

Customer Experience Management

Maintaining customer loyalty via highly effective and tailored customer satisfaction solutions

- How much does an airline actually know about their customer base, behaviour and satisfaction levels?
- Does the airline know how many of its customers could be considering switching to another service provider / competitor?
- What is the airline actually doing to maximise customer loyalty to assume a more profitable and growing business?

**Claus Due, Strategic Advisor,
The Airline Loyalty Company , claus@due.dk**

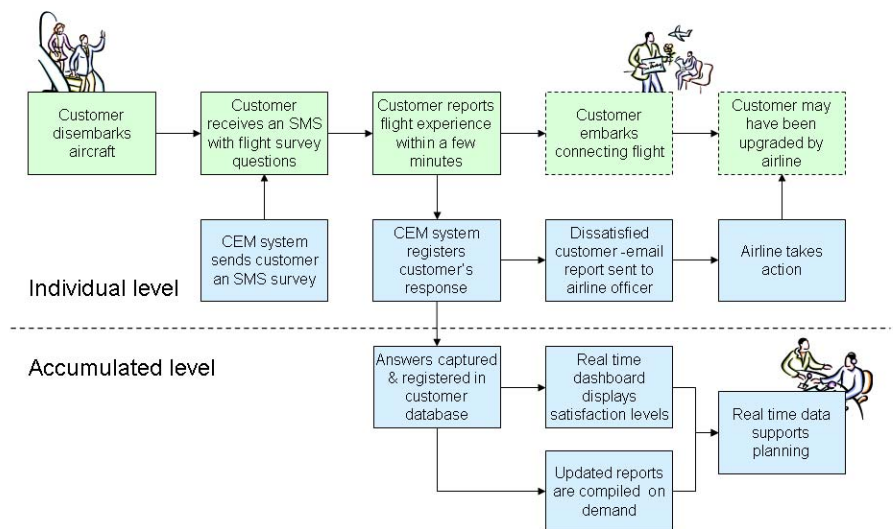
The reality is that the airline may not be aware that it could be doing even more to monitor the behaviour of its customers, and use this valuable information to even greater effect. It's highly probable that the airline will have its own loyalty based strategy and programme of initiatives, but the current systems in place may lack the technological capacity to monitor, capture and use more real-time customer behavioural data, in order to maximise satisfaction levels to maintain greater loyalty.

For example, the airline may not be able to identify quickly enough exactly which profitable customers are increasingly becoming less loyal; therefore, less able to react more proactively before the customer makes the decision to switch their loyalty elsewhere. If an airline does not focus its efforts on maintaining loyalty via highly effective and tailored customer satisfaction solutions, the result could mean the business is more exposed to diminishing customer satisfaction, loyalty and more importantly the ability to be more profitable.

How can CEM work for the airline industry?

Imagine you have a stop-over in London on your way home from Rio to

Geneva. Like most passengers, when disembarking the aircraft, you receive a text message. Surprisingly, the text is from the airline you've just flown with. The airline has requested that you text them back (at no extra charge) indicating the customer satisfaction assessment of your flight experience using the measurement scale provided. Unfortunately, the service was not as good as usual, in fact, less than satisfactory. So, you decide to respond confirming a lower score, whilst making your way to your connecting service. On arriving at the connecting aircraft, the crew will have already have been prompted via the CEM model of your previous unsatisfactory flight experience, and the crew will have been briefed by the airline to ensure that you are well accommo-



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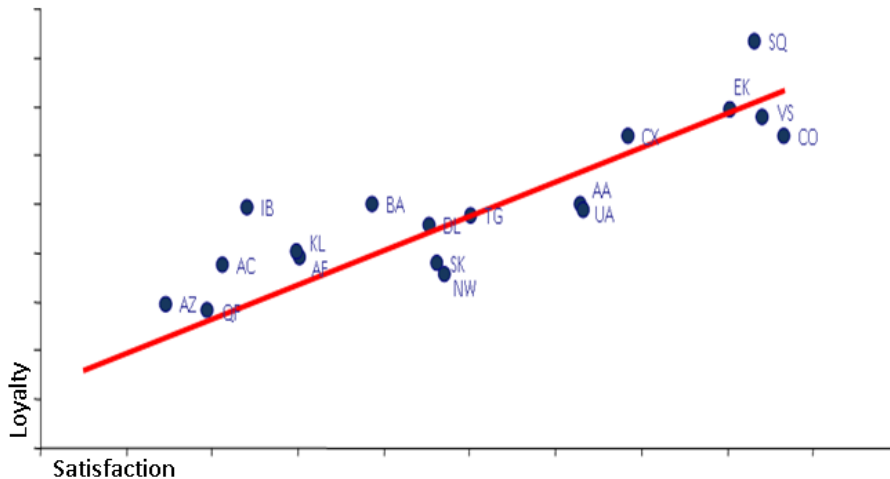
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Customer Experience Management

dated throughout the duration of your next flight. To your surprise, when you board your connecting aircraft the crew appears to be paying you extra welcoming attention, and due to seat availability in business class, you're offered an upgrade to at no extra charge.

What happened really?

The above example shows what effective Customer Experience Management (CEM) can do to enhance customer satisfaction, maintain and grow the loyalty of your customer base. And, demonstrates how use of CEM can provide more effective and enhan-



The CEM model is designed to provide much more proactive and reactive solutions to enable airlines to respond to varying levels of customer satisfaction, to help maintain customer loyalty in a more cost effective and profitable manner. Going back to the example, now that you're satisfied the airline has recognised and done its best to compensate you for the already validated poor service experienced on the previous flight from Rio, you're now more likely impress upon your friends, family and colleagues about the positive outcome rather than the negative experience, which is exactly what the airline and loyalty model hopes and anticipates. Ultimately, your less than satisfactory experience has been dealt with swiftly and positively by the airline, and you're now satisfied the airline values your custom, and importantly for the airline, there's every chance you'll fly with them again.

ced customer service to support the loyalty of your airline's customer base.

How does CEM work?

The CEM system is designed to manage customer satisfaction in a constructive and intuitive way to ensure a good spread of feedback and data capture covering all services and passenger segments. The valuable and up to the minute captured behavioural data is continually analysed and used to greater effect by the CEM system to ensure your passengers are exposed to the array of services and customer satisfaction touch points available from your airline. The real-time database will act as a rich source of information to help your airline develop sophisticated and robust loyalty management strategies and initiatives, all designed to maximise the profitability of the business.

Creating an effective relationship between satisfaction and loyalty

It's understandable there is little economic rationale for investing in customer satisfaction if it only affects those customers already consistently loyal to the airline. For instance, the CEM model prides itself on creating a unique balance and approach to loyalty, which can be tailored and applied to all types of customer behavioural segments.

We know and respect satisfaction and loyalty outcomes are closely correlated. This consistency is shown for a number of airlines in the detailed graph¹ below. Therefore, companies with superior customer satisfaction at all levels are likely to have more loyal customers and lower rates of attrition. Conversely, for companies with less focus on customer satisfaction, they will tend to experience lower loyalty levels and higher attrition rates.

Customer satisfaction in some instances can be taken for granted, rather than deemed serious enough to create more positive outcomes for the airline. Below, is a typical example of how an airline may currently conduct its customer satisfaction related surveys to inform their loyalty programme models:

1. The survey may only be based on a small portion of customers in a segment, therefore, the sample may not be large enough to provide enough detailed behavioural data to inform and produce effective loyalty solutions.
2. The survey results may only provide historic data rather than more recent. In addition, it's likely the report will lack any in-depth customer behaviour detail, only summarising the bigger picture. Therefore, the in-

¹ Loyalty Global Flyers 2008

formation captured can only be interpreted to minimal effect, which may then be used to vaguely prompt the customer long after their actual flight experience. At this point, it's usually too late for the findings of survey to be adapted and have any significant influence on customer decisions. The final result being, that it will be more challenging and costly to turn negative experiences to conclude more positive outcomes.

3. To conclude, the airline's loyalty programme model is not easily able to react quickly enough to the changing behaviour of its customers, leaving it more susceptible to loyalty attrition.



The CEM model and related benefits

The CEM model differs from traditional customer satisfaction measurements at several key decision points. For example, the customer does not respond anonymously (unless he/she chooses to), which means that the model has the capability to capture individual and more detailed respon-

ses. With access to more detailed and up to date customer information, this can enable the airline to plan more strategically and proactively by using a combination of more tailored customer response initiatives. The impact being, that the model can be adapted to respond to changes in customer behavioural trends more quickly and effectively.

The CEM model also has the capacity to provide airline employees with a more customer focussed platform, which will assist them in the airline's aim and business need for more direct and responsive interaction with its customers.

The 'cockpit' analogy!

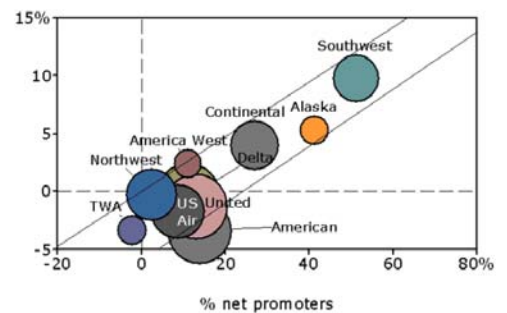
Just like the functioning of the 'cockpit', CEM is a unique loyalty management system designed to operate and monitor developments by the second and react accordingly. Data flows into the CEM system continuously providing up to the minute performance of the customer base and its segments. Key performance indicators and their status can be continually monitored and analysed to enable more proactive and swift decision making based on the immediate effects of closed airports, catering failures, or effects from more structured problems such as congested airports, slow turn around or delays. All designed to maximise satisfaction and loyalty of your customers.

Working with real time data certainly has its advantages in today's ever expanding and competitive airline business. Let's go back to the case of the passenger travelling home from Rio. It's also fair to say that the customer may not have been alone with his/her dissatisfaction of the flight. And so, due to CEM having the capacity to flag and inform the necessary management employee of any

recorded in-flight failings, the manager responsible will have the ability to liaise very quickly and directly with the crew to establish the root cause of the problem and resolve any issues promptly.

What is Net Promoter Score?

Net Promoter Score² (NPS²) is one of the most exciting coefficients measuring CEM. NPS² is calculated as the difference between the percentage of



customers recommending the product or service i.e. promoters, and the proportion of customers who confirm unsatisfactory experiences with the product or service i.e. detractors. So, high NPS equates to increased growth.

Increased loyalty success with CEM

Integrated solution: it's important to ensure a robust data capture structure, so that studies can be combined, and results evaluated from the same source and applied for different purposes.

Continuous measurements: CEM ensures customer data is analysed continuously and results can be applied with greater effect.

Minimising complexity: when integrated and implemented, CEM can support a real time customer satisfaction platform for your business, which can

² "The ultimate question: Driving good profits and true growth; Fred Reichheld, 2006, Harvard Business Press

Customer Experience Management

continually support the loyalty trends of your customer base. CEM provides a simplistic system, which limits complexity and the need to seek aid from super users or consultants.

Event based data capture: the CEM system has the capability to distribute questionnaires automatically when a customer has completed an interaction with the company. For example, flown a segment, booked a trip, purchased an ancillary product or package, completed a scheduled customer service survey etc.

Automated data processing: it's important that the CEM system is aligned with the objectives of the business, and that incoming data is managed in a structured way so that it can be used and managed for optimum effect.

One-2-one handling: the CEM system can be operated on an individual level in terms of recording data as well as subsequent real time action.

Reactive customer satisfaction alerting: the CEM system has the ability to flag satisfaction related issues and inform the relevant employees 24/7. For example, if a complaint has not been handled within a service level agreement time frame, an alert can be sent to ensure the issue is escalated higher and dealt with promptly.

Education and information sharing: employee education and shared information is a key element of CEM loyalty management implementation. Therefore, any customer contact employee should be trained in adopting CEM processes as part of the implementation programme.

Integration of CEM and aligning the system with other automated business systems: it is essential that transfer and sharing of CEM data / information can be integrated across other related systems operated by the airline.

For example, it would be difficult to imagine that customer data supplied by the CEM system is not automatically displayed on the customer card recorded in the CRM system. Simultaneous knowledge of client transactions would also prove advantageous.

CEM loyalty management: becomes a way of business life for your airline and ultimately the company's employee culture, therefore, forming an integral part of the business' objectives and planning processes.

CEM as a loyalty driver is not a substitute for CRM process already in place. CEM is a new concept designed specifically to maximise the monitoring, quality and interpretation of customer data with the objective of maintaining desired levels of customer satisfaction, loyalty of the customer base and ultimately profitability of the airline.

CPM = Customer Profitability Management: maintaining profitable customer loyalty is key to maximising revenue generation. Therefore, the CEM system is designed to identify those customers which have the potential for being more profitable whilst maintaining cost effectiveness i.e. there's little point in investing valuable time, resource and funds on customers which have the potential to offer little loyalty in return.

4C = Customer Centric Company Culture: a customer satisfaction focussed company is an essential requirement in having the ability to secure and maintain a loyal customer base to maximise profits.

CRM = Customer Relationship Management: whilst the monitoring the customer base is key, it can also be challenging to maintain higher levels of customer satisfaction unless structured customer contact and dialogue is

maintained in order to maximise CRM marketing potential to support customer loyalty and satisfaction.

For more information about CEM - Customer Experience Management visit:

www.TheAirlineLoyaltyCompany.com



Copenhagen Office

Due & Partners
Slettenhus, Gl. Strandvej 163
DK-3050 Humlebæk, Denmark
Phone: +45 70 20 18 90
E-mail: due@due.dk

The Swiss Office

The Airline Loyalty Company
Avenue de Morges 10
CH -1004 Lausanne, Switzerland

The Airline Loyalty Company is a division of Due & Partners focusing on loyalty and profitability in the airline industry ■