



CONTACTS:

Clara Pyo
Brainerd Communicators, Inc.
(212) 986-6667
pyo@braincomm.com

Katura Hudson
PwC US
(973) 236-5807
katura.j.hudson@us.pwc.com

Airline Performance Depends on Flyer-Focused Retail Customer Service, According to PwC

Survey Results Highlight How Airlines Can Enhance the Passenger Experience

NEW YORK, October 24, 2013 – In today’s competitive travel market, flyers are expecting airlines to behave more like retailers and less like a mode of transportation. Airlines can successfully create more value by adopting retail customer service approaches that address five key behaviors exhibited by flyers, according to [PwC US’ Experience Radar 2013: Lessons Learned from the Airline Industry](#). The report highlights key enhancers derived from various consumer behaviors such as balancing technology, listening to feedback, improving comfort, elevating connectivity and bundling fees, based on input from more than 2,000 business and leisure flyers globally.

According to PwC, flyers are increasingly making purchase decisions based on a wide range of features and value enhancers, from extended seat space options and priority security line access to mobile ticketing and inflight Wi-Fi availability. Nine segments across business and leisure flyers, ranging from the elite focused, to the middle-of-the-road business traveler to a deal-seeking, leisure segment, all have distinct travel preferences and are willing to pay for different amenities. According to the report, studying the individual needs of these nine flyer segments can help airlines better rank their product and service features to identify additional opportunities and bolster top-line growth and bottom-line results.

“In an increasingly competitive environment, airlines are evaluating a wide range of options for improving the experience and value they deliver to passengers,” said Jonathan Kletzel, [U.S. transportation and logistics](#) leader, PwC. “One approach does not fit all. Various consumer segments, ranging from senior executives to budget-minded leisure travelers have different preferences and opinions on what constitutes great traveling experiences. Those airlines that understand the true value drivers among each flyer segment will be best-positioned to compete and drive returns on their investments through enhanced products and services.”

PwC’s *Experience Radar* identifies five key behavioral categories among travelers and matches their preferences with leading practices to better enhance the passenger experience:

Balance tech with touch

Technology and automation are changing the ways customers interact with airlines. From check-in to boarding, flyers across the globe are seeking do-it-yourself (DIY) options. Time constrained business travelers are particularly active on the DIY front and are 1.8 times more likely than leisure travelers to use mobile for routine booking tasks. However, direct access to airline staff is just as important, especially at times where issue resolution is needed. In fact, two out of three flyers prefer an agent to help resolve issues such as cancelled or missed flights. How agents handle these issues is critical to travelers’ experiences and views of an airline, as 49 percent of airline complaints and issues are said to go unaddressed, according to the report. Empowering agents with the right tools to address issues is paramount, as is the need for airlines to invest in training personnel even as they continue to automate many customer service functions.

Listen to the vocal voyager

Mobile devices are flyers' number one travel companion—not only for travel-related activities but also for sharing their flight experiences. PwC's *Experience Radar* found that only one in five travelers are satisfied with how airlines address their complaints, while 99 percent of travelers worldwide share memorable experiences with others. Bad stories are told and retold, with social media giving longer shelf life to these negative experiences. Since social media can intensify and lengthen negative impact, airlines should proactively listen to passengers through multiple channels to detect and resolve issues early, and utilize dynamic influencer programs to encourage positive brand development.

Provide a new class of comfort

Flyers now seek an array of options, finding comfort not only in seating preferences but also in food, entertainment and the option to be able to sit next to travel companions. Most leisure travelers want more space, though how much they are willing to pay varies. Overall, leisure travelers will pay a seven percent premium for extra leg and recline space and a six percent premium for extra hip space. Complimentary upgrades are a leading driver of great experiences and support repeat business. In addition, nearly one in five business travelers will pay for upgrades out of pocket, if offered at a discount. Airlines also need to recognize the different preferences of comfort depending on cultural and socioeconomic factors. Building data-driven product and promotion competency is key as it spans food, entertainment, lighting, seat space, and upgrade programs, among other services.

Elevate connectivity

Travelers want to stay connected from the ground up—whether for work or entertainment. On-board Wi-Fi is becoming a standard service, and PwC's report revealed that 70 percent of business flyers demand Wi-Fi access for longer flights. Meanwhile, leisure passengers who use a personal device spend on average 40 percent of their flight time using Wi-Fi. Among these leisure travelers, there is also a high preference for Wi-Fi specifically with young travelers who are 1.7 times more reliant on in-flight connectivity than baby boomers. The ability to access Wi-Fi and content on personal devices rather than seat-backs is notably higher internationally, where tablet ownership is also higher. To compete effectively, airlines should invest more on innovative digital connectivity and deliver customized service offerings based on usage levels and device preferences.

Bundle fees

Airlines have improved profitability by offering a wide range of ancillary services. Many flyers, however, prefer bundles that suit their travel needs and don't require them to pay multiple fees. The attractiveness of such bundles differs by consumer segment. For instance, more cost-sensitive flyers are attracted to bundles offering Wi-Fi, food and beverage, and baggage. More affluent business and leisure segments seek bundles that extend to the terminal with services spanning concierge, on-board lounge access and luggage pick-up and delivery. Flyers who travel frequently or have companions are more likely to pay for bundled ticket options that allow future flight changes. Airlines have to carefully develop tiered and customizable packages with amenity options based on customer data and preferences. Providing transparency of various fee structures and offering flexibility to flyers is also important to building goodwill.

Experience Radar also highlights how local culture and practices across developed and emerging markets impact different types of purchase decisions for consumers. The report delves into the various flying preferences of business and leisure flyers from Brazil, China, U.K. and the U.S. to show how certain flyers are more inclined to pay for various premiums depending on various cultural factors.

For a copy of PwC's *Experience Radar*, please visit: <http://www.pwc.com/us/en/industrial-products/airlines-airports/index.jhtml>. For more information on the survey methodology behind the *Experience Radar* series, visit: <http://www.pwc.com/us/en/advisory/customer-impact/pwc-experience-radar.jhtml>.

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