# Delight or Despair

M. Eric Johnson

I was in a meeting in Dallas when I looked out the window to see dark clouds on the horizon. Armed with my laptop, I monitored the storms around Dallas on weather.com, checked delays at Dallas/Fort Worth International Airport at dfwairport.com, and clicked over to flightstats.com to look up the progress of the aircraft that would carry me to my next meeting in Austin. I was co-hosting a dinner that evening at Dell Inc. and couldn't risk standing up my partner. Knowing that it was a short three-hour drive to Austin, I drove rather than take the chance of standing up 150 colleagues. Crisis averted! That evening, I shared my story of using information and carrier visibility to avoid travel delays — similar to how Dell uses inbound shipment information to keep its lean factories running.

**Avoiding the pitfalls in leveraging customer data.**

However, the next day my decision was called into question. I slipped my American Airlines card into the ticket kiosk at the Austin airport, and the kiosk pushed me to a counter attendant. I learned that because I had skipped a segment of my six-hop week of business travel, my entire remaining itinerary was canceled, and I would have to repurchase the remaining flights. It would now cost thousands of dollars to fly from Austin to Seattle for my next meeting. After listening to me plead my case, the attendant looked relieved when I finally asked to speak with her supervisor.

As I waited for the supervisor to arrive, I rehearsed my Seattle speech on building trust in collaborative relationships. Research has shown that service failures like this one can actually build trust if the firm resolves the dispute quickly and fairly. I imagined that the supervisor would see the absurdity of the situation and reissue my itinerary. But after nearly an hour of arguing, begging and pleading, I got little satisfaction. The supervisor informed me that the best he could do was to levy a $100 fine to reinstate my original flight schedule. With minutes to go before my flight, I took the deal and ran.

The ability to harness customer data is proving to be a significant source of competitive advantage for service industries. Initiatives like Amazon.com Inc.'s suggestions of relevant titles based on buying behavior have delighted more than a few customers. And customers will readily share all kinds of information when they see firms using data to enhance their experiences. But as we've seen above, data-driven interactions can easily cross the line from customer delight into customer despair, and oftentimes this despair is caused by one of three common pitfalls.

The first pitfall is asking customers for data and then neglecting to use it for the customer's benefit. For example, a returning e-customer or hotel patron with a loyalty card should never again be asked for routine personal information. Customers assume that if you collected that information once, it is available in any future encounter.

The second pitfall is failing to protect data security. Losing customer data in a breach quickly drives despair. Firms from TJX Companies Inc. to Fidelity Investments have learned this the hard way when their customers have had to scramble to protect themselves from identity theft after breaches in data security.
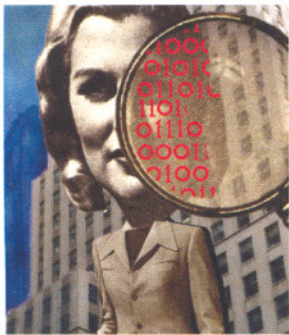
By far the gravest pitfall is a customer's perception that their data was somehow used to harm them, either by wasting their time with an avalanche of unwanted solicitations or by cornering them with hidden costs or restrictions. The analogies in other businesses are unthinkable. Can you imagine purchasing a meal only to be denied dessert because a video camera showed that you had not eaten your asparagus? Yet the airlines are not alone in adopting such a customer-damaging pitfall. Apparel retailer Express, using customer purchasing information, tried to deny returns to customers who appeared to be abusing their policies, only to see their efforts end in an uproar.

But sitting on the Seattle tarmac the next day, delayed over an hour because of an airline crew scheduling failure, I couldn't forget my Austin experience. When firms ask for customer trust, they must show trust in return. It is little wonder that airlines have sunk to the lowest levels of customer satisfaction in decades. Using customer data to punish customers is not only bad business, it is just plain wrong.

**M. Eric Johnson** is a professor of operations management and director of the Glassmeyer/McNamee Center for Digital Strategies at the Tuck School of Business, Dartmouth College. He can be reached through smrfeedback@mit.edu.