



Digital transformation and its effect on the passenger: Creating a travel eco-system

Currently, the aviation industry is advancing to a place where companies see themselves not just as an airport or an airline, but more a mobility or travel eco-system. **Georg Baust**, Managing Consultant at Lufthansa Consulting, explores the new avenues that are available to the sector to provide a 'door-to-door' travel experience, whilst managing customer expectations and simplifying the customers' lives.

THE aviation industry is turning to digital transformation and customer experience to stay ahead of the competition and attract new passengers. The dominant role of new digital technologies as levers to offer passengers a comfortable and satisfying journey is key to this transformation. However, the current (mis)understanding of digital transformation frequently results in a linear transition of complex and often inefficient processes into the digital arena. Companies set up digital transformation projects and programmes to add and convert experiences, but usually as an add-on to their existing services and products. Unfortunately, most airlines and airports currently have very complex and widely distributed legacy systems with lots of services and features. Adding new services usually leads to an integration issue since the current paradigm is 'everything that worked before must work afterwards'. This in turn creates even more complex and time-consuming projects. New meaningful integrated services become costly and time to market is more than unsatisfying for both the company and the customer.

In order to tackle this issue, companies must realise that digital transformation is not just about the transfer of pen and paper processes into the digital world; it is about simplifying and reducing complexity in structures and processes. They need to reflect on their core business and should even consider removing service options from customers if they are not required or used. This also includes challenging 'the way we always did it' or even the existing business model.

Equally, the customer experience element should be considered by essentially simplifying life for customers when they travel. However, good customer experience doesn't mean that the customer is king and should always be treated as such. Customers are intelligent and know what they can expect for their money and usually accept this. It is therefore vital to make sure the customers (and their expectations) are managed – the company just has to make sure they expect the right things. If a customer wants to be king, they must pay accordingly; if they want a cheap deal, they will get just that. Therefore, good customer experience means managing customer expectations, simplifying the customers' life and ▶

RIGHT: Digital technologies can improve passenger experience



“ The aviation industry is turning to digital transformation and customer experience to stay ahead of the competition and attract new passengers ”

not aiming for a positive flat line, but rather setting highlights within the expectations.

If both digital transformation and customer experience have been achieved and are working correctly, companies can build on that by introducing innovations. Having simplified processes and understood customer needs, new technologies can be used as a source of inspiration to develop new services and ultimately create

a travel eco-system that is relevant to the customer. The key to this new way of servicing the customer is to understand the company's own role in such a travel eco-system.

If the customer wishes to travel, they do not essentially care whether they travel with an airline or with a railway company; they just want to reach their destination, preferably quickly and conveniently. There are many different possible elements in any one passenger's mobility chain for each journey. For example, when travelling to a conference, a travel ecosystem gives you the freedom to take a car-share offer, then a plane, and then a taxi. This does not mean that airlines and airports need to provide every service within such a travel eco-system, but they do need to integrate themselves. Neither must they necessarily own the entire system; they only need the ability to provide access to it.

Looking at other industries; Airbnb, for instance, does not own a single hotel, yet it is the largest provider of access to beds. Uber does not own a single taxi yet they are the largest taxi company. With these examples in mind, it is clear that through partnerships, as well as owning parts, companies are able to provide a platform that delivers this type of door-to-door travel. Digital transformation assists companies with setting-up and integrating such travel eco-systems, where the keys to success are the interfaces between the different players within the system.

Digital and physical interfaces need to be considered and processes must be set-up in order





LEFT: Digital transformation goes hand-in-hand with customer experience

“ An airline or airport can achieve a greater level of success if they are viewed by passengers as more than just a transportation provider ”



GEORG BAUST is an expert in customer experience strategies and digital transformation for aviation, as well as other industries. He has advised various clients in these fields and in the last two years he has focussed on the aviation sector. He holds a degree (Diplom) in Information Engineering and Management from the University of Karlsruhe, Germany.

to facilitate a smooth transition through the eco-system and to make best use of the system – for example, through data-sharing. This way companies can see and use more touchpoints throughout the travel chain.

Aside from this, airlines often already have an ideal basis from which to set-up such a system: their own airline loyalty programmes, for example, usually covers a range of non-aviation offers. Optimising this towards a travel eco-system, the airline would have the means to keep passengers travelling entirely through their system each time they wish to plan a journey. Airports also have a big stake, as they provide other services such as duty-free shops or car-sharing facilities. An airline or airport can achieve a greater level of success if they are viewed by passengers as more than just a transportation provider.

Aligning the interests of both airlines and airports can best be tackled through such a travel eco-system. The airline has a vested interest in providing a quick and seamless travel experience, and the airport has an interest in keeping customers at the airport so that they can shop more. In a travel eco-system, both are working towards the same goal: satisfying the customer. Through shared data, for example, the airport can learn from the airline that they are dealing with a business customer who values quick processes and will not buy anything – trying to keep such a customer at the airport does not help anybody. However, the couple flying on their honeymoon is

much more at ease and therefore open to spending more time there.

Whether using an existing loyalty programme or not, there are two major ways to establish such a travel eco-system. Either one company is the driver and provides a platform where other partners can join (platform approach), or multiple companies communicate and cooperate – even setting up standards – but instead connect in bilateral ways (this is a loosely connected approach). Both approaches have their advantages and disadvantages. A platform gives the main power for the design to a single company, who might prevent others from joining, thus making the system irrelevant for the customer because it provides too little choice. A loosely connected system might not bring all the advantages on the interfaces between the companies, such as processes and seamless intermodal travel that unified user interfaces have, but it gives the customer more choice and more flexibility. It is also easier to set up, since usually only two companies need to agree bilaterally.

The driver of such a travel eco-system should bear in mind that new technologies and digital transformation shapes a good travel eco-system. They represent the means to adequately design the customer experience with the goal of acquiring and retaining more customers, creating upsell potential through personalisation and ultimately simplifying the customer's life. 