



Monetizing customer experience: a quick guide to create value for your customers and your business

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By Julian Wildtraut

Customer experience is more and more important and truly listening to your customers will benefit your business – this phrase has become a common notion among business leaders in today’s world. Yet roughly two fifth of companies still do not survey their customers and collect valuable feedback from them¹. Many still think that customer experience cannot deliver the return needed to cover the investment.

However, in a constantly faster spinning world, where technologies disrupt businesses and incumbents need to think about strategies how to prevail against new market entrants, such thinking is negligent and might even lead to severe business implications in the upcoming years.

Now more than ever, as market forecasts are even more uncertain and the entirety of dependencies cannot be controlled – especially within the aviation industry that is severely struck by the Covid-19 crisis – a focused view on the customer might just be the vehicle to lead airports and airlines out of the crisis. Hence, here’s a quick guide on how to turn the tables with regard to customer experience as well as two use cases to show how companies can very well benefit from leveraging its impact.

How to quantify customer experience and make it a worthwhile investment

The impact of customer experience is often measured through improved net promoter score (NPS) and ultimately brand image, both of which are qualitative and long-term benefits. Moreover, and adding to the reluctance of financial directors, these are rather difficult to quantify in terms of return on investment (ROI).

Customers’ experiences are always the sum of their individual sensations and, thus, can hardly be quantified directly in terms of monetary impact. However, recognizing the entire customer journey as the sum of its touchpoints makes an overarching monetary view on customer experience more apparent as each touchpoint can be optimized to yield revenue or save cost.

Focusing on the revenue perspective and leaving the cost viewpoint to a future analysis, each touchpoint along a customer’s journey becomes an opportunity for airports and airlines to earn additional revenue if orchestrated according to customers’ needs and demands: an innumerable amount of measures can be implemented at each touchpoint, whereby less complex measures break-even faster and yield earnings quicker (use case I), whereas more complex ones usually generate higher returns, but take more time to materialize (use case II). In any case, customer satisfaction is improved and the investment for each measure can be easily allotted to the return it produces, satisfying both, the marketing and the finance department.

¹ HubSpot, 2019

Through customer journey analysis (figure 1) airports and airlines become able to create the right offers at each touchpoint, enhance their customers' experiences through digital and non-digital solutions and leverage their willingness to pay. Within the current situation a feasibility assessment for health and hygiene measures per touchpoint adds another dimension to the analysis. However, health and hygiene measures need to be consistently integrated into the customer journey to reestablish passengers' trust in traveling safely and to ensure bookings. They are a prerequisite and do not produce another source of revenue.

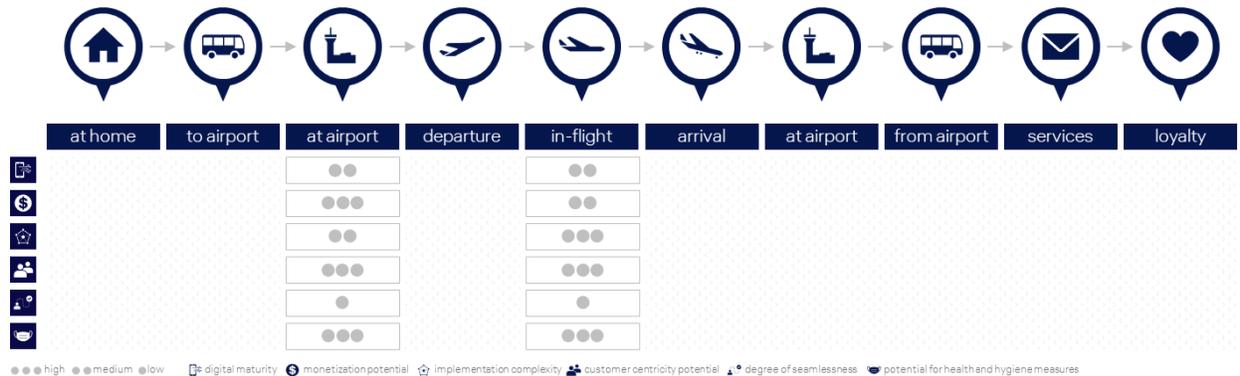


Figure 1: Exemplary assessment of two touchpoints: "at airport" & "in-flight" – identifying opportunities, Source: Lufthansa Consulting

Use Case I – make use of customers' dwell time at the airport

Depending on the granularity of data available, such analyses can be persona-based or even individual-based, with the latter tapping into the realm of truly personalized offers.

A customer whose flight is delayed could be offered a voucher for a cup of coffee in order to actively react to the customer's pain point. The gift might not only help the customer deal with the present situation but reverse the negative experience into a positive one, thus, exploiting the concept of the service recovery paradox. Admittedly, this does not make the flight depart on time but it changes the way customers think of the brand they chose – they think better of the brand than in the case of an altogether smooth and punctual departure. Usually, however, it would take 12 positive experiences to make up for one unresolved negative experience.

Still, no money has been earned and the return on this investment (free coffee) can only be negative. However, such offers can also be made when flights depart on time depending on when customers arrive at the airport. Instead of vouchers, personalized offers based on previously collected customer data can be tailored to the customers' needs: a customer who usually selects the hot-meal option on-board an aircraft might be highly interested in and willing to pay for a hot snack while waiting for his flight. Such offers can be presented to the customer through the airline's digital channel (e.g. mobile phone application) and, hence, be easily tracked and monitored for the revenue they generate. The investment into customer experience can be quantified directly – a positive ROI should encourage brands to increase their portfolio of such offers.



Use Case II – create the ‘perfect’ arrival

Taking a closer look at the flight as a customer journey touchpoint, it offers numerous opportunities to monetize customer experience as the potential for digital solution integration along the lines of customer centric offers and a seamless journey proposition is still quite high (figure 2).

Customers returning from a tiresome business trip can be offered to shop the supermarket at the destination’s airport via the airline’s in-flight entertainment system or via the customers’ own mobile device – a stable on-board internet connection provided. Upon arrival at the airport, customers get their groceries delivered to the gate or the baggage carousel, depending on what they have selected during the check-out process. Customers perceive no interruptions during their journey and along the different touchpoints, while ancillary revenue has been generated for the airline in terms of an extra fee for the service. Such offers can also be expanded by adding other services – e.g. shopping retail outlets at the airport, ordering taxi services or valet parking services, etc.



Figure 2: Exemplary touchpoint analysis – “in-flight”, Source: Lufthansa Consulting

The return on customer experience investment in a nutshell

For such offers to be successful and deliver continuous revenue streams, airlines, airports, retail outlets, ground handlers and all other stakeholders need to work closely together. Joint efforts should include constantly screening the market and monitoring their customers’ behavior: according to a recently published [Lufthansa Consulting study](#), personalized offers and the seamless travel journey – covered by the above-mentioned use cases – are relevant trends shaping the aviation industry and customers’ present and future demands.

These use cases are merely examples allowing a brief glimpse of the manifold opportunities customer experience has to offer: at each touchpoint numerous measures can be implemented that in turn can be personalized for every customer individually, ensuring consistency, improving brand image, generating additional revenue streams or saving cost.

However, customer experience is not an end in itself but rather an overarching concept that needs to be orchestrated carefully with regards to investment, timing, and in accordance with customer needs in order to produce the much sought-after return on investment:

Seize opportunity – means making the most of each available touchpoint through thorough analysis and the development of personalized offers that are relevant to customers and make their journey more enjoyable and seamless, while airlines and airports earn extra revenue.

Mine data – should become every management board’s top priority as customers are willing to disclose their travel related data if a brand is able to create value to the customer. The same reasoning applies to customers’ willingness to pay.

Invest smartly – weighing the investment, its return and break-even time is the key to a diversified portfolio of customer experience measures.



Stay relevant – is easy to say, but not easy to accomplish. Companies that truly understand customer and market trends will be able to cater exactly to their customers' needs and demands by developing the right products and services and, thus, set themselves apart.

Julian Wildtraut is an expert in the Customer Experience Solution Group at Lufthansa Consulting.

Further insights and related articles on "[digital solutions, services and technologies for the passenger travel experience](#)" and the "['sanitized' air travel customer journey](#)" from Lufthansa Consulting's aviation experts are available at: <https://www.lhconsulting.com/insights/news/>

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