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BUSINESS CASE STUDY

JetBlue & Gladly Omnichannel Customer Service

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JetBlue and Gladly: Onmichannel Customer Service

Seventy-one percent of customers use at least three channels to communicate.

Frankie Littleford, JetBlue's Vice President of Customer Support

Facing increased customer-service scrutiny in the airline industry, JetBlue, in August 2017, announced a partnership with Gladly, a relatively new entrant in the customer service software market. JetBlue was going beyond simply using Gladly's software. The company decided to invest in Gladly through its venture capital arm, JetBlue Technology Ventures. Frankie Littleford, JetBlue's vice president of Customer Support, stated, "We are fortunate enough to be working so closely with Gladly that we are co-creating this [platform]together."¹

Bonny Simi, president of JetBlue Technology Ventures group, was enthusiastic about a potential "onmichannel" approach to communicating with customers. "People just don't want to call in anymore. So we are aiming for omnichannel communication that is on at all hours, that can take advantage of AI (artificial intelligence) to resolve customers' issues as quickly as possible, and that will work with all of the important messenger apps."²

Picking the right customer-service platform and then rolling it out without disrupting current operations were no small tasks for any airline, but JetBlue was committed to making it simpler for its customers and crewmembers to communicate with one another.

JetBlue's Growth and Customer Focus

David Neeleman founded JetBlue in February 1999 under the name NewAir. Neeleman crafted a strategy that would emulate Southwest's low-cost travel model while differentiating the company by offering amenities not available on other low-cost carriers. Several senior executives were enticed to leave Southwest to join NewAir. In July 1999, the company announced its new name, JetBlue. It also revealed that each of its flights would offer 24 channels of live satellite television at every seat.

Two months after its founding, the company placed a \$4 billion order with Airbus Industrie for 75 new A320 aircraft, and commenced leasing arrangements for another eight aircraft. Taking a lesson from Southwest Airlines' deployment of the Boeing 737 aircraft, Neeleman decided that the Airbus A320 would be the company's single airframe for its fleet. This would ensure efficiencies from training and rotations of pilots and crews to maintenance and supply chain management.

In September 1999, the company secured 75 take-off and landing slots at John F. Kennedy International Airport (JFK), which would become the company's primary hub. Its headquarters was in Forest Hills, New York. On February 11, 2000, JetBlue officially launched operations with its inaugural flight between JFK and Fort Lauderdale, FL.

The company rapidly expanded routes and, in July 2001, ordered 48 additional Airbus A320 aircraft valued at \$2.5 billion. The airline's fleet order totaled 131 new A320 aircraft. Shortly after placing this order, the September 11 attacks on the World Trade Center and the Pentagon sent immediate shockwaves through the airline industry. Only two U.S. airlines, JetBlue and Southwest, remained profitable after the attack.

¹ Craggs, Ryan. "JetBlue's New Customer Service Software Will Track Your Complaints." *Condé Nast Traveler*, Condé Nast Traveler, 8 Aug. 2017, www.cntraveler.com/story/jetblues-new-customer-service-software-will-track-your-complaints.

² Ibid.

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Gareth Edmondson-Jones, JetBlue's vice president of Corporate Communications, explained JetBlue's resiliency relative to legacy carriers.³

JetBlue has prospered more significantly by its brand work than by disruption after 9/11. It's certainly a combination, but more so the brand. More importantly, it was the pre-9/11 era that did most damage to the legacy carriers—when they were making massive profits with poor quality, indifferent service, and high fares. That was the platform upon which JetBlue launched. September 11 certainly meant that the big guys were distracted while we grew.

Despite this resiliency and continued growth, JetBlue experienced its first quarterly loss during the first quarter of 2005. The company CFO, Josh Owen, announced a Return to Profitability plan that called for \$50 million in annual cost cuts and significant increases in revenue. Shortly after returning to profitability, in February 2007, JetBlue faced a widely publicized crisis. The company followed the practice of never canceling flights. When an ice storm hit, passengers were kept waiting on a tarmac for several hours without being allowed to disembark. Airline officials acknowledged that JetBlue hesitated nearly five hours before calling shuttle buses to unload 10 jets at Kennedy Airport. Sean Corrinet, a passenger heading to Cancún, Mexico, lamented, "It was like—what's the name of that prison in Vietnam where they held McCain?—the Hanoi Hilton."⁴

The week after the storm, JetBlue compensated thousands of passengers who were subjected to flight delays and cancellations. Company officials also announced the intent to create a JetBlue Customer Bill of Rights (see Appendix 1) that included promises to compensate passengers for delays and never keep them on the tarmac for more than five hours. During a *Today Show* interview, JetBlue's founder, David Neeleman, stated, "We're going to offer something that no other airline will offer customers. We're going to be held accountable."⁵

JetBlue continued to grow revenue and profit (see Exhibit 1) while honing its focus on customer service. In an industry that ranked alongside cable companies as the most hated by customers, by 2016 JetBlue ranked highest in the low-cost carrier segment for an eleventh consecutive year, per J.D. Power and Associates.

Exhibit 1. JetBlue's Profitable Growth

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue (US \$m)	2,364	2,843	3,392	3,292	3,779	4,504	4,982	5,441	5,817	6,416	6,632
Profit (US \$m)	-7	12	-84	61	97	86	128	168	401	677	759
Employees (FTE)	9,265	9,909	9,895	10,704	11,121	11,532	12,035	12,447	13,280	14,537	15,696
Passengers (m)	18.6	21.4	21.9	22.4	24.3	26.4	29.0	30.5	32.1	35.1	38.3

Source: JetBlue Annual Reports, 2007-2016.

JetBlue selected and trained employees to be fun, empathetic, and caring. The company eliminated strict protocols for dealing with customer service incidents and instead empowered employees to be creative and responsive in dealing with customers. Customers responded positively:

On a JetBlue flight tonight from New York to Burbank, I watched as the flight attendant was unfailingly kind and respectful to every passenger with whom she interacted during the six-hour flight. When she had to tell people to do something (for instance, getting me and the other passengers in the first row to put all our stuff up in the overheads), she did it with such an air of helpfulness ("I know this is a pain, but let's work together to make it happen") that no one minded at all. After we were underway, she handed me my computer bag and gave the woman next to me her purse, all without being asked and with a smile and a cheerful comment.

JetBlue didn't spend more money "serving" me. The difference in my experience was 100% in the attitude of the customer-facing employee. Somehow, the management of JetBlue has figured out how to build a positive, friendly, respectful way of interacting with customers into the DNA of

³ Frost, Randall. "Local to Global: Easy as 1-2-3?" *News & Events at Right Brain Branding Consultants*, www.rightbrainstudio.com/newsandevents/articles/localto_global_easy123.html.

⁴ Caruso, David B. "10-1/2 Hours on Tarmac: JetBlue Has a Red Face." *The Seattle Times*, The Seattle Times Company, 16 Feb. 2007, www.seattletimes.com/nation-world/10-1-2-hours-on-tarmac-jetblue-has-a-red-face/.

⁵ Harman, Jon. "Recovering from a Crisis: JetBlue Gets It Right." *Force For Good Communications*, jon8332.typepad.com/force_for_good/2007/02/recovering_from.html.

their company. I suspect they hire for it, train to it, and reward it. And I also suspect that JetBlue employees are treated pretty well themselves (in my experience, if you treat employees badly, they'll treat customers badly).⁶

The Rise of Social Customer Service at JetBlue

Just five days after the February 2007 tarmac disaster, JetBlue turned to YouTube to post a heartfelt apology by David Neeleman. In the three-minute clip, Neeleman apologized and made it clear that JetBlue had a plan to improve. As social media matured, JetBlue embraced multiple channels, with emphases on Facebook and Twitter.

Laurie Meacham, manager of Customer Commitment and Social Media, headed a social care team—called crewmembers—based in Utah. Her social media group was dedicated to social customer service with 24/7 coverage on JetBlue's Facebook page and Twitter channels. Three or four people often worked on both channels at the same time, depending on factors such as weather, promotions, and holidays. JetBlue set aggressive goals for responding to customers—10 minutes for Twitter, two to four hours for Facebook. Meacham's team was charged with supporting JetBlue's mission statement: *To Inspire Humanity*. But it had to do this at arm's length through social media. Meacham communicated this challenge by stating, "We want you to be able to see who JetBlue is from looking through the @JetBlue Twitter feed."⁷

In addition to monitoring Facebook and Twitter, JetBlue also monitored broader internet traffic for mentions of JetBlue on blogs and discussion forums. In January 2009, Carl Larson, a staff member at Oregon's largest bicycle advocacy organization, was alarmed by the \$50 fee JetBlue had charged him for checking his folding bike as baggage. He took to the internet and blogged about the incident:

*"What's in the box?" asks the lady at the counter.
"A folding bike, some clothes, and some cheese." I say.
"That's \$50." she says, blankly.*

Obviously, the conversation didn't end there, but eventually, despite threats of unchecking it and rechecking it again as a "metal sculpture," "velocipede," or "personal mobility device," I pulled out my credit card, paid the fee, and started making some phone calls...

Jonathan Maus, editor of bikeportland.org, read the blog post and shared the story on his site on January 7, 2009. As the story began travelling around the web, it was noticed by JetBlue's social media team. The next day, Morgan Johnston, JetBlue's manager of Corporate Communications, emailed Maus:⁸

*Hi Jonathan,
Thanks for helping to bring this to our attention. We pride ourselves on our customer service, and when we're faced with a situation where policy doesn't make sense in practice, we're always ready to correct or clarify. On reading your article, and Carl's post on BTA4Bikes.org, I reached out to our Airports team to address the policy which lacked the definition needed to accommodate situations "outside the norm," such as customers traveling with folding bikes.*

Our bicycle policy has now been updated to reflect that customers traveling with a folding bike in a bag that fits within the standard checked bag weights and dimensions (62 inches in overall dimensions and 50 pounds in weight—see our baggage requirements here) will not be charged the bike fee and will be treated like any checked bag.

Thank you again for helping us keep JetBlue attentive to the needs of our customers.

Morgan Johnston, Manager, Corporate Communications, JetBlue Airways

Carl Larson was refunded the \$50 fee, and within 24 hours of detecting the issue, JetBlue changed a companywide policy. On January 8, Maus wrote on his site, "Now that's a responsive company. Less than 24 hours to notice an issue, address it, and then communicate their decision. Well done, JetBlue."

⁶ Andersen, Erika. "I Love JetBlue—Customer Service Done Right." *Forbes*, Forbes Magazine, 28 Mar. 2012, www.forbes.com/sites/erikaandersen/2012/03/19/i-love-jetblue-customer-service-done-right/#288f07e0f2d8.

⁷ Gingiss, Dan. "Focus on Customer Service: JetBlue Airways." *Social Media Today*, 17 June 2015, www.socialmediatoday.com/news/focus-on-customer-service-jetblue-airways/454197/.

⁸ Maus, Jonathan. "JetBlue Responds; Folded Bikes Can Now Fly Free." *BikePortland.org*, 8 Jan. 2009, bikeportland.org/2009/01/08/jetblue-responds-folded-bikes-can-now-fly-free-13043.

Despite these successes, JetBlue began exploring ways to consolidate social media channels on the receiving end so its crewmembers, whether on land in Utah, at an airport, or in the air, could easily access *all* communication from any customer. The company discovered that 71% of its customers used multiple channels to communicate with JetBlue. Each channel was staffed by small teams using different systems for each.⁹ Since multichannel communication resulted in handoffs from Twitter (see Exhibit 2) and other channels that threatened the efficiency and effectiveness of interactions with customers, Frankie Littleford, vice president of Customer Support and one of the airline's founding employees, asked the JetBlue Technology Ventures head to begin scanning for technological solutions to improve operations to ensure more efficient and effective communications with customers.

Exhibit 2. JetBlue's Twitter Channel

The screenshot shows a Twitter thread. At the top, Ryan Michael Lazo (@RMLazo13) posts a tweet: "Nothing better than having a delayed flight. Sarcasm at it's finest. Please get me home soon, #jetBlue". Below this, JetBlue Airways (@JetBlue) replies: "@RMLazo13 Please send us your flight number and we'll try to get an update for you." Further down, Ryan Lazo posts another tweet: "@JetBlue The flight No. Is 2201. I believe the plane is still in New York as we speak." Below this tweet are interaction buttons (Reply, Retweet, Favorite, More) and the timestamp "9:09 AM - 1 Jul 13". At the bottom, there is a reply box labeled "Reply to @RMLazo13 @JetBlue" and another tweet from JetBlue Airways: "@RMLazo13 Your flight is currently scheduled to leave at 11 am. Hang in there. We'll have you on your way as soon as possible." The JetBlue logo is visible in the profile pictures of both JetBlue Airways tweets.

Source: Sprung, Rachel. "4 Examples of Excellent Twitter Customer Service." *Social Media Examiner*, 29 July 2013, www.socialmediaexaminer.com/exceptional-customer-service-on-twitter/.

Gladly

Joseph Ansanelli joined Greylock Partners as a general partner in 2012. Before that, he founded and sold three companies. Eager to do it again, he began reaching out to former enterprise software customers. He wanted to understand their pain points. Ansanelli discovered that these companies were getting requests from their

⁹ Ostrower, Jon. "JetBlue Wants to Solve One of the Most Annoying Parts of Air Travel." *CNNMoney*, Cable News Network, 9 Aug. 2017, money.cnn.com/2017/08/09/news/companies/jetblue-gladly-partnership/index.html.

consumers about more ways to communicate. He also discovered that the customer-relationship-management software available to them was centered around case numbers and issue tickets. Ansanelli knew instinctively that customers do not like being treated as case numbers.

Ansanelli co-founded Gladly with Michael Wolfe and Dirk Kessler. Wolf had served as vice president of Products and co-founder of Vontu, an enterprise security company that was acquired by Symantec. Kessler was a former Vontu software developer who had also worked in development at Apple's Claris and FileMaker subsidiaries.

Ansanelli described Gladly's solution as follows: "If a customer emails one day and calls the next, the agent handling the phone call sees the customer's email from the day before—along with every other contact that they've made with the company. With the customer at the center, multiple agents can work in parallel to take different tasks, solve an issue, or provide an answer in a fraction of the time it takes traditional systems."¹⁰

In April 2017, Gladly closed \$36M in series C financing, led by GGV Capital. JetBlue Technology Ventures invested a minority interest (estimated at \$2.5 million) after pilot testing Gladly the prior year. While announcing the funding, Gladly posted on its website the results of a survey of 1,000 U.S. consumers (see Exhibit 3).¹¹ The survey results supported their value proposition. Gladly found that customer service problems often occurred when consumers had multiple conversations that spanned different customer service agents and different communication channels.

Exhibit 3. Gladly's Consumer Survey Results

Consumers expect companies to know who they are and want to be treated like people, not tickets

- 91% want companies they do repeat business with to know who they are and their history.
- 68% agreed: "I want to be greeted by name, not asked for a ticket number."
- But expectations are not measuring up. **Two-thirds** of customers say big companies they are regular customers of treat them like a ticket number rather than a unique customer.

Consumers want more ways to communicate, but they also need consistency

- People use an average of **three different channels** to reach customer service.
- 82% of consumers want to use multiple methods to communicate with customer service.
- 71% say if they switch channels mid-conversation, they expect the company to know about previous interactions.

Better customer service = more repeat customers + more revenue

- 78% said that customer service was a factor in their decision to make a repeat purchase.
- 81% are more likely to purchase again if they had a positive customer service experience.

Gladly spent two years with a small group of early customers to iteratively refine its initial web app, including a pilot test with JetBlue. During the development process, the company took inspiration from a quote by Maya Angelou: "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." They asked themselves, "What if we could reinvent customer service for the 21st century?"

Gladly routed customers, not tickets as done with traditional customer-relationship-management (CRM) systems. The system stored every interaction, regardless of channel, in one time-phased conversation. Multiple agents could work in parallel to solve an issue or provide answers to queries in a fraction of the time taken with traditional CRM systems. And since Gladly was channel agnostic, and the web app contained the complete conversation history, customers did not have to start each conversation by repeating everything they last discussed with a different customer service representative.¹²

¹⁰ Clancy, Heather. "Here's the Latest Startup Seeking to Fix Customer Service." *Fortune*, 21 June 2016, fortune.com/2016/06/21/gladly-customer-service/.

¹¹ Ansanelli, Joseph. "Customer Service Expectations Are Evolving. Are You?" *Gladly*, 3 Nov. 2017, www.gladly.com/latest/2017-customer-service-survey-series-c-funding/.

¹² Ansanelli, Joseph. "Customer Service Reinvented." *Gladly*, 25 Aug. 2017, www.gladly.com/latest/customer-service-reinvented/.

The JetBlue-Gladly Partnership

After piloting Gladly's web app in 2016 and investing in Gladly in spring 2017, JetBlue committed to a company-wide rollout of the web app in August 2017. The phased rollout would begin in October and take approximately 12 to 18 months to complete. Gladly described the vision for this partnership on their website:

- *We would make people the atomic unit, not cases or tickets. With a people-centered system, all communications would automatically be tied back to the person.*
- *We would build a platform that was channel agnostic—meaning it didn't matter what channel a customer used, it would all be connected through one platform, all in one view, for the agent to easily see the entire history of communication.*
- *We would ensure that customer service agents could be naturally productive, and that texting a customer would be as easy as typing an email. We would make it so that no new system would need to be learned just because it was a new channel they were using to communicate.*
- *We would provide real-time insights into things like trending topics that customers were talking about, live status of agent stats, and Service Level Agreements (SLAs) so that service and support teams could easily provide metrics and analytics back to the business.*

Industry pundits had long predicted that JetBlue would eventually become like other airlines. Would technology investments like Gladly help JetBlue maintain its distinctive customer-service focus, or could increasing reliance on web apps make them more like other airlines?

Appendix 1. JetBlue's Customer Bill of Rights



General Information

JetBlue will notify customers of delays, cancellations and diversions. Notification may be given in any of the following forms: via jetblue.com, telephone, flight information display system, airport announcement, onboard announcement, email or text message.

Compensation

For travel booked through jetblue.com or 1-800-JETBLUE:

- If your flight qualifies for compensation, you will receive an email from JetBlue within seven days of your flight's scheduled departure. This will happen automatically, and there is no need to contact JetBlue.

For travel not booked through jetblue.com or 1-800-JETBLUE:

- If your flight qualifies for compensation, please call 1-800-JETBLUE (538-2583) seven days or more after your flight's scheduled departure to inquire about potential compensation.

Cancellations

All customers whose flight is cancelled by JetBlue will, at the customer's option:

- Receive a full refund
- OR
- Receive re-accommodation on the next available JetBlue flight at no additional charge or fare.

If JetBlue cancels a flight due to a Controllable Irregularity and alternate transportation with a scheduled departure within one hour is unavailable, Customers are entitled to compensation good for future travel on JetBlue:

Cancellation:	Compensation amount:
• Within 4 hours of flight:	\$50 credit
• After scheduled departure:	\$100 credit

Delays

Departure Delays

Customers whose flight is delayed due to a Controllable Irregularity are entitled to compensation good for future travel on JetBlue:

Delay Time:	Compensation amount:
• 3 - 3:59 hours:	\$75 credit
• 4 - 4:59 hours:	\$100 credit
• 5 - 5:59 hours:	\$150 credit
• 6 or more hours:	\$250 credit

*DIRECTV® service is not available on flights outside the continental United States; however, where applicable, movies from JetBlue Features are offered complimentary on these routes. These Rights are subject to JetBlue's Contract of Carriage and, as applicable, the operational control of the flight crew, and apply to only JetBlue operated flights.

This document is representative of what is reflected in JetBlue's Contract of Carriage, the legally binding document between JetBlue and its customers.

JetBlue is dedicated to inspiring humanity. We strive to make every part of your experience as simple and pleasant as possible. But we know there can be times when things do not go as planned. If you're inconvenienced as a result, we think it is important that you know exactly what you can expect from us. That's why we created our Customer Bill of Rights. These Rights will always be subject to the highest level of safety and security for our customers and crewmembers.

Onboard ground delay on departure

Customers who experience an Onboard Ground Delay on departure, except those necessitated by a security event, are entitled to compensation good for future travel on JetBlue:

Delay time:	Compensation amount:
• 3 - 4:59 hours:	\$100 credit
• 5 - 5:59 hours:	\$175 credit
• 6 or more hours:	\$250 credit

Onboard ground delay on arrival

Customers who experience an Onboard Ground Delay on arrival, except those necessitated by a security event, are entitled to compensation good for future travel on JetBlue:

Delay time:	Compensation amount:
• 1 - 1:59 hours:	\$50 credit
• 2 - 2:59 hours:	\$125 credit
• 3 or more hours:	\$200 credit

Accommodation during onboard ground delays

JetBlue will provide customers experiencing an onboard ground delay with 36 or more channels of DIRECTV®, food and drink, access to clean restrooms and, as necessary, medical treatment. JetBlue will begin to return to the gate or other suitable disembarkation point no later than three hours for domestic flights and four hours for international flights unless the pilot-in-command determines there is a safety or security-related reason for remaining on the tarmac, or Air Traffic Control advises the pilot-in-command that returning to the gate or another disembarkation point elsewhere in order to deplane would significantly disrupt airport operations.

Movies during delays

JetBlue will provide free movies on flights that are longer than two hours in duration for customers whose flight is delayed more than three hours after scheduled departure.

Thales InFlyt Experience™

JetBlue offers 36 or more channels of DIRECTV® service on its flights in the continental U.S. If our Thales InFlyt Experience™ system is inoperable on flights in the continental U.S., customers are entitled to a \$15 Credit good for future travel on JetBlue.

Overbookings

(As defined in JetBlue's Contract of Carriage)

Customers who are involuntarily denied boarding shall receive \$1,350.

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jetBlue

JetBlue Airways

27-01 Queens Plaza North Long Island City, NY 11101

Source: JetBlue Airways Customer Bill of Rights, https://www.jetblue.com/p/Bill_Of_Rights.pdf.



Above Frankie Littleford, JetBlue Vice President of Customer Support and Joseph Ansanelli, Gladly CEO and Co-founder.

More About Gladly

Gladly is a customer service platform that focuses on people at the heart of it, not tickets or cases. Built for the 21st century consumer, Gladly enables B2C companies to converse seamlessly in a lifetime of conversations across voice, email, SMS, chat and social media. With a modern, simple messaging interface, agents can get going in minutes—not days. Real-time analytics amplify the voice of the customer and reveal how key topics are trending over time.

With Gladly, agents are empowered, customers feel known and cared for, and companies increase revenue and brand loyalty through consistently positive experiences fit for every consumer, from age 18 to 80. Gladly counts top brands like Godiva and JetBlue as its customers, who are innovating to transform customer service. Gladly is based in San Francisco and funded by Greylock Partners, GGV Capital, JetBlue Ventures and NEA.