

*Business Transformation
in the Airline Category
Through Greater
Customer Centricity*

The Power of Social Currency

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Dear Reader:

Why **should you care** what's inside this report? Because whether you lead a brand repositioning or launching the latest online channel, whether you are in charge of forging new partnerships or coming up with new ways to interact with the evolving consumer, or whether you are merely hoping to improve your marketing or advertising, **understanding consumers** matters more than ever and achieving new levels of customer centricity should be a relentless pursuit.

This study covers **90 brands, of which 11 are airline brands**. It provides a window into understanding consumers' behavior in today's social, mobile, and digital context – something that is long overdue in **the airline category**.

We appreciate any feedback about our research, thoughts, and insights, and are happy to answer any questions.

Thank you.

Vivaldi introduced the term *Social Currency* in 2010 and expanded on the research in 2012. These studies established the role of Social Currency in driving preference and choice, and in *building strong brands*. This year, Vivaldi partnered with CMB, a world-class research consulting firm, to more deeply understand how consumers with airline, apparel, automotive, beer, and quick serve restaurant brands. This report focuses specifically on the apparel category, and is an abstract of our main report that can be found at http://bit.ly/Social_Currency.



2010



2012



2016

05

INTRODUCING SOCIAL CURRENCY

10

STUDY FINDINGS IN THE AIRLINE CATEGORY

21

BEST PRACTICES UNCOVERED

“While a lot of companies are doing digital (transformation), very few are doing it well yet.”

George Westerman /Principal Scientist, MIT/

*Business transformation
through technology*

Business transformation
can only be successful if
it takes into account the
changes taking place in
people's lives...



*Social, digital, and mobile
lives today*

Companies need
to comprehensively
understand and
truly embrace the
complexity
of the consumer

Social Currency

measures the ability of brands to fit into how consumers manage their social lives in today's digital and mobile age.



7 Social Currency Dimensions



Personal Identity: How much my relationship to the brand plays into my *self-image* and *self-esteem*.



Social Identity: How much I feel a sense of *belonging* or *kinship* with others who use the brand.



Expression: How much the brand facilitates *communicating who I am*.



Conversation: How much the content shared by/about the brand *engages me*.



Affiliation: How much the brand helps me forge *new social connections* or *relationships*.



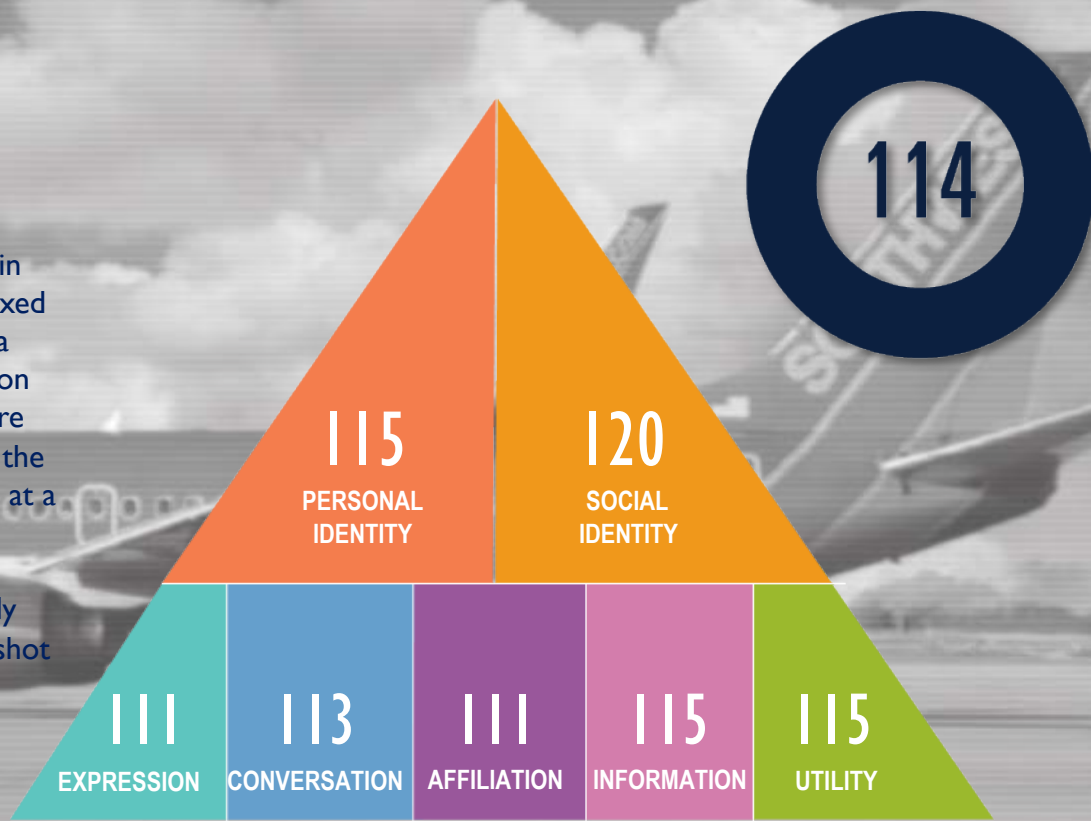
Information: How much other people help me *discover*, *evaluate*, and *make decisions* about the brand.



Utility: How much my engagement with the brand or its customers *enhances the value* I get from the brand.



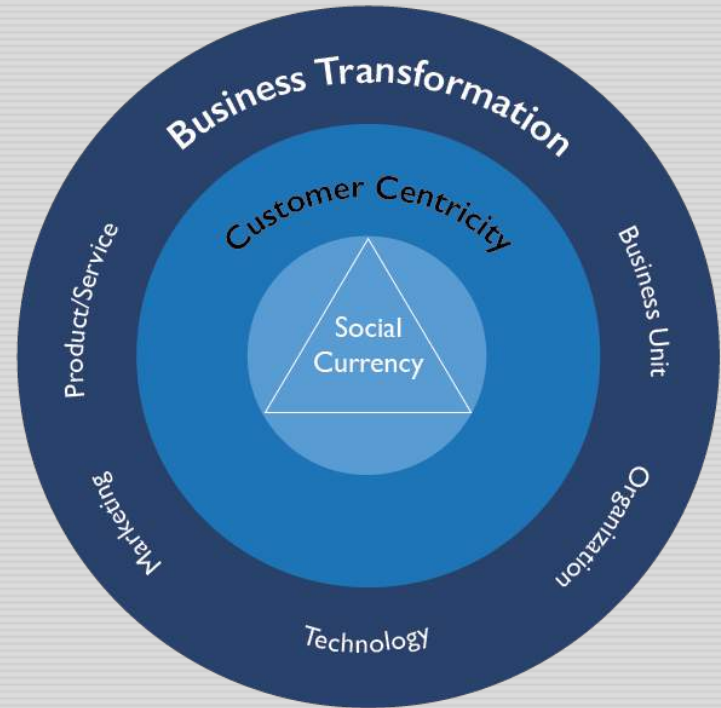
As an example, the best performing brand in the airline category, Southwest, has an indexed Social Currency composite score of 114 - a weighted composite of the brand's results on the 7 dimensions. This Social Currency score means that in the US, Southwest facilitates the identity-building behaviors we've described at a 15% higher rate than the average of the 90 industry-leading brands covered in our study. All numbers on this slide are similarly indexed and represent a market-level snapshot of all US consumers who are aware of Southwest.



Social Currency is a powerful way to achieve the level of understanding of consumers required for business transformation efforts to lead to a competitive advantage.

Social Currency describes how consumers manage their social lives in today's digital and mobile age and how brands or businesses can help consumers make decisions and live their lives more efficiently and effectively.

Adopting a Social Currency strategy will ensure that all initiatives focus on transforming consumer expectations and truly transforming the business.



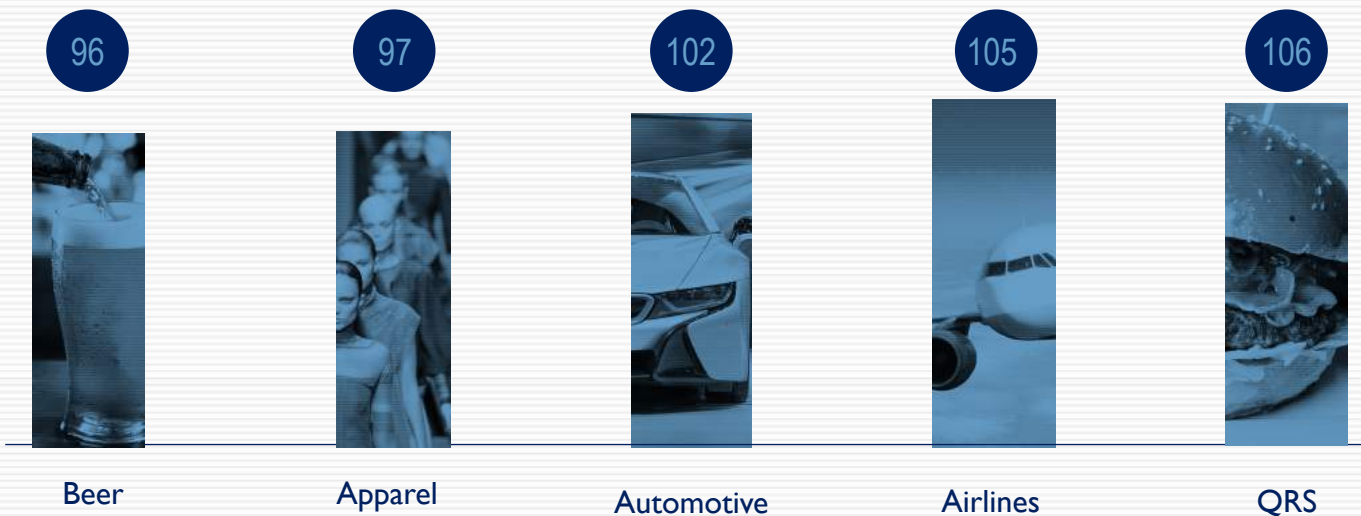
“Research is to see what everybody else has seen, and to think what nobody else has thought.”

Albert Szent-Gyorgyi /Nobel Prize Winning Psychologist/

11 | WHAT AIRLINES WERE INCLUDED?



Average Social Currency Scores

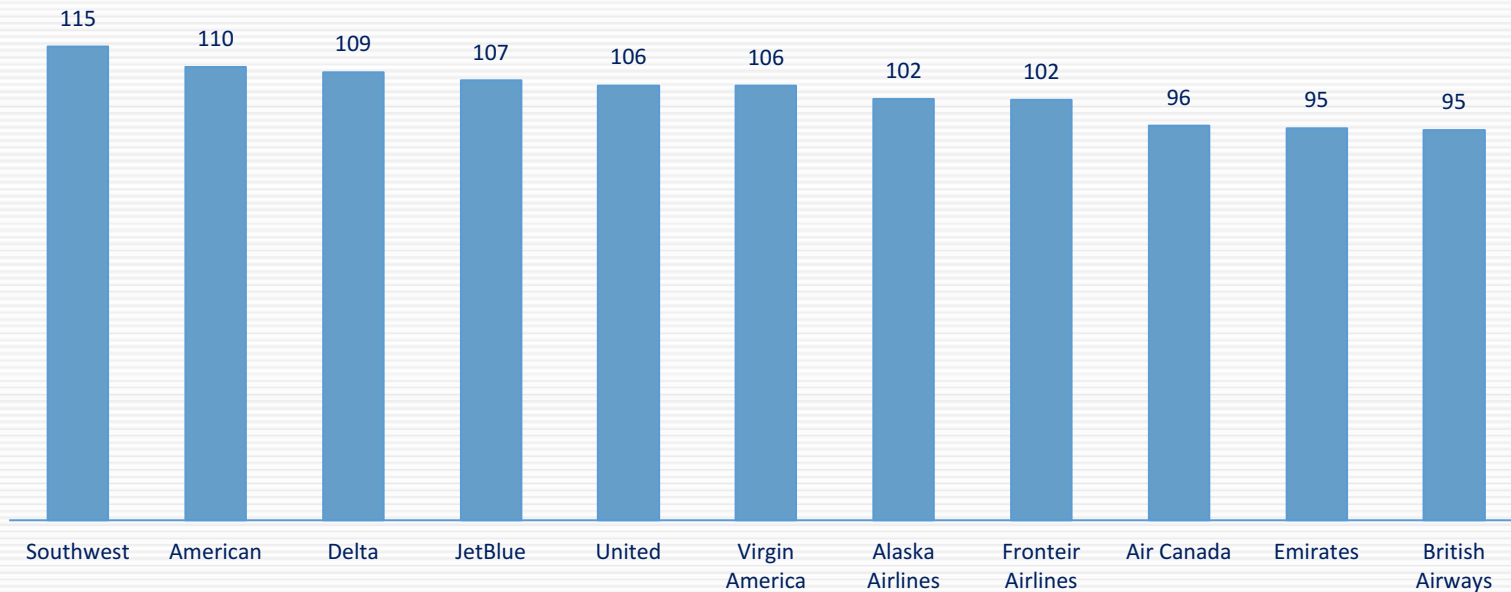


The airline industry scores second highest on Social Currency in the report, which isn't surprising since the airline industry is worth \$749 billion compared to the next highest industry, quick serve restaurants (QRS), which is worth \$5.32 trillion.

Top 5 brands

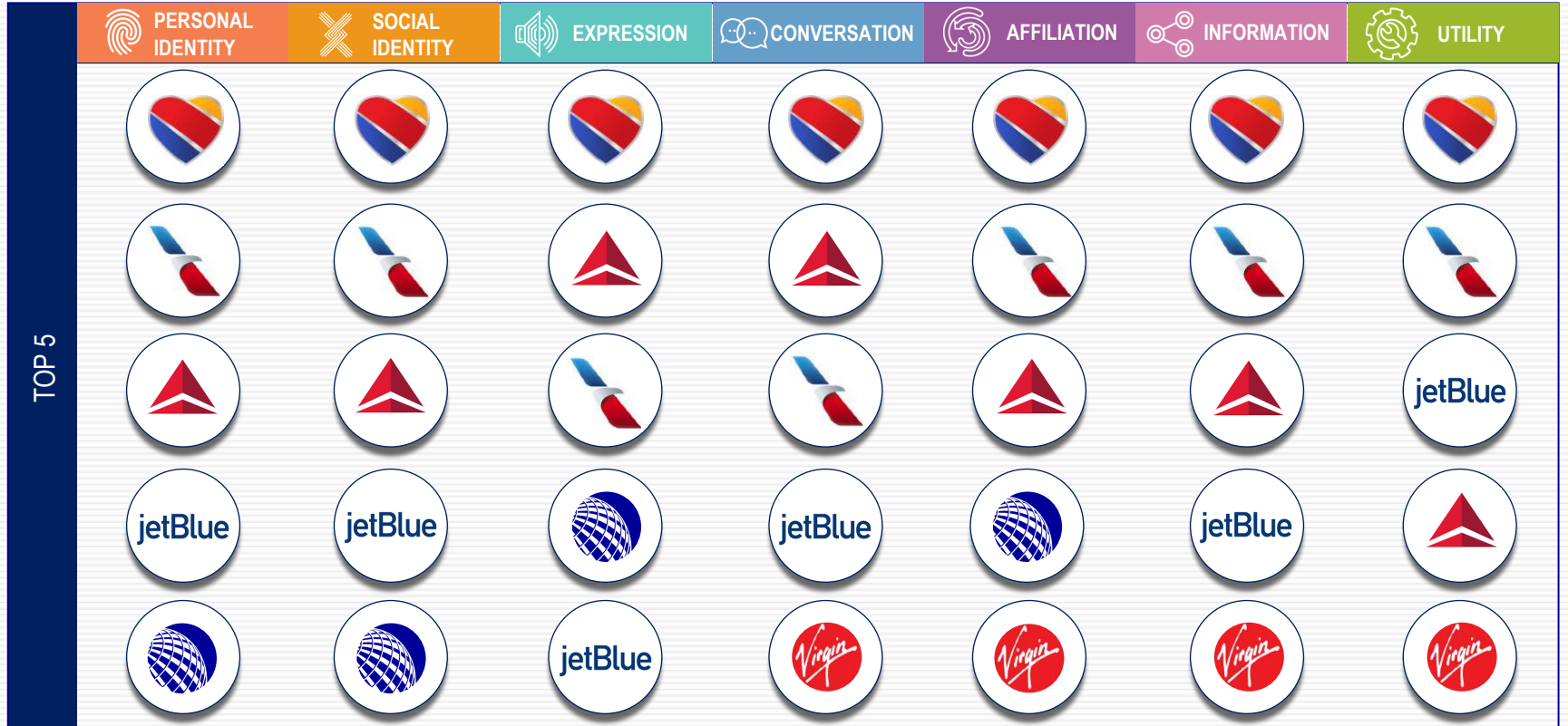


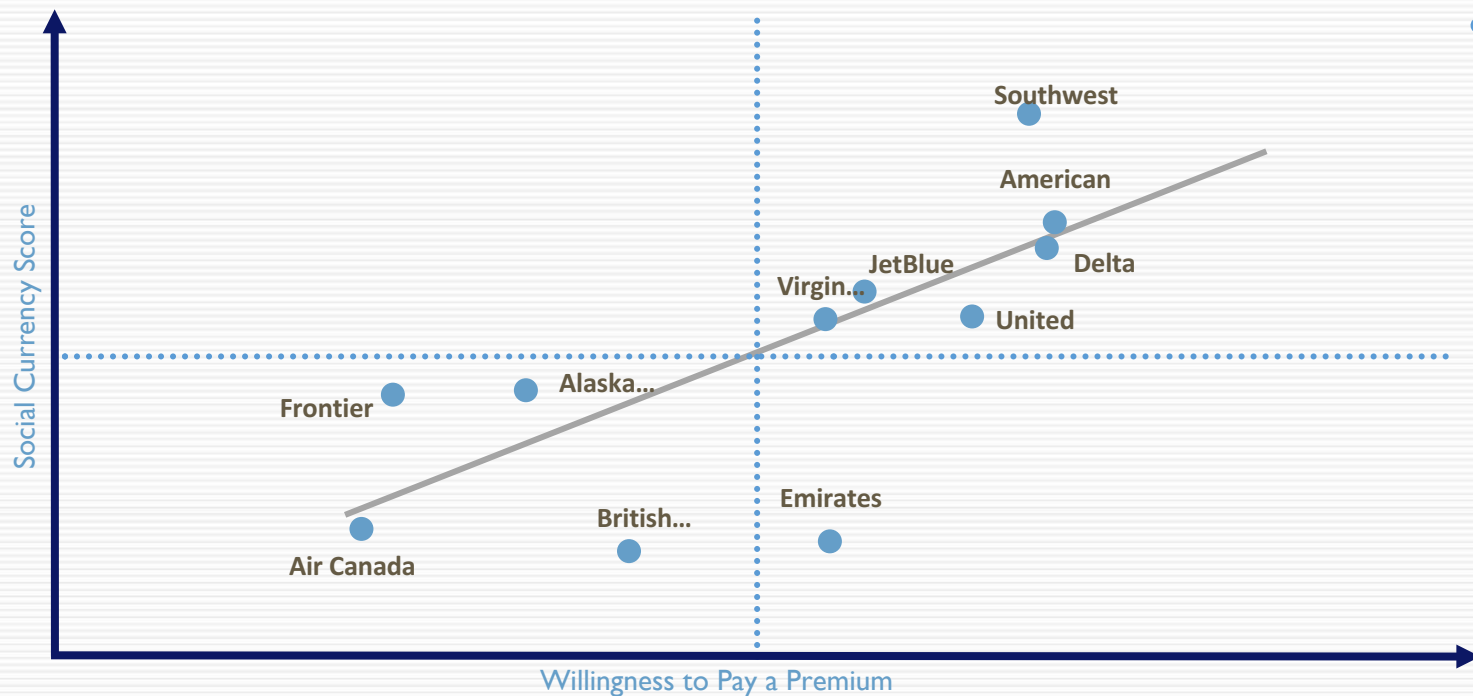
Five airline brands pull ahead and score highest on Social Currency.

Social Currency Scores

The winning brands understand better than others how to give their consumers something to believe in and how to add value in their consumer's lives, beyond the direct product and service they sell.

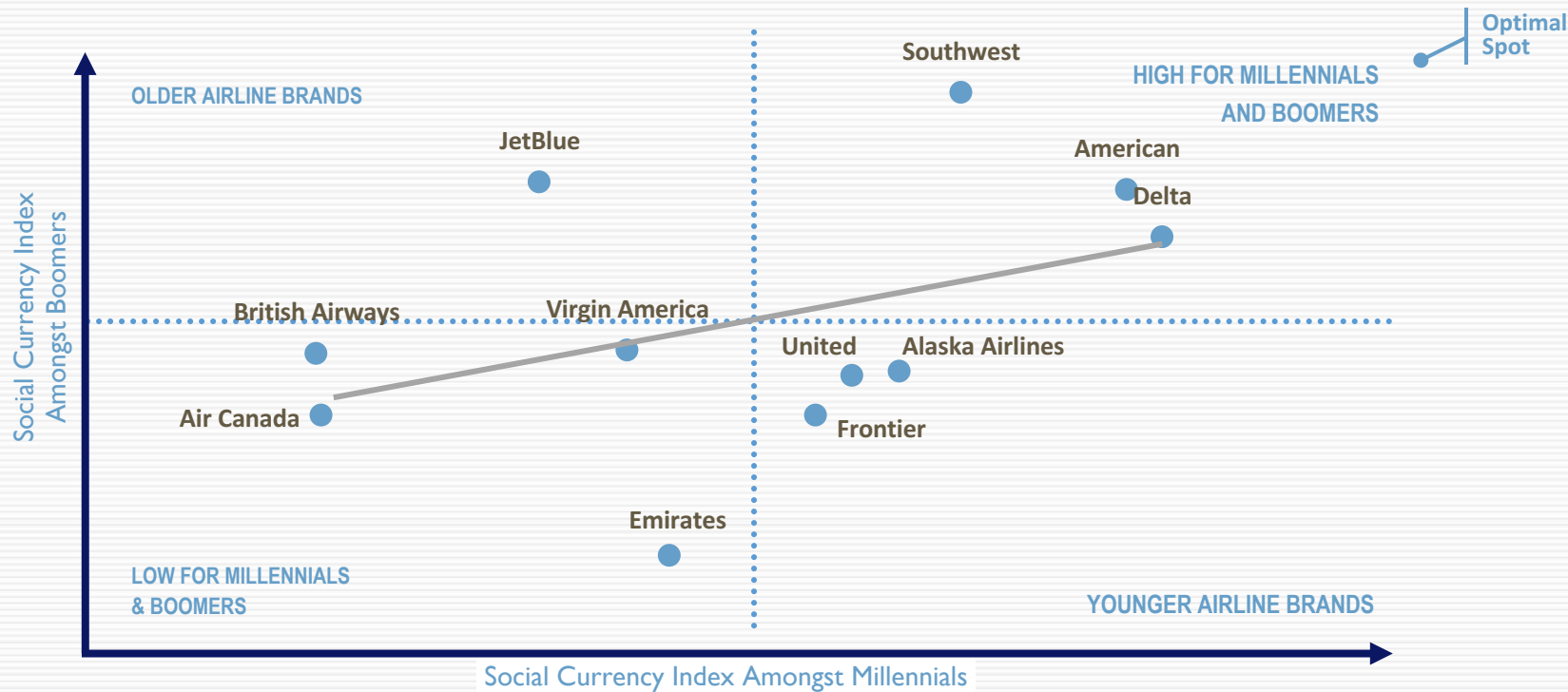
15 | THE TOP 5 AIRLINES PER SOCIAL CURRENCY DIMENSION



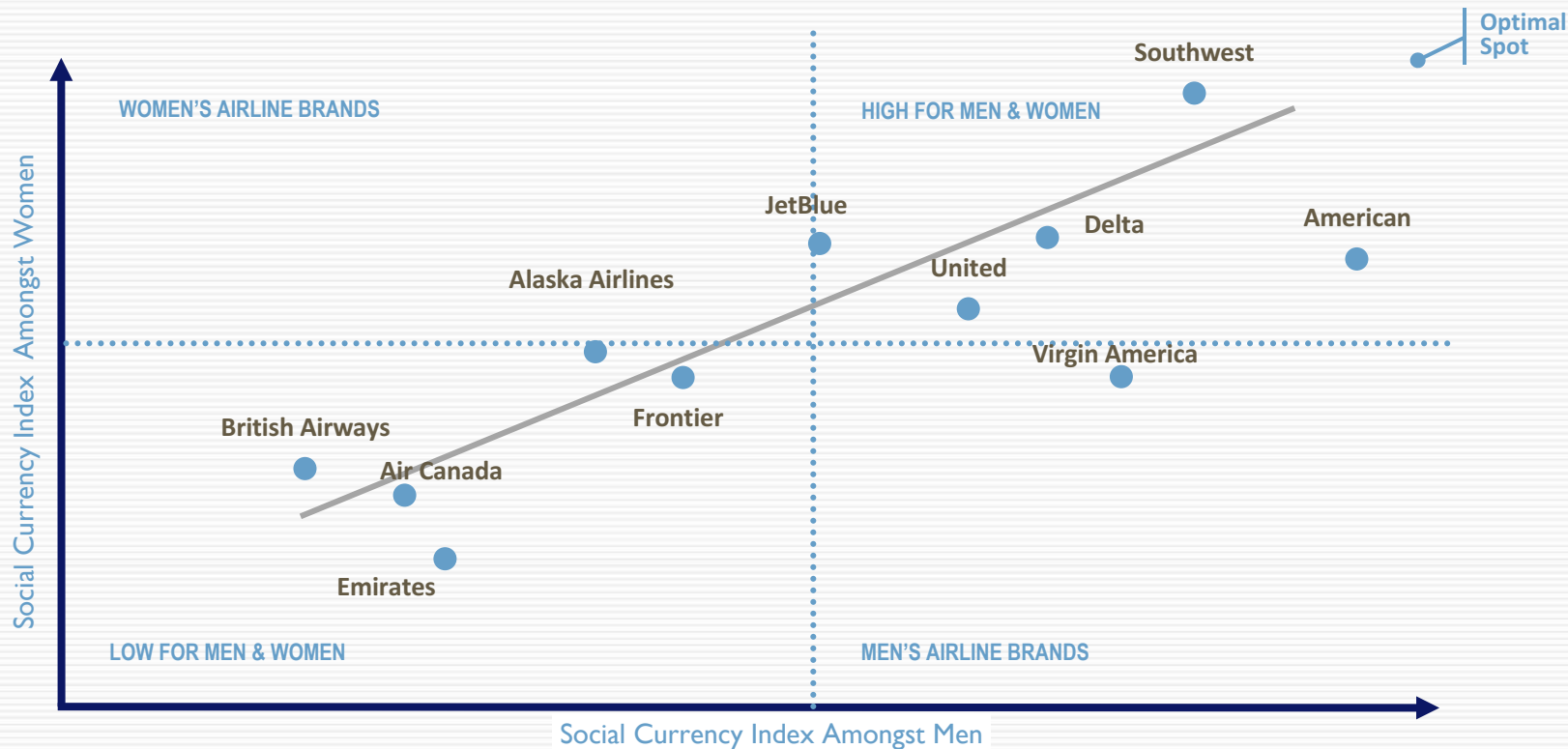


The range on Willingness to Pay a Premium is much lower for airlines than any other industry we surveyed. To a large extent, consumers want to get to their destination for the lowest cost possible. Emirates and British Airways stick out for their high *price premium willingness* relative to their social currency score.

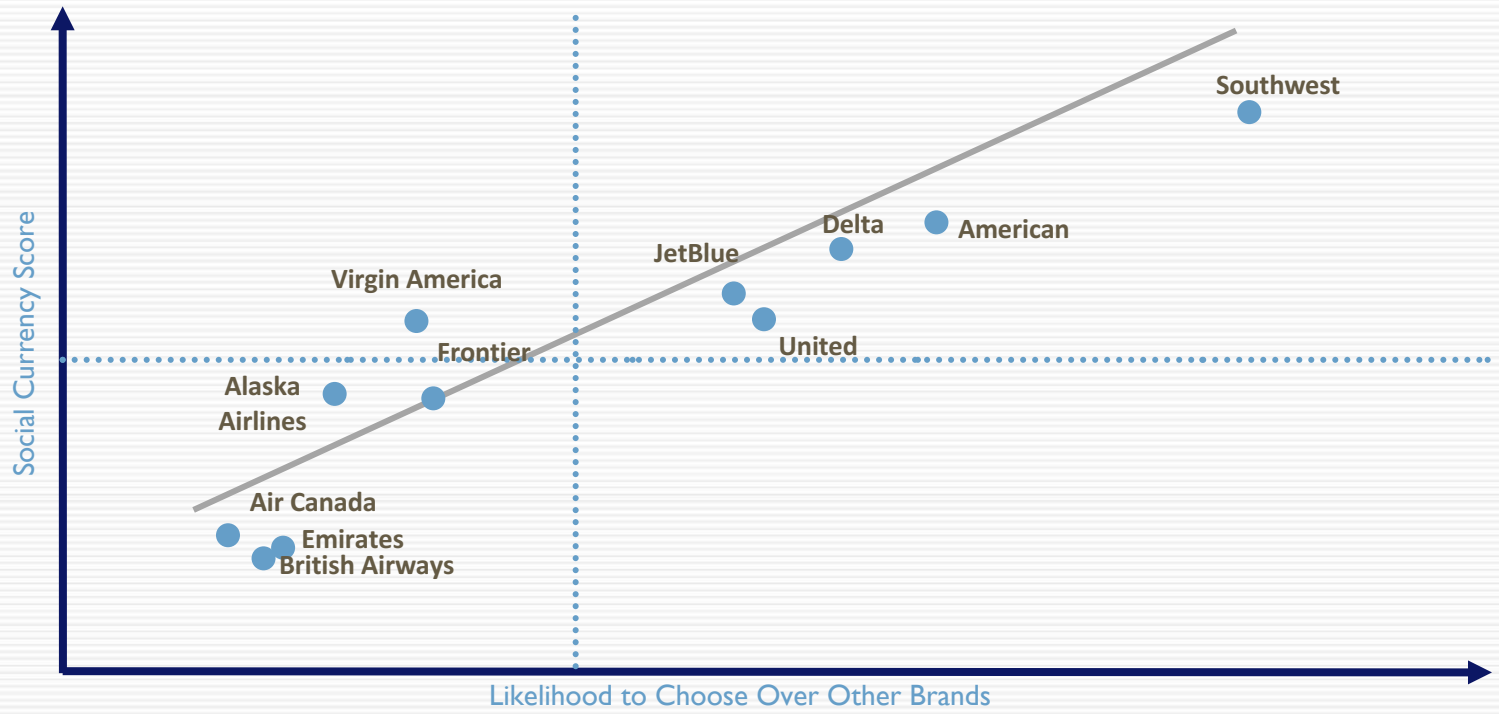
17 | SOCIAL CURRENCY AND GENERATION



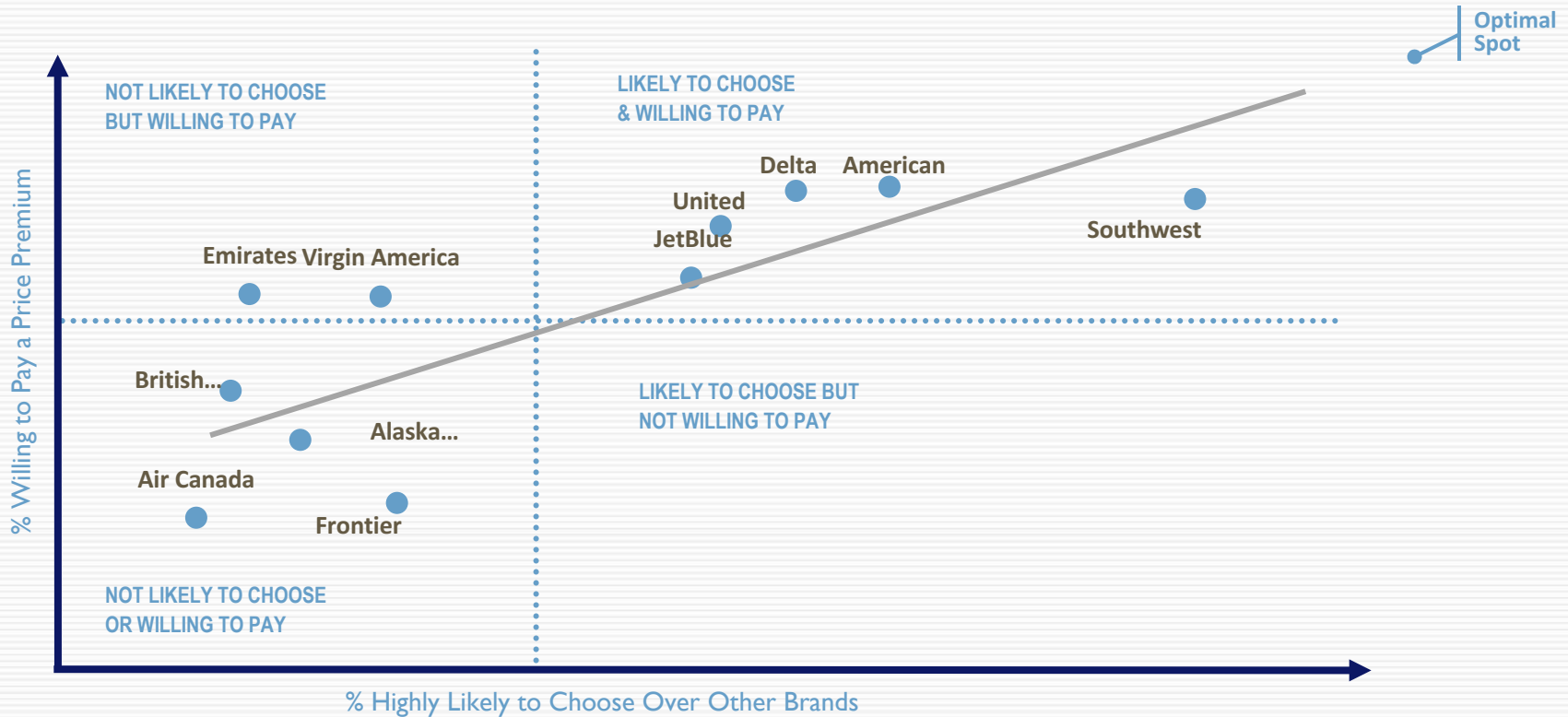
Southwest, American and Delta each have high social currency scores among millennials and boomers. JetBlue has somewhat lower social currency among millennials but the second highest social currency amongst boomers.



Social Currency scores amongst men and women are highly correlated ($R=.79$). Virgin America and American score higher amongst men than we would anticipate, while JetBlue and Southwest have scores that skew slightly towards women.



Social Currency is tightly related to consumers' likelihood to choose one airline over another. Southwest is an outlier on likelihood to choose over other brands (it lies two standard deviations above the industry mean). Virgin America has higher social currency than its likelihood to choose would suggest.



Major airlines Southwest, American, Delta, United and JetBlue lead the industry in both likelihood to choose and willingness to pay a premium. Consumers are less likely to fly Emirates or Virgin America but are willing to pay more for them when they do.

*“The only source of knowledge
is experience.”*

Albert Einstein /Theoretical Physicist/



Southwest beat out all competition by topping the charts in each of the 7 Social Currency dimensions. By supplementing its new visual identity and #SouthwestHeart paint job with an interactive “Transparency” campaign meant to highlight its lack of fees and upfront pricing scheme, Southwest was especially able to drive both *Information* and *Conversation* among consumers in a customer-centric approach as well as reach a record breaking 82.7% of seats filled for the month of September 2015.



Despite filing for bankruptcy in 2011, **American Airlines** comes in a close second to Southwest with the success of its 2014 #GoingforGreat campaign, which emphasizes its investment of \$2 billion in planned improvements as well as its path to greatness as a journey taken with its customers. By highlighting its transition into a greater, more well-equipped airline, American Airlines has been able to enhance its perceived value among frequently flying business and first class passengers or what it calls “high value customers,” leading to its high performance on *Utility*.



With high scores in the *Affiliation* and *Conversation* category, **Delta** has delivered on its promise to “reinvent” air travel by starting its “Innovation Class” campaign in 2014. Through a well-conceived partnership with LinkedIn, Delta has been able to recreate their flights as a platform for networking, conversation and mentorship between industry leaders and average fliers. Now, anyone with a LinkedIn account can apply to be a part of Delta’s Innovation Class, illustrating how a vehicle for transportation can also be a platform for innovation.



In an ingenious counter to the recently polarized US political climate, **JetBlue** launched its 2016 “Reach Across the Aisle” campaign as a social experiment which offered flight passengers a chance to win free round trip airfare as long as they unanimously agreed on a destination before the flight landed. By uniting its fliers and inspiring a sense of community through collaboration and conversation, JetBlue has been able to score relatively high in the *Identity* and *Affiliation* dimensions by generating over 50 million social impressions from its campaign.



In an industry where there is a low willingness to pay a price premium for a product (only 14%), **Virgin America** offered a moving pre-flight experience in its 2015 “Seat View” campaign where travelers could take a tour of their Airbus A320 before entering the aircraft in person. The sizeable levels of engagement around the campaign allowed for reasonably high scores in the *Utility* dimension.

This report benefited from the experiences and insights of all the partners and staff at Vivaldi and CMB. We are lucky to be a part of a community of over 200 extremely talented and smart consultants, strategists, designers, digital and social media experts, and data scientists. So many have helped along the way, from conceptualizing our company's thinking about brands, business, social media and digital strategy, to executing the research and surveys, to designing and producing the final report.

In particular we'd like to thank Markus Zinnbauer, Inga Folta, Stefan Schneider, Jessi Mardakhaev, Jenifer Ekstein, Sara Bhourri, Lucas Austin, Jay Weiner, James Kelley, Ed Loessi, and Megan McManaman. They helped uncover the insights that shape Social Currency, and contributed countless hours to research, analysis, and content creation.



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