Virgin Atlantic increases online booking values by seven percent

Gaining deeper insights into online customer behaviour with help from IBM

Overview

The need
Virgin Atlantic wanted to grow its market share by increasing sales through its e-commerce site, but lack of deep insights into customer usage patterns made it difficult to identify areas for improvement.

The solution
Virgin Atlantic implemented IBM® Digital Analytics software. By aggregating historical and current usage data, it can compare sales performance before and after design changes to the e-commerce site.

The benefit
The new website now makes it faster and easier for customers to book flights. Flight search conversion rates have increased by several percent and average booking values by seven percent.

Founded in 1984, Virgin Atlantic has grown to become one of the most successful airlines in the United Kingdom. With 9,000 employees across the globe and a fleet of 41 aircraft, Virgin Atlantic carries over five million passengers every year.

With the global economic downturn intensifying trading pressures in an already competitive industry, Virgin Atlantic formulated a fresh business strategy to increase its market share. As part of this strategy, the airline wanted to win more new and repeat business through its e-commerce website – one of its largest sales channels.

Need to increase online sales
As Fergus Boyd, Senior Manager, eBusiness Strategy at Virgin Atlantic, explains: "Our website represents a significant portion of our global sales revenue. Like many large enterprises with an e-commerce site, we rely on business analytics software to monitor sales performance.

"Our previous analytics solution didn't offer the deep insights we needed to identify ways to improve the customer journey. It was difficult to determine the 'sticking points' that led some users to leave the site – for example, if they didn't understand how to fill in their details or what to click on next. These are key insights for us, because if the design of the site isn't intuitive enough, people will often abandon their transactions."

To stand out in a crowded marketplace, attract new customers and retain the loyalty of existing users, Virgin Atlantic wanted to re-launch its 3,000-page e-commerce website – making it more user-friendly and consistent with its new "Flying in the Face of Ordinary" corporate brand identity. To ensure that the new website design offered an improved customer experience, Virgin Atlantic embarked on the "Web Futures" programme – an initiative to increase online sales by gaining a better understanding of the way customers used its website.

Searching for a web analytics solution
"We issued a request for proposals for an end-to-end business analytics solution," says Boyd. "Of all the products that we reviewed, we were most impressed with IBM Digital Analytics. In addition to providing the coverage, value and ease of use that we wanted, IBM delivers IBM Digital Analytics via a software-as-a-service model. We realised that IBM Digital Analytics would meet our analytics requirements, and the cloud model would dramatically reduce our time-to-value."

Solution components

Software
- IBM® Digital Analytics
- IBM Digital Analytics Explore
- IBM LIVEmail

Services
- IBM Software Services for Enterprise Marketing Management (EMM)

Working together with a four-person team of consultants from IBM Software Services for Enterprise Marketing Management, Virgin Atlantic implemented IBM Digital Analytics with IBM LIVEmail and IBM Digital Analytics Explore modules.

Boyd comments: "We are very happy with the support we've received from IBM. In addition to working with a team of IBM experts on site, we have access to great support via live chat or email whenever we need it."

Moving historical data into IBM Digital Analytics

The IBM team collaborated with Virgin Atlantic to import the airline's historical website data into IBM Digital Analytics. By aggregating historical and current site usage data in the IBM tool, Virgin Atlantic can compare performance before and after changes are made to the e-commerce website, and evaluate the effectiveness of the changes.

"IBM Digital Analytics offers us full visibility of every aspect of the customer journey," says Boyd. "Because every customer interaction is tracked and aggregated by IBM Digital Analytics, we get a crystal-clear view of the way that different types of customers are using the website, and the pages that some users are struggling with."

Today, Virgin Atlantic is using deep insights into customer behaviour from IBM Digital Analytics and Explore to inform the design of its new e-commerce website. Using the agile development methodology, the airline is gradually releasing new pages every three weeks. This approach avoids the risk of a "big bang" approach, and allows Virgin Atlantic's creative, marketing and technical teams to refine new page designs based on customer usage data.

Increasing flight bookings by ten percent

Boyd says: "The biggest test of the IBM solution was our homepage re-launch. When we did a 'soft launch' of one version of the new homepage, IBM Digital Analytics showed us that flight bookings had actually decreased.

"By drilling down through our website data using IBM Digital Analytics Explore, we determined that the fall in flight bookings was because the new flight search box wasn't visible enough, and users were getting confused about how to use it. We expanded the box with additional options in a new release of the homepage, and watched the number of bookings shoot back up."

Boyd continues: "Increasing the size of the search panel on our homepage has boosted the number of people searching for flights by ten percent. Without IBM Digital Analytics, it would have been almost impossible to identify that making this change would lead to such a big improvement."

"The IBM Digital Analytics solution has really proven its value to our business; we're confident that it will play a key role in completing the Web Futures programme successfully."

— Fergus Boyd, Senior Manager, eBusiness Strategy, Virgin Atlantic

Better conversion rates, higher margins

In addition to helping Virgin Atlantic increase flight searches, IBM Digital Analytics enables the airline to make website design choices that convert increased customer interest into more bookings – especially on high-margin services.

"Working with the IBM team, we hold regular 'deep dive' sessions to investigate web analytics results from IBM Digital Analytics," says Boyd. "Recently, we looked at how we could improve our flight search results page. This page is extremely important to get right, as it represents the point where customers decide which flights – and which type of seats – to book."

In the past, customers could only search and see results for one type of cabin – upper class, premium economy or economy.

"We saw an opportunity to increase our upper-class revenues while also highlighting the value of upgrades for passengers in the economy cabin," says Boyd. "We created a new design, in which website visitors searching for a certain travel class would see that class and any of the classes above it on the results page. For example, a customer searching for upper-class flights would see upper-class results only, while a customer searching for economy would also see results for upper class and premium economy. This new design also gave passengers the option to search all three travel classes at once."

After analysing the results of the new design in a deep-dive session with IBM, Virgin Atlantic was able to track the success of its changes to the results page.

"IBM Digital Analytics clearly showed us that more of our customers were choosing higher-class seats using the new results page, increasing the average booking value by seven percent," says Boyd.

"The analysis also showed that the large percentage of users who chose to search all cabins had the lowest click-through rate between searching flights and initiating a booking. To help to differentiate our upper- and premium-class products for these users, and make it easier for them to make a decision, we introduced short video demonstrations of each class to the results page."

Conclusion

Boyd concludes: "The IBM Digital Analytics solution has really proven its value to our business; we're confident that it will play a key role in completing the Web Futures programme successfully and will also help us maximise the value of our new 'Little Red' short-haul proposition. By continuing our work with the IBM Professional Services team, we'll be equipped with both the insights and expertise we need to increase online bookings and boost our share of the market."

For more information

To learn more about IBM Enterprise Marketing Management solutions, contact your IBM sales representative or IBM Business Partner, or visit us at: **ibm.com**/software/products/gb/en/category/SWX00

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