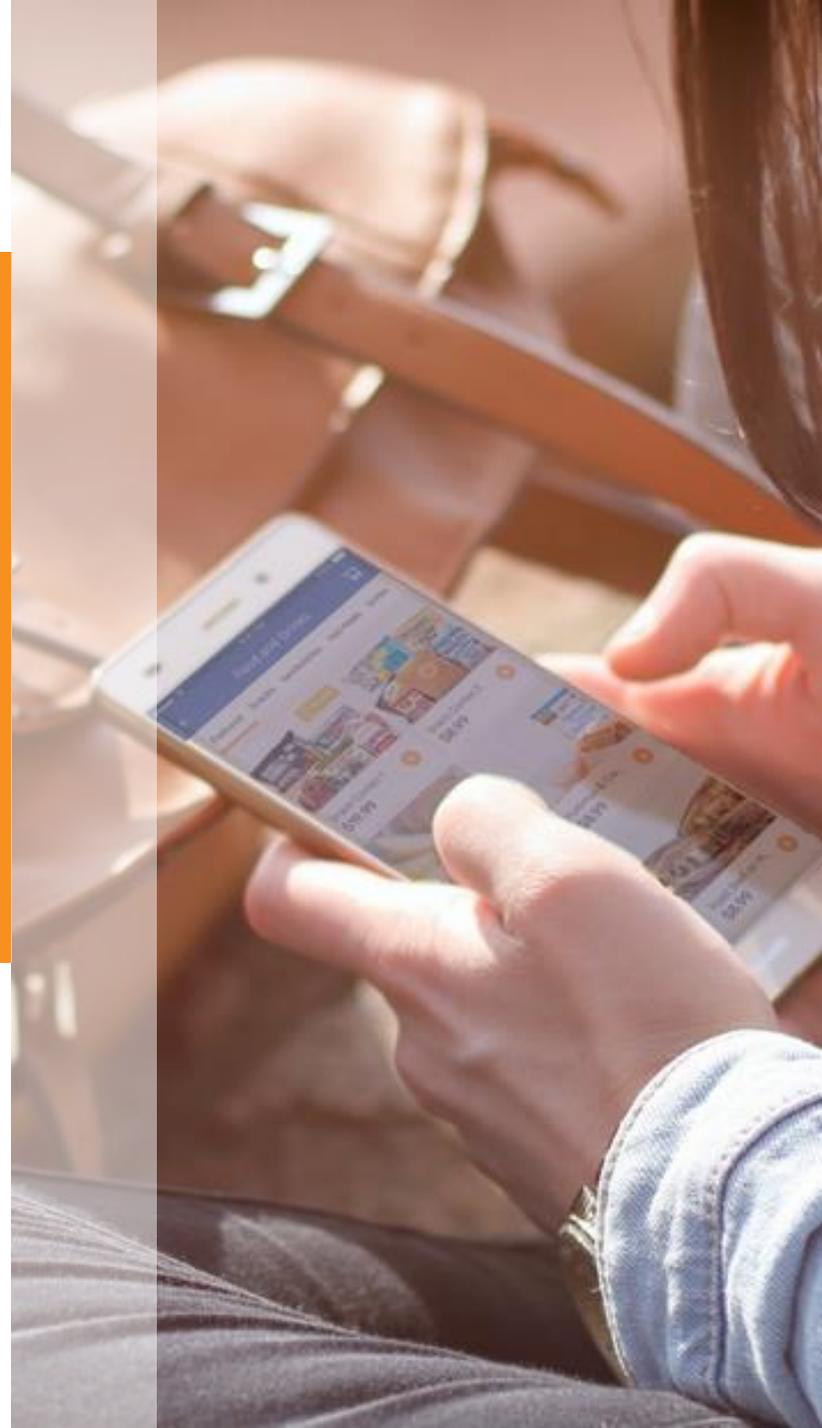
For Airlines



For Passengers

In practical terms, the winning solution will be one that enhances customer ownership by putting a personalized, digital concierge in passengers' hands throughout their journey. The win-win for customers and carriers will include:

- **Digitally connected** customers and employees, sharing information, tracking, solving, buying, and selling. Controlling and mastering a new customer journey.
- **Premium services** being purchased and combined with low-cost seats.
- **Personalized** amenities through systems that offer convenience throughout the entire journey.
- **Consumer choices** optimized to where and when customers are on a trip.
- **One digital assistant**, not several, that manages all the above.



Conclusion

Making air travel the exciting part of a journey can be our goal once again. Not all unpleasant moments can be removed, but almost all can be anticipated. With a base understanding of psychological principles, each consumer challenge that can not be eliminated can be offset with a positive and anticipatory experience. Web 3.0 digital capabilities open a world of possibilities for airlines to provide consumers with more control over their entire journey. The four keys to explore in doing so involve providing customers with:

- 1) in-the-moment choices,
- 2) self-tracking capabilities,
- 3) empathic responsiveness, and
- 4) positive distractions via digital entertainment and retail shopping.

Ancillary revenue is defining the commercial success of air carriers. Digital services offered to passengers that build a state of mastery can redefine the future of air travel by providing exceptional end-to-end experiences. Airline travel can become a joy, once again.



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For over 10 years, we at Guestlogix have been developing solutions that help airlines improve their onboard programs by transforming how they sell. Across the globe, our solutions power dozens of airlines' onboard retail operations, increasing their ancillary revenue and boosting passenger loyalty like no other industry provider can. By delivering the products that passengers want and services they need, we're helping airlines get closer to their customers and uncover more ways to be relevant, whether it's on the ground or in the air.



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