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# Guest Column: The value of experience

By **Anne De Hauw** on | Airline & Terminal News



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## **ROX Rocks**

A decade ago, the role of price in the decision-making journey of travelers was the key driver. A couple of years later, it was about price versus convenience. Still later came more intangible factors, such as customer service, transparency and sustainability, which hint at the value travelers increasingly place on authentic and meaningful experiences. But, the reality today is that while the

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economics of price and convenience are still important, travelers are enabled by technology to curate their own experience and balance additional factors such as quality, social approval, environmental impact and a number of things personally important to them — whatever dimension they see as providing value to their experience.

## **Meaningful experiences**

Fortunately, there is a growing awareness among airlines that they need to deliver smart, more traveler-centric, sustainable and meaningful experiences.

Just as Uber and Lyft changed the way that travelers get from point A to B on the ground, other disruptors in the travel space, such as Airbnb and ZipCar, have served as a wake-up call for many airlines and travel companies.

Airline leaders realize that connected travelers have more power over their success (or failure) than ever before. The digital revolution has enabled travelers to interact with airlines anywhere and anytime, and travelers can influence a global audience with their "comments" or "like." Shareability, flexibility and technology-driven convenience are essential characteristics of the future travel experience.

With travelers focused more than ever on those attributes that make up the totality of their experience, it's time for airlines to focus on and measure their Return-on-Experience (ROX).

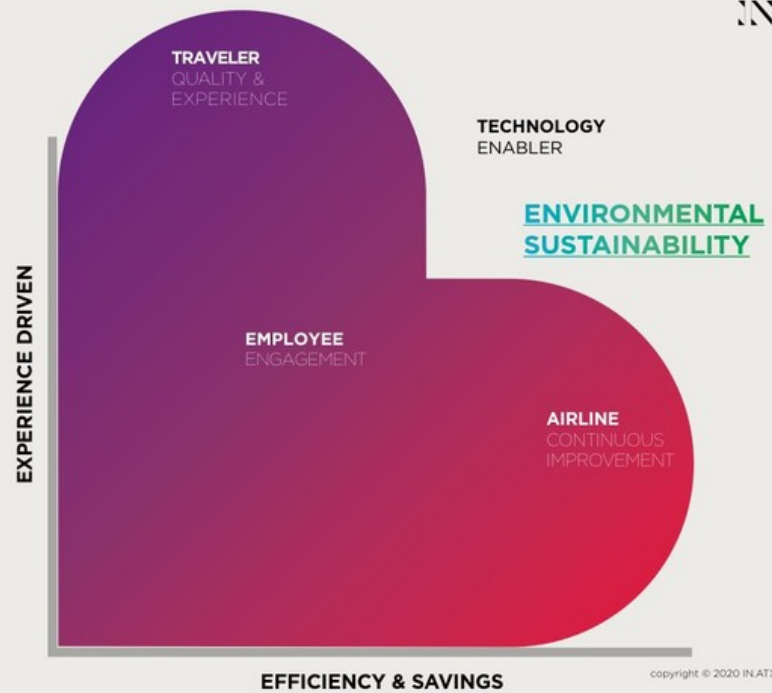
### **ROX = CX + EX**

ROX is a new performance management metric that captures a company's return on its investment in customer experience (CX) and employee experience (EX). It connects the value delivered by "soft" investments in human culture with "hard" investments in products, technology and analytics. ROX is not a single, simple, universally applicable metric, a flavor of Net Promoter Score or another kind of balanced scorecard. It is dynamic, company-wide and leverages the interdependencies existing in business systems and human value.

Research done by PricewaterhouseCoopers (PwC) in 2017 reveals that companies that make experience a priority can charge a premium of up to 16 percent for their products and services. And a 2017 Massachusetts Institute of Technology (MIT) shows that companies that provide a great employee experience are 25 percent more profitable than companies that don't.

Many airline leaders are beginning to recognize Return-On-Experience as a critical way for their companies to create lasting value. They are investing in CX to build customer loyalty, and in EX to improve their culture and transform their workforce. They know that CX and EX are related; emotional engagement among employees tends to produce high customer engagement.

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## Delivering ROX

Airlines and travel companies need to map their traveler journeys, isolate the touch points and factors that drive experience, and invest more in those elements that will move the needle on interactions and yield measurable results — or ROX. Simultaneously, ROX also considers whether the company is driving the behaviors in the organization that are key to designing and delivering better online and physical experiences.

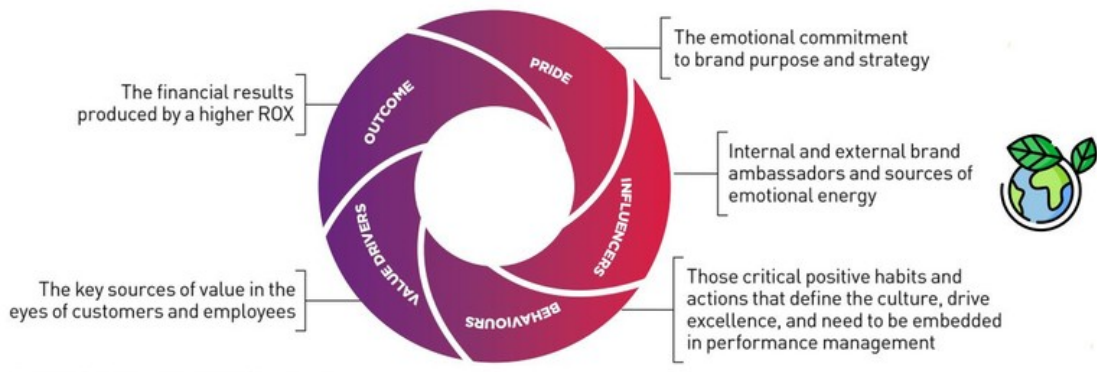
In order to do so, airlines have had to get much smarter about how to use technology, data, and process to squeeze additional capacity out of limited resources.

## The next generation data and analytics

While big data and analytics became popular in the previous decade, there is still a lot of untapped potential. The race to extract meaningful and valuable insights out of new data sources has only just begun. Machine learning models that – despite not being quite capable of general artificial intelligence – should prove really useful in reaching gains and improvements for the industry, from predicting demand to price optimisation and inventory management to maximize revenue growth. For example, airlines now have tools at their disposal to accurately forecast demand on a cabin level, resulting in a deeper understanding of their true profit in a market.

However, trust, ownership of data and the reluctance to share data remain huge barriers between key stakeholders along the traveler's journey, and it is in their mutual interest to make data exchanges more fluid, whilst ensuring it is safe and secure. The benefits of this exchange will mean a more seamless journey toward developing more sophisticated, enhanced analytics.

## The growing importance of Return-on-Experience (ROX)



### Dynamic personalization

Airlines are stepping up their game to adapt and engage individual traveler types by analyzing their preferences, behavior and demographics, and by getting smarter about every single touchpoint. In the decade to come, each part of the journey will be impacted through personalization powered by machine learning, from inflight services to pre-trip planning and disruption recovery.

New and exciting interactive customer engagement strategies are being launched. They make travelers feel noticed and appreciated, which is critical to building brand loyalty.

Travelers not only want real-time communication; they also want more actionable information. As a result, more data has been integrated into the end-to-end travel experience to create a more proactive, seamless interaction between traveler and service provider.

Airlines who have embraced customer-centric thinking have redesigned their operations to deliver a full experience connecting online and in real life. Providers across the industry will endeavor to link their value to traveler data. Whether it's manufacturing or tech services, every part of the ecosystem has an opportunity to be valuable to airlines and travelers.

The skies being crowded, competition fierce and operational environment extremely complex, travelers increasingly expect curated, channel-agnostic, socially conscious and social media-powered experiences. In other words, CX initiatives that drive business value are becoming far more critical to long-term success. Linking investments in CX and EX to strategy, culture, talent management and traveller values will improve customer experience, build loyalty and ultimately lead to improved financial results.