Through passengers’ eyes: Delivering the “right” customer experience

Customer satisfaction is generally up among airlines, but the bar remains low, creating potential opportunities for customer experience (CX) investment. Many airlines have made investments in recent years to improve CX...

Airline Industry ACSI Score, 2010-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<td>2014</td>
<td>69</td>
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<td>2015</td>
<td>69</td>
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<td>2016</td>
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...however, there is likely still a significant opportunity for customer experience investment within the airline industry.

The airline industry ranks 37th of 43 industries in customer satisfaction, which puts the industry amongst the likes of wireless telephone providers and health insurance companies. Additionally, four airline companies fall within the bottom ten companies of ACSI rankings.

Profitability
- Companies that make CX an executive-level priority can see 12 times the return on sales than those companies with a low emphasis on CX.
- Increasing retention by 5% can increase profits by 25% to 95%.
- A customer’s perceived CX and willingness to purchase from the company again is highly correlated at 0.732.

Word of mouth
- Positive word of mouth can drive up to $56M additional revenue/year for a large airline.
- Customers tend to mention a good brand experience to an average of 9 people, but will talk about a bad one to 16 people.
- Social media enables word of mouth to spread faster than ever, so the CX you provide one person may be felt and heard by others in real-time.

Loyalty
- It is 6 to 7 times more expensive to acquire a new customer than it is to keep a current one.
- There is a strong inverse correlation between a brand's CX and a customer’s likelihood to switch business to a competitor (-0.35).
- Customers who experience positive CX will likely remain customers for 5 years longer than customers with negative experiences.

Source: American Customer Satisfaction Index, ACSI Travel Report; Fortune; Help Scout, Customer Service Facts; Forrester, The Impact of Customer Experience; HBR, Value of Keeping the Right Customers; HBR, Value of Customer Experience, Quantified.
Effective CX begins with charting your **CX-specific ambition**, which will impact **where and how** to invest in developing your CX strategy. The degree of differentiation and the support for change should define the position of a company in the ambition spectrum, yielding a more realistic vision of what CX can and should look like.

### The CX ambition spectrum

- **Agnostic enterprise**
  - Measures the degree to which a product/service specifically addresses customer needs
  - Low

- **Responsive enterprise**
  - Developing initiatives to uncover and alleviate current pain points; cross-functional CX governing body is established
  - Closer to responsive

- **Optimized enterprise**
  - Eliminating current and anticipated pain points to create an enhanced experience for target segments; CX is a CEO and cultural priority
  - High

- **Visionary enterprise**
  - Sensing consumers’ future needs and desires and shaping markets to continuously re-define the customer experience; CX is embedded in the culture
  - Closer to visionary

### Getting started:

**1 Get aligned**
Understand what capabilities must we have, and what we can build on, in order to deliver a leading customer experience.

**2 Get focused**
Clarify and get focused on what we expect the future to hold by thinking about how our customers’ behaviors and expectations are changing and how we can deliver for them.

**3 Get flying**
Align on our winning ambition, what we want to accomplish next, and get the commitment to move forward with a plan.

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