Advisory Outlook

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Airports: Improving Customer Experience with digital distraction

- Higher passenger satisfaction leads to higher non-aeronautical revenue at airports.
- Airports generally try to drive passenger satisfaction by streamlining the experience, but they can also improve this through digital engagement – or distraction.
- Engagement through digital can help improve passenger flows during peak periods and create a personalised airport experience to improve overall satisfaction.

Many airline and airport executives ask how they can improve passenger satisfaction by making the airport experience more seamless.

Indeed, many airports continue to invest heavily in technology and terminal infrastructure upgrades to do just that. But while this in most cases will have the desired effect and lead to happier customers, it can also be a capital-intensive exercise. Not to mention the difficulty airports face in making experiences truly seamless in an industry that is heavily regulated.

This article recognises the high-costs and regulatory burdens of making the passenger experience truly seamless and takes a different perspective on the underlying problem of how to improve passenger satisfaction at airports by reframing the problem by focusing on a different set of assumptions.

Common problem approach	**Alternative problem approach**
How can we improve the passenger experinece by making it more **seamless?**	How can we improve the passenger experience through **engagement?**
Assumptions:	**Assumptions:**
• Passengers are conscious they are at an airport and remain conscious	• Passengers are conscious they are at an airport but can be distracted
• Passengers are satisfied by feeding in control	• Passengers are satisfied when they feel engaged
• Regulations are a hindrance	• Regulations are generally less relevant
• Cost are generally significant	• Cost can be controlled

source:www.digitalpulse.com.au

There is no suggestion that airports should end investment in service innovation, but rather consider an alternative (and less costly) approach to the common view that airports need to offer a seamless experience in order to improve passenger satisfaction. But why focus on passenger satisfaction at all?

Airports are becoming increasingly privatised and need to grow both aeronautical and non-aeronautical revenue in a sustainable way.

Aeronautical revenue is still an airport's most significant revenue stream and on average makes up 56% of overall revenue. However, aeronautical charges are generally regulated, meaning generally airports can only drive this revenue stream through volume (such as encouraging more, larger aircraft to land) which can be difficult given capacity constraints at both airports and airlines.

Accordingly, airports are becoming heavily reliant on growing non-aeronautical revenue derived from the commercial dealings of the airport (for example, car-parking, retail and property) which on average comprises 39.4% of its revenue stream.

But it's passenger satisfaction that is the most significant driver of non-aeronautical revenue. According to a report by Airports Council International, a 1% increase in passenger satisfaction leads to a 1.5% lift in non-aeronautical revenue. This means that happier passengers can actually drive this revenue stream and therefore an airport's profitability.

It's a universal truth: no one likes waiting around at airports. The Economist Intelligence Unit found that 78% of passengers expressed a strong preference to spend less time there. However, airports, airlines and regulators want travellers to spend as much time as possible at the airport for processing.

Herein lies the paradox of offering a seamless experience – while digital innovations allow customers to be processed quicker, it leads to extra free time inside the terminal. This can decrease satisfaction levels as travellers quickly become bored with their surroundings.
But due to the imposts from regulators and airlines, this

excess time is unavoidable. Airports need to find ways to make passengers happy or to reduce dissatisfaction by engaging with them as they wait at the airport in order to distract them.

There are a few ways to achieve this:
- ***Offer choice and high-quality facilities:*** Passengers generally see the terminal facilities (such as retail, food and services) as a basic requirement and can become dissatisfied if there is little choice or basic standards are not met. Finding ways to maintain diverse and high standards of terminal facilities and offerings will ensure customers are more engaged and more distracted.
- ***Investing in service innovation:*** Service innovation at the airport (such as micro-hotels and social media engagement) can engage (and distract) the passenger, especially if it is unique to the airport or serves their exact needs at the time.
- ***Creating a relaxing environment:*** Passengers are most stressed during key processing events such as check-in, security and boarding. Finding a way to make customers feel less stressed during key processing moments will improve customer satisfaction.

In the modern age, almost every traveller carries a smart device that they look at constantly when they are bored. To take advantage of this, airports can install beacons across the complex, particularly during peak periods, to engage (and distract) people by sending them to different parts of the terminal (ie smoothing demand) or by taking their mind away from the congestion by giving them a personalised experience. For example:

- ***Send passengers who like to shop to a satellite retail precinct:*** Installing a series of beacons around the airport will help identify where passengers are and how long they are spending there. If one is waiting too long in line at a particular food or retail outlet, a voucher could be sent to encourage them to go to a less busier (or more unique) outlet, thereby offering a differentiated and more relaxing experience which could lead to higher spend. For example, setting up a local "farmers market" that sells local produce in an terminal area with low traffic and send passengers who meander in the retail precinct to this area.

- ***Send passengers who do not like to shop to a quiet area:*** If beacons pick-up a passenger moving directly away from the retail precinct, then airports should lead them to a quieter place in the airport. Airports could consider creating their own Pokémon-Go style digital interface which engages with a certain number of passengers and gets them to move to different parts of the terminal through a series of "virtual breadcrumbs" that lead them to a certain area or engage them with different digital materials (eg educational/fun facts) along the way.
- ***Distract passengers at processing points:*** Airports could consider dynamic screens or pushing content to mobile devices that are aligned with customer preferences at processing points. A simple conveyor belt with speed controlled by processing staff will ensure passengers can be continuously engaged with their mobile device instead of having to watch the person ahead of them in the line.

Airports should determine the minimum viable product that is suitable for their needs and build on this iteratively. They don't need to start from scratch when developing a digital environment. They might prefer to partner with an airline (or retailer) that already has a digital presence and has critical mass to see if they can add the airport product to the partner's digital environment.

Partnering with an airline will give these companies valuable data about their passenger behaviour as they go through the terminal which can be used to ensure all passengers reach the aircraft on time. If airports decide to design their own digital environment, they can potentially commercialise the data gathered from this and sell this back to airlines in order to improve their operations.

In all, while airports should, and continue to, invest in innovations that deliver a seamless experience for their customers, they can also make incremental investments and improvements that help create happier customers as they navigate the experiences that can't be changed, such as waiting. Doing so will help lift profitability in an time when airports increasingly need to find revenue in order to grow.

This article by PwC Australia's Michael Ng was culled from PwC Digital Pulse. See more:
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