It is a hard fact that many airports could increase revenue through better and more timely communication with passengers - before and after their trips - and some are already using loyalty programmes to facilitate this invaluable dialogue.



However, Mignon Buckingham, MD of ICLP believes that much more could be done. *Charlotte Turner* interviewed Buckingham recently about the potential spend that could be tapped, if more airports considered loyalty programmes; something which other sectors in the travel industry are clearly benefitting from.

Charlotte Turner: Some airports are already actively involved in loyalty programmes/data capture (Changi Airport is a good example) and do have some data already. But how resourceful do you think these airports are with data they receive on their passengers, either through loyalty programmes or other resources?

Mignon Buckingham: There's definitely more that could be done. Airports have a good understanding of how many passengers pass through their gates, and when and where they are flying. But what many airports we speak to still want to be able to do, is understand these passengers as customers.



Airports often don't have enough data, or enough of the right type of data, or they can't join up the data they do have in order to build a good picture of their customers. And it's not just the type of data; it's the timeliness of data.

Crucially many airports don't have customer data in advance of travel, meaning they miss the opportunity to communicate information, which our research shows customers really want. This includes departure and arrival times (sought by 79%), traffic news (52%), how to get to or from the airport (46%) and airport parking (35%); information about shopping (21%) or food and drink options (25%).

This demand for information provides an opportunity for airports to engage with passengers, developing a relationship with them and targeting them as individual customers, as well as of course things the airport wants to promote such as retail offers.

New research from global loyalty agency ICLP suggest that's that efficient security processes, accessible parking and even the choice of retail and F&B can sway customers to choose certain airport over others.

With the rise of 'Big' data technology and the near universal penetration of mobile devices, the ability to communicate highly relevant operational and marketing messages in real-time represents a genuine opportunity for airports to build relationships with their customers.

This is where airports with a good loyalty programme have a big advantage over those that don't. Otherwise, for data, many airports rely on communicating with passengers when or if they sign up for

WiFi at the airport, but in terms of the opportunities to build a relationship with the customer this is streets behind.

While there are indeed examples of airports who do know their passengers well, in the most part, airports haven't been so good at really understanding these passengers as individuals.

Again the more enlightened airports understand that it's not simply a matter of dividing passengers into business or leisure, or any other similar broad-brush categorisation such as nation of origin.

When it comes to what engages them at the airport and what they really want from the airport experience, the Asian passenger travelling with his family may have more in common with a German passenger heading on holiday than an Asian traveller on business. Similarly, that same Asian leisure traveller may have very different needs and priorities when flying alone on business.

What's important here is to move from thinking of the passenger as a statistic to understanding the passenger as an individual; to really get beneath the skin of each customer's likes and dislikes, habits and behaviours.



Is capturing data on passengers through WiFi really qualitative or timely?

Data should be used intelligently and creatively to help smooth the customer's journey to and through the airport. Whether this is in the form of operational updates around delays, weather, traffic, parking and so on, and through relevant marketing and offers around the airport experience; such as retail, lounges, business services, spas and the like.

How do airports compare to airlines in respect of loyalty schemes and making the most of data

that they glean?

As I just mentioned, airports are at varying stages with their data and the customer insight they are able to glean from it. Generally speaking, airlines have had 20 years or so longer in building and using customer databases, so it is not surprising that usually (although not always) airlines are more sophisticated and more able to make better use of their data than airports.

They typically have far wider, more reliable data sources collected over a long period of time. These are topped up with other relevant data for an even richer customer picture, with which they have a variety of different models to help them understand and predict customer behaviour and value.



Mignon Buckingham, MD of ICLP.

That said, I've seen some really good examples of how airports can clearly look at groups of customers within their overall airport customer base, and deliberately aim particular themed offerings at them, around (for example) dining, shopping or spas.

From the airport's point of view, what are the obstacles to setting up loyalty schemes?

From a sector point of view, airports are an interesting combination of travel and retail, often luxury retail, but the top line principles are the same. It's all about understanding the customer and giving them the information and experiences they want in an engaging way, and giving them control of their data and what it is used for. This will, in turn, provide the platform to incentivise the commercial behaviours we want to encourage.

However, there are differences that present unique challenges when it comes to implementing effective loyalty programmes. The way that airports are structured often makes a joined-up approach difficult, and at many airports, different elements of the commercial operations are managed in isolation.

For example, the management of the retail operations may not have a vested interest in encouraging more people to drive to the airport, while conversely the manager of the car park programme may not be concerned about increasing spend in retail.

Can you tell us how loyalty schemes have helped those in other sectors you have worked in?

Airports can learn much from what is going on in other sectors. Airports already have considerable data at their disposal, but they don't often use that data as effectively as the best downtown retail brands.

There's a huge opportunity to be had. Many airports do not know who their most valuable



The way that airports are structured often makes a joined-up approach difficult, and at many airports, different elements of the commercial operations are managed in isolation.

customers are and are probably unaware just how much of their consumer revenue is being generated or supported from a relatively small group of frequent and loyal customers.

Loyalty programmes enable businesses to connect with and reward these customers for their contribution and there is a huge opportunity here for airports to follow what airlines, hotels, retailers and other sectors have been doing for some time.



At Jaeger the loyalty programme isn't based on promotions, but on finding out exactly what the customer wants from the brand, says Buckingham.

Do you have access to any 'case study examples of where loyalty schemes (or other promotional schemes) have improved sales/customer satisfaction/ or overall perception (e.g perhaps a company ranking)?

It's difficult to quote figures, and companies who are running successful programmes are unlikely to share that data, but there are some great programmes out there that clearly deliver for the business as well as the customer.

The most successful use sophisticated technology to offer real benefits that are perfectly targeted for each customer. At Jaeger for example, the loyalty programme isn't based on promotions, but on finding out exactly what the customer wants from the brand, and personalising recommendations and advice for that customer, while all the time reinforcing the quality of the Jaeger brand experience.

At Boots, the loyalty programme delivers on multiple levels. Promotions encourage the customer back to the store, creating a virtuous circle of engagement and encouraging far greater spend than the original discounts. Data collected via the programme is then used to inform brand partners, as well as Boots' own marketing departments.

We have seen through research in the airline sector that loyalty programme membership is a significant factor in choosing a carrier and accounts for about 12% of the overall decision, alongside price, schedule, brand and other factors. Studies we have conducted elsewhere in the travel sector show that expected uplift from loyalty members can exceed 10%.

Since speaking with you back in 2014, have you progressed in your conversations with airports and can you talk about who you might be working with?

We are working with some of the leading retailers and airports to advise them on their loyalty marketing strategies.

What have you learned from your conversations with the airports?

The airports we are talking to have varied perspectives. Some of the smaller operators are looking at relatively simple propositions such as what to do with the information they get from customers registering for WiFi, while other airport groups are looking into programmes encompassing many airports and multiple commercial operations.

Some airports still question the importance of running a loyalty programme and why they should develop relationships with customers who may only pass through their airport once a year. However, the starting point is the whole customer base and the broad categories within it.

The way you might design a relationship programme for a frequent traveller and for an annual family holidaymaker would be completely different; the key thing is it would have to have value for both types of people.

The more commercial airports appreciate that they can benefit from understanding who their customers are, and how to encourage them to spend more; even if that passenger is only there for two or three hours a year.

Finally, have you see a rise in the number of companies/airports setting loyalty schemes in recent years? Perhaps more importantly, have you seen a rise in the uptake from customers?

It's difficult to give exact numbers in terms of new loyalty programmes launched by airports, but we are certainly seeing an upward trend. For example the recent high-profile launch of My Paris Aeroport, launched jointly by both main Paris airports.

We're also seeing significant growth in loyalty programmes in general, especially in emerging markets. Reports show numbers of loyalty programme memberships globally are increasing, but the metric to bear in mind is the number of active memberships of any programme. Capturing the right data is key to establishing how engaged your member base truly is.



Paris Aéroport recently launched its My Paris Aéroport loyalty scheme.

In the future, the key change we expect to see is in the types of programmes being launched, as they become more than just communications or voucher programmes. Technology, including mobile applications, beacons and mobile payments, is massively relevant in the airport environment and a mobile-enabled programme will be a must-have.

