2022 Airline Digital Optimization Review & what it means for airports

Over the last two years, we have witnessed a significant shift towards digital, contactless technology, and ecommerce in the aviation industry due to the COVID-19 pandemic. However, new research from DigginTravel shows that despite many airlines recognizing the pandemic as an opportunity to accelerate their digital transformation initiatives, systematic digital optimization and experimentation are being left on the backburner. Why? Well, unsurprisingly, it comes down to limited resources.

As airport ecommerce technology partners, we can draw many similarities and parallels between airlines and airports, which have faced significant challenges during the pandemic and are under increased pressure to 'do more with less.' Many of the learnings and findings uncovered in Diggintravel's Airline Digital Optimization review 2022 can, therefore, be applied to airports too.

With this in mind, our Airline Digital Optimization reaction will bring you the key headlines and takeaways and discuss what it means for airports and touch on how airports can support and attract new airline partners.

Harnessing the power of knowledge

The Airline Digital Optimization Yearbook 2022 from Diggintravel and Glassbox sheds light on how the COVID-19 pandemic has affected airlines' digital transformation initiatives and their maturity, the challenges faced, and actionable 'next steps' airlines can take as they head into the recovery period. The publication provides data and insights from over 100 senior ecommerce, digital optimization, and digital marketing executives from 52 small, medium, and large low-cost and full-service carriers across Europe, Asia-Pacific, the Middle East, the Americas, and Africa.

Interestingly, the survey also includes a Digital Optimization Maturity Model self-assessment across eight areas of competence: 7 general digital optimization areas, i.e., people, skills, analytics, user and UX research, test quantity, tools, and organizational support, and 1 airline-specific area - internet booking engines. From the results, the airlines have either been classified as Laggards, Challengers, Visionaries, or Leaders.

Below we've shared essential headlines from the Airline Digital Optimization review and what the findings potentially mean for airports..

Essential Headlines

"58% of airlines have digital optimization teams in place"

Starting with a positive, it is great to see that more than half of the airlines surveyed have a digital optimization team. It shows it's becoming more widely recognized that digital optimization isn't a one-person job but a collaborative team effort. However, unfortunately, due to the pandemic, many airlines have been forced to reduce the size of their digital teams and have less budget for specialized tools. It means airlines won't be carrying out as many user research activities and experiments and will, therefore, miss out on critical data and opportunities.

It's a very similar situation for airports, which are also under enormous pressure to keep costs to a minimum. We can't stress enough the importance of data collection, analysis, and experimentation. This kind of business intelligence is crucial for airports in terms of meaningful decision-making and something Rezcomm can help provide with our flexible, pay-as-you-go Business Modules.

"41% don't have in-depth knowledge and skills required for an ongoing, systematic digital optimization process."

Because of the various cost-cutting airlines have been forced to carry out due to the pandemic, there has been a significant loss of in-depth digital optimization knowledge. In fact, Diggintravel reported that 'Skills and Knowledge' experienced the most significant drop compared to the 2020 survey, hence why airlines are now lagging behind with CRO and systematic digital optimization processes.

We know that digitalization helps airlines and airports understand their customers, enabling them to identify any key pain points or friction during the customer journey. Post-pandemic, people expect a seamless, contactless journey from purchasing flights and travel ancillaries online to visiting the airport and boarding the plane. Unfortunately, if airlines and airports don't have a structured digital optimization strategy (because they lack the tools and team skills), they will be guessing what works, and chances are they'll be getting it wrong sometimes.

"25% of airlines don't engage in any user and UX research activities."

User research enables airlines and airports to see where customers' pain points are, any friction during the customer journey and what motivates them to make various travel bookings. The more airlines and airports conduct user research, the better equipped they will be to innovate and develop new products that their customers need and want - products that solve customer problems.

At a time when it's constantly being reported that consumer behavior is changing, it pays to be able to see what is changing and why it is changing. With this data, airlines and airports can ensure they're tailoring everything from the products they sell and the booking journey to the customer support they provide to meet customers' needs.

"42% of airlines recognize digital optimization and experimentation on an individual or departmental level (on the other hand, 33% of airlines claim they have top management support for experimentation)."

While it's encouraging that 33% of airlines claim to have top management support for experimentation, it's concerning that more than half of all airlines lack the support of the stakeholders that ultimately make decisions and allocate budgets for digital optimization and experimentation.

"50% of airlines said that they don't have a budget for digital optimization and experimentation. For 40% of airlines, CRO is part of the marketing or ecommerce budget, and only 10% have a dedicated budget for experimentation."

Digital optimization, experimentation, and data-driven marketing were important before the pandemic, but even more so now airlines and airports are expected to do more with less. Digital optimization and conversion rate optimization help because when you increase a conversion, you improve your marketing performance and benefit from lower customer acquisition - essentially, making more with less. This is why it's worrying that half of the airlines have no budget to work with, which relates to our previous point about needing top management support for experimentation.

What's more, digital optimization and experimentation enable airlines and airports to understand the customer journey. They can proactively identify patterns and, with more in-depth UX and digital experience analytics, understand why things happen and test new ideas.

Experimentation reduces the risk of investing in new ideas and concepts. At a time when budgets are tight but innovation necessary, airlines and airports simply can't afford to take any uncalculated risks, hence why a budget for digital optimization and experimentation is crucial.

Effects on consumers, businesses and potential underlying causes

Without reiterating what we've already said so far in our Airline Digital Optimization reaction piece, the fact remains that if airlines aren't testing, carrying out user research and experimenting, ultimately, they're failing to get to know customers and deliver the experience they desire.

Compared to airports, airlines have always been perceived as having the 'upper hand' in terms of owning passengers. However, without investing in user research (for instance) and understanding changing passenger needs and current pain points, both airlines and airports risk losing bookings to the bigger travel booking sites that are testing, researching, experimenting, and, ultimately, delivering a better experience.

Potential underlying causes are a lack of budget/resources and the inability to attract new digital talent. This largely falls with a lack of understanding of the benefits of digital optimization and experimentation. It's a significant challenge for airports too. But it can't be something that digital teams at airlines and airports simply accept. There needs to be someone championing digitalization, educating the importance of digital optimization and CRO on a company-wide level and ensuring stakeholder buy-in by making it such an attractive, futureproofed initiative that top-level managers can't afford to say no.

Top 10 takeaways

1.Experimentation must be an integral part of everyday life, even when budgets are tight

"To successfully innovate, companies need to make experimentation an integral part of everyday life—even when budgets are tight. That means creating an environment where employees' curiosity is nurtured, data trumps opinion, anyone (not just people in R&D) can conduct or commission a test, all experiments are done ethically, and managers embrace a new model of leadership." said innovation and experimentation leader Stefan Thomke.

It serves as a good reminder that even during the challenging times post-pandemic, airlines and airports need to prioritize innovation and experimentation. Firstly, by creating and nurturing a forward-thinking culture. Secondly, ensuring the necessary data collection, analysis and reporting tools are in place. And thirdly, by implementing a digital optimization strategy to keep everyone on track.

2. There is a need to have digital optimization strategies in place now ready to harvest demand

Another of our key takeaways from the Airline Digital Optimization review is the need to act now and get those all-important digital optimization and experimentation strategies in place, ready to harvest the demand as passengers return to the airport and sky.

Airlines and airports can use 'quieter periods' to focus on innovating and developing strategies to improve the passenger journey.

3. Digital optimization is a process

The digital optimization of an airline or airport does not happen overnight. As stated in the Airline Digital Optimization Yearbook 2022, *'it's about building a data-driven culture and an organization that supports experimentation.'* Essentially, you can have the best tech solutions available, but if your people aren't on board, it will not work. So, the process really needs to start with developing the desired mindset and ensuring it is adopted company-wide.

4. Stakeholder buy-in for digital optimization, CRO & experimentation is a must

Leading on nicely from our previous 'takeaway,' something else the Airline Digital Optimization review highlights is the importance of stakeholder buy-in. Everyone from the top decision-makers and budget providers to the people working on the ground needs to be on board with digital optimization, CRO and experimentation for it to happen and drive great results.

We've discussed some of the ways airports can achieve this in our article 'how airport innovation teams secure stakeholder buy-in and funding for digital projects,' with examples from some of the world's leading airports.

5.There's a great need to be more agile and lean

"Regardless of the organization and resources, you will need to be more agile and lean. No more long RFPs and 2-year new booking engine implementation projects. Your digital product team(s) need tobe able to do fast, agile iterations."

We think this is a fantastic point and something we wholeheartedly agree with at Rezcomm. With our plug-and-play tech, we're all about supporting airports with the tools to speed up the process to 'going live' and ensuring they get the most from their investment.

6. A structured CRO process is the best way to make sure you understand and address the relevant customer friction points

In uncertain times, there are a lot of risks involved in guessing what passengers want and need from the airports and airlines they use. Having a structured conversion rate optimization process, carrying out user research and using digital experience analytics can go a long way in ensuring you understand and address customer friction points. Airports and airline partners can work together on this to save costs and improve the entire passenger journey from the research and booking stage to their arrival home.

7. Digital Experience Analytics are crucial to success

"When I think about digital experience analytics, I certainly differentiate it from traditional digital analytics. Traditional digital analytics can provide the "what" – what is happening. For example, I've built a funnel. I see that users are abandoning at step 3 of this funnel. I can use my digital analytics solution to quantify the number of individuals that are dropping out of this flow. I can understand how often that's happening. I can understand that change over time. But what I don't understand is why." said Greg Dowling, Global Director of Business Insights at Glassbox.

Digital experience analytics connect the 'what' with the 'why,' and the 'why' is crucial because if your airport or airline doesn't know why something is happening, how can they change it?

8. The people are as important as the tools

Analytics and testing tools can only do so much. Both airlines and airports need digital analytics people in place (either in-house or via outsourcing) to advocate innovation and experimentation. It is the people who will build the crucial relationships with other digital teams and stakeholders, educating them on the importance of digital optimization and CRO and ensuring they understand the benefits enough to want to invest it in, not just financially but personally.

9. Experimentation is key to attracting digital talent

The Airline Digital Optimization Yearbook highlights the importance of having the right digital optimization teams in place but also suggests that airlines are struggling to attract talent because of a lack of experimentation, and the same goes for airports. It's a catch-22 because, without the digital skills and know-how, airlines and airports will struggle to present themselves as innovators. So it's here that having a savvy airport technology partner can prove hugely beneficial and help develop a culture of experimentation to attract internal candidates in the future.

10. A flexible digital platform is a must

The Airline Digital Optimization review reports that 51% of the airlines claim their internet booking engines are not flexible enough to allow experimentation.

Many of our airport clients come to us with inflexible legacy systems costing them inefficiencies. It's where the Rezcomm marketplace really excels because not only do we offer maximum flexibility, with a full suite of travel, reservations, ecommerce and marketing modules for airports to pick and choose from to extend their platform, but we also have a full range of Business Modules that support airports in gathering data from all touchpoints, centralizing analytics and using business intelligence for more meaningful decision making.
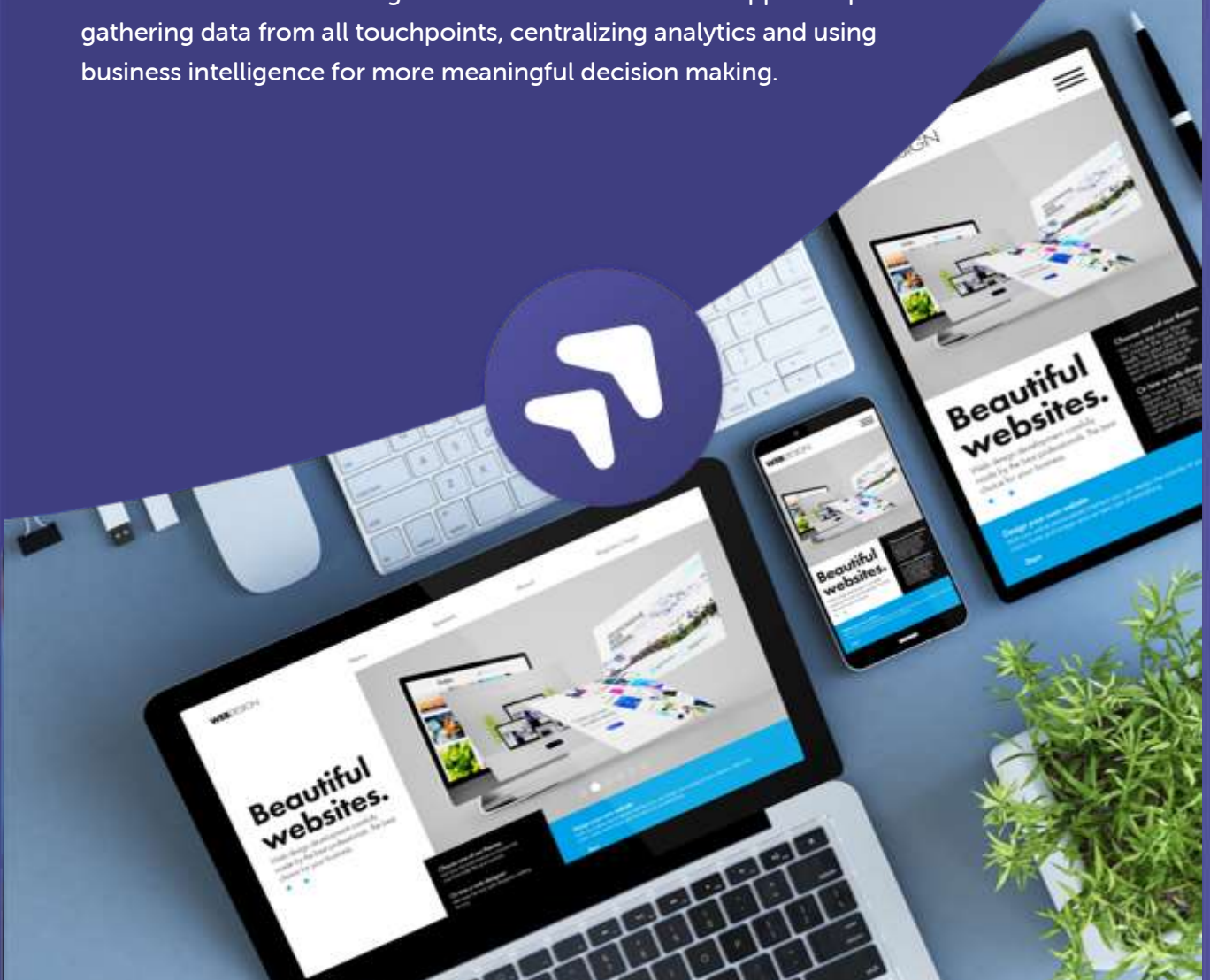
The future - how can airports support airlines digitally?

As we near the end of our Airline Digital Optimization reaction, we want to leave you with some ways airports can support airlines with their digital toolbox.

Firstly, we appreciate that airports also vary in their digital maturity. However, those that can class themselves as 'visionaries' and 'leaders' must take this opportunity to spread knowledge and share resources across the industry. After all, airlines and airports serve the same passengers and, therefore, should see themselves as collaborators rather than competitors.

In the current climate, airlines and airports have limited budgets and need to work smarter. A collaborative approach where airlines and airports share passenger data, user experience research and results saves on costs and can make for bigger and better improvements to the entire passenger journey.

With Rezcomm's wealth of digital tools, there are also several ways airports can support and attract new airline partners, for example:

Sharing data from direct flight bookings, parking and other travel ancillary purchases

Sharing in-terminal data collected through our touchless KPI & Feedback system and WiFi sign ups

Using personalized email marketing and social media to highlight new airline partnerships and routes

Working with airlines' digital marketing teams on joint campaigns

Cross-selling airline products and services with profit-sharing initiatives

Collecting customer feedback and using Rezcomm's flight search widget data to support route development decisions and increase load factors

It's an understatement to say that times have been tough for the aviation industry, but we firmly believe the future is bright for both airlines and airports. And while the Airline Digital Optimization review highlights that airlines face numerous challenges when it comes to digital optimization maturity, it's encouraging to see that digitalization is taken seriously as the key to survival and success going forward.

Are you interested in finding out how Rezcomm can support your airport's digital transformation? Download our Marketplace brochure and book a meeting with our team to get started.

Let's talk

Wherever you want to go next. Let's go there together. Our experienced ecommerce team is on hand to manage the entire process from set-up to go-live.

We will work with you to set out a project plan and ongoing management strategy to maximise sales and customer satisfaction.

Please get in touch to discuss your requirements.

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