

Digital Readiness for Customer Experience in the Airline Industry

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Accenture conducted interviews with **25 senior executives** at leading airlines throughout the world to understand business issues and disruptive impacts of digital technology on the airline industry, particularly in relation to customer experience.

Objectives

- Identify** top business and customer experience challenges in the airline industry.
- Evaluate** airlines' organizational readiness to use digital technology to optimize customer experience.
- Identify** top digital technology priorities and barriers to implementation, particularly as they relate to customer experience.
- Gain** reaction to key emerging concepts/strategies for digitally enabling customer experience.
- Gain** an understanding of how airline executives perceive the structure and competitive frame of the industry.

Findings

Digital Readiness for Customer Experience in the Airline Industry

- Clear Vision, Struggle Implementing**
Most airlines have a clear vision for using digital technology to optimize customer experience, but lack the implementation know-how and talent to "make it happen".
- Key Digital Disruption: Distribution**
Customer data concerns point to what executives identify as the key disruption of digital technology on the airline industry, which is its impact on distribution and customer relationships.
- Cultural and Technological Barriers**
Top barriers to implementation are cultural resistance, technological limitations, and excessive "siloing" of both operations and technology.
- Digital Sophistication for Business Advantage**
Increasing their digital sophistication is another key strategy airlines are using to neutralize intermediaries and improve customer relationships.

Strengths for Airlines to Leverage

To improve customer relationships and reduce the power of intermediaries, airlines seek to leverage unique strengths.

Strengthening of Intermediaries

Airline executives believe digital has strengthened intermediaries such as OTAs (online travel agencies) and Google Flights.

Openness to Digital Innovation

Most airlines believe the airline industry lags other industries when it comes to digital innovation.

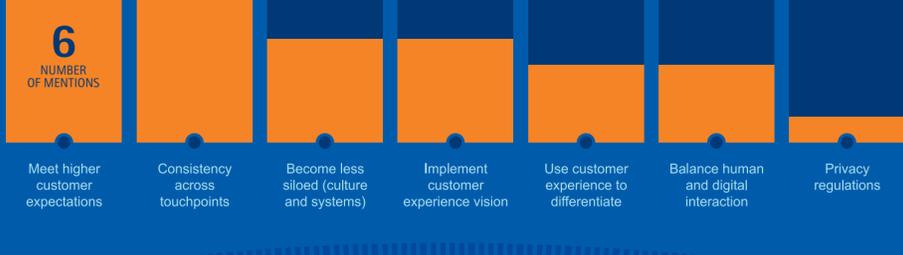
"We're still very archaic in the way we interface with our guests. If you look at Amazon and Uber, the simplicity of the way they interface, the way they're able to offer a very customized experience, those are who we need to learn from."

— MIDDLE EAST CARRIER

12 Key Takeaways

- Competing more effectively is the chief overall challenge for airlines participating in the study.
- For customer experience specifically, top challenges coalesce around "how to make it happen".
- Cultural resistance is a key barrier.
- "Siloed" technology and operations present another critical barrier to digital adoption.

What is your top customer experience challenge?



- Even the many carriers who favor third-party partnerships express concerns over how customer data will be managed.
- The prevailing belief is that airlines lag behind other industries when it comes to digital sophistication.
- Airlines are enthusiastic about several emerging digital customer experience concepts.
- New distribution alternatives are re-positioning traditional GDS model.



"New players like Google Flights are going to be the GDSs of the future."

— EUROPEAN PREMIUM CARRIER

"Our direct channels are always going to be our preference, but we do need the shelf space that GDSs provide."

— NORTH AMERICA PREMIUM CARRIER



- Customer data concerns point to the primary disruption of digital technology: distribution and customer relationships.
- To improve customer relationships, airlines seek to leverage their unique strengths in the end-to-end customer travel experience.
- Increasing their digital sophistication is another key strategy for airlines to further improve customer experience.
- When it comes to digital readiness, airlines say they have clear vision but struggle to implement.

Digital Readiness Scorecard



Conclusion

- Carriers are ready with digital implementation vision but face implementation challenges.
- They are open to digital innovation, including third party partnership.
- They have experienced a digital disruption in distribution.
- They believe they have unique points of leverage in the travel value chain.
- They are committed to increasing their digital sophistication.

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