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THE PILOT

A CONVERSATION WITH
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Special Section



INSIDE

26

Airlines are scrutinized for affects on the environment

44

Etihad doubles its revenue from 2006 to 2007

62

Carriers can become true customer-centric businesses

Customers Come First

Combining the best people with the most powerful information technology, processes and customer data, airlines can transform themselves into true customer-centric businesses.



■ By Stan Boyer | Ascend Contributor

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Forget “ticketless” as the next big thing. Customer centricity has now become the revisited battle cry for airlines. They want to increase their focus on customers while reducing costs to remain profitable. For many airlines, this means a reduction in service levels on the ground and in the air for its customers, which is tough to balance when the goal is to improve customer service throughout the travel experience. In addition, airlines often complain that their technology keeps them from improving customer service. However, there are several technology-challenged airlines that continually top various industry lists in this area.

As part of a renewed customer focus, many carriers are reducing expenditures on customers, and while this is very visible to travelers, it has little effect on total costs. It is estimated that variable costs associated directly to the customer vary between 7 percent and 10 percent, depending on the airline’s business model.

Regardless of an airline’s costs, services and technology strategies and issues, customer centricity is shaping up to be the mother of all battles. It’s a force to be reckoned with, and in doing so, there are three key areas airlines must understand and master to be truly customer centric:

- Customer expectations,

- Employee coordination,
- Technology usage.

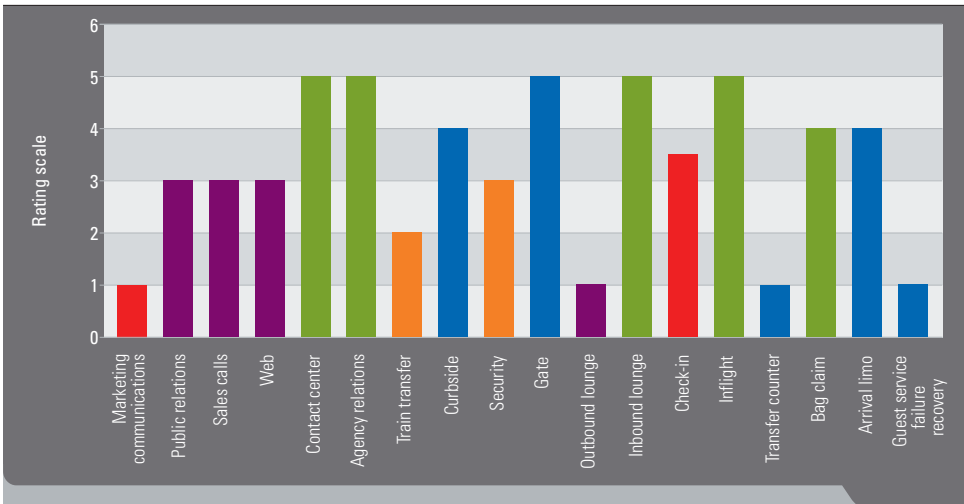
Customer Expectations

Basic customer expectations are that the airline will maintain operational integrity — on-time performance, few cancelled flights and efficient recovery from service failures. But customers also expect a certain level of customer service.

First and foremost, customers expect to be treated with courtesy and respect (although they don’t often perceive it as a two-way street). Why? Airlines often forget that air travel is still a big event for most travelers and, often times, a fearful one. Unlike moving from point A to point



Sample Ratings of Customer Touch Points



Customer-centric airlines should strive to provide consistency across all customer touch points, measuring effectiveness using a scale of 1 to 5, with 5 providing the best customer service. Using this scale enables airlines to quickly determine strengths and weaknesses so improvements can be made that will increase customer satisfaction.

B in an automobile, in which the traveler either has perceived control of his or her destiny or at least influence on it, passengers have little or no control when flying on an airplane. And although flying remains one of the safest means of travel, special consideration has to be made for fearful flyers whose anxiety begins well before that of the average traveler.

Fear of flying is just one aspect of anxiety. Each time travelers elect to fly, anxiety — in a variety of ways and for a variety of reasons — begins to rise long before they reach the airport.

Generally, the first sign of stress comes when customers must decide how to book travel. Should they use the airline's Web site, a travel agency, call the airline directly? These issues may seem mundane to most airlines, but consider that most leisure travelers take one trip per year and most business travelers take three to four trips per year. If one were to play golf with this infrequency, no doubt similar emotions would surface. Decisions about which items to take along as well as determine who will take care of daily responsibilities, such as the pets, the house or apartment, the mail, and the bills, create equal anxiety.

Next is the stress that's more closely related to the airport experience. Will there be parking? How will I get my luggage to the counter? How much extra will I have to pay? Will my clothing or jewelry set off security alarms? Is deodorant a liquid or a gel? All of these concerns work together to place customers in an edgy, yet usually controllable, emotional state. Any small deviation from customers' perceived expectations of the airport experience, including interaction with airline personnel, can cause very sudden and unwelcome outbursts.

Anxiety increases further when customers must consider airport and in-flight amenities. Will they have permission to visit a lounge if they have an extended layover? Will there be enough space for carry-on items? Will there be food on board? Will there be a fee for it? Will the seat be next to the lavatories? Will there be an orderly boarding of the plane, or will it be a free for all? Will the flight leave and land on time?

Customers finally reach their seats, either assigned or open seating. Now thoughts turn to the flight experience itself. Takeoffs can be tense. The flight may be turbulent (and safety videos, though required, are not necessarily fear relievers). And while landing is welcome, the pilot may have to circle for a landing slot. Numerous in-flight activities can cause additional stress for travelers.

Because of the anxiety that naturally comes with air travel, a thorough understanding of and continuous attention to customers' needs and concerns are required by genuinely customer-centric airlines. These carriers must understand how to best interact with customers at each touch point. Most airlines are very compartmentalized and can optimize a single set of touch points, but few continually seek to optimize the entire customer experience. While it is nearly impossible to have all touch points receive the highest rating, it should be a goal of the airline to at least lessen the discrepancies between touch points.

Another way of learning and understanding customers' needs and desires to further improve the customer experience is to divide them according to economic

category — economy, business and first class.

Economy Class

This customer most likely travels in the least of the economic compartments. The expenditure for air travel, while deemed too low by the airline is often perceived as significant by the customer. Why? Perhaps because it's a one-time event that usually costs more than US\$100 and the air travel cost is only one element of overall trip expenses. Ask the same set of customers how much they spent on their last restaurant meal and no doubt, it will have been substantially less. Without taking a class in airline finance, the customer has expectations that service levels should exceed that of a restaurant. Unfortunately, for many airlines, this is not the case. Customers must follow a maze of signs and passageways only to queue at various stops along the way. For those unfamiliar with the experience (and even for those who are familiar), it is simply exhausting.

Business Class

Business-class customers are likely to travel much more frequently than those in economy. Many left a meeting prior to the flight and must get to a meeting almost immediately after landing. This includes travelers on short-haul domestic flights as well as those on long-haul international flights. For this reason, the customer desires a most-efficient, hassle-free booking and airport process. The onboard experience must first and foremost provide a comfortable seat that reclines as much as possible into a position for sleeping.

First Class

This is a diverse group of customers. They range from frequent flyers who get upgraded to the wealthy who prefer a little luxury in the sky. A comfortable seat remains the top priority, with tasteful meal service a close second.

Unfortunately, for all customers, airlines are most likely to experience service degradation during the airport experience, with less-than-desirable boarding processes. What good is having a seat assignment when the boarding process makes travelers fearful that they will never reach the seat alive?

Culture plays a large role in determining how customers behave at the gate. However, Walt Disney Theme Park has demonstrated how well a nicely designed queue system works. One may argue that there is not room at the gate for extensive queue control. Understandably, this is the case at most airports; however, a few airlines have figured out that seat assignments are not as important as the boarding process itself. These carriers have carefully considered the boarding process to make it orderly and efficient for all.

Within each major economic category and across the categories, there exist sub-

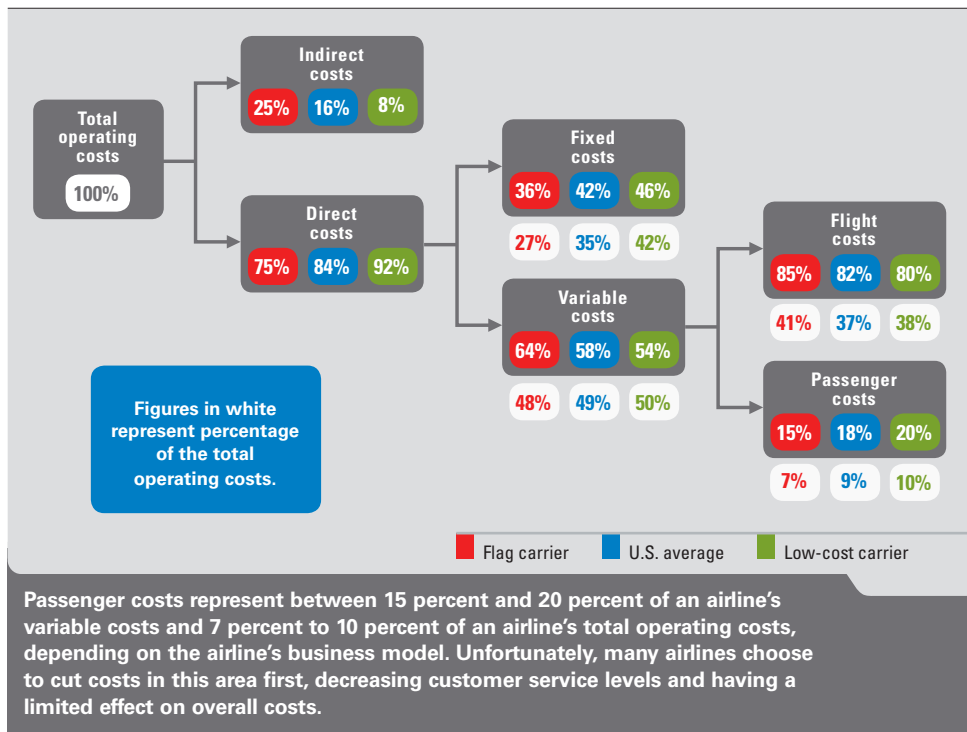
groups of customers (families, corporate travelers, holiday travelers, travelers visiting friends and relatives, travelers on religious pilgrimages) who have different needs and expectations. These may be further subdivided into frequent and infrequent as well as international and domestic travelers.

Employee Coordination

Employee coordination is key in providing top-notch customer service. Today, customers often have as much or more information available to them than airline staff. The difficulty airlines face is two fold. Customers have more access to information than ever before, and they expect airline staff to be equally informed. As airlines reduce staff, they also apply more technology that the remaining staff must learn to operate.

During the booking process, customers can select specific seating through graphical seat maps, and they can also compare on-time statistics for particular flights. Members of a loyalty program can see their points or miles online any time and have an expectation that airline employees will have similar capabilities. Their preferences for seats and other special requests are expected to be preserved by the airline for future reference, and the airline employee is expected to have similar information or at least be able to efficiently coordinate with someone who does. Basically, the more information about a particular traveler

Total Operating Costs



Technology Usage

Even when airlines have adequate technology, existing business processes

the capabilities, some are slow to adapt to a new world of customer focus.

Technologies from other industries, such as publish and subscribe, can be integrated into the airline environment, enabling data to be automatically pushed to airline staff, who, as a result, will be more efficient and coordinate better with one another to provide superior customer service. Consider an example whereby maintenance teams could "push" maintenance log items to pilots well in advance of customers actually boarding the plane. This would enable pilots to make decisions about whether an aircraft should remain in service or be taken out of service before customers board the plane.

Becoming a customer-centric airline requires cultural change. Airlines must be focused on meeting and exceeding customer expectations. They must excel at employee coordination. And they must learn to use their technology more strategically. ■

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HIGHLIGHT

Unfortunately, many airlines don't leverage their technology to track and move customer data efficiently between work groups, making it difficult for their employees to have critical customer data.

airline staff has at its fingertips, the less stressful and more seamless the experience is for the customer.

For airline employees to excel, however, they need to have all types of customer information readily available. It needs to be constantly updated and in real time so all employees have the same information regardless where the customer is during his or her journey.

Unfortunately, many airlines don't leverage their technology to track and move customer data efficiently between work groups, making it difficult for their employees to have critical customer data.

may prevent them from making the most of customer data. For example, some reservations systems, such as SabreSonic® Res, offer customer profiles that enable any airline staff to access customers' future and historical travel records by looking up their name or address. To use the functionality, the airline must have processes that ensure each customer is assigned a profile number. This can be a manual or an automated process; however, if the capabilities aren't used, employees cannot provide superior customer service. Many airlines are unaware of the capabilities of their existing systems, and even if they know