

KNOW YOUR CUSTOMER

COST CUTTING AND EFFICIENCY PROGRAMS ARE CRITICAL FOR DRIVING DOWN PRICES AND OPTIMIZING LOAD FACTORS. YET HAVE AIRLINES LOST SIGHT OF THE CUSTOMER?

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AIR TRANSPORT
IT REVIEW ARTICLE

SITA

Create success. Together



↙ Many airlines have pursued efficiency measures rigorously. But is it now time to reflect on the basics of better understanding customers?

To their credit, airlines have creatively packaged their wares – bundling, unbundling, generating ancillary services and differentiating themselves in a host of ways.

But when it comes to customer perception, few industries face the same challenges as air transport. Air travel is sold via myriad points of distribution. Numerous variables impinge on the customer journey – such as airport and onboard conditions, delays, lost bags, security, and weather.

PERCEPTION = LOYALTY

Good perception translates into loyalty and repeat purchase. Forward thinking airlines are beginning to see loyalty as central to their mission.

Loyalty comes from building an enduring relationship beyond a single sale. To earn it, airlines need to know their customers. And based on this knowledge, they need to recognize customers as individuals.

There's cost logic as well. Acquiring a customer costs: estimates put it between four and ten times the cost of retaining a customer.

Happy customers provide the greatest potential for airline revenue generation initiatives.

INTEGRATION

Customer focus is an operating standard embedded in every airline system and process. Different systems support many customer relationship activities. Those systems have varying degrees of integration and inter-operability.

Take the frequent flyer program. Not all flyers are members. And tier level status should not be the only criteria used to drive customer-related actions.

Effective customer programs focus on a raft of criteria, such as lifetime value, profitability, frequency, social influence, past incidents and many more.

INSIGHTS

IT departments and airline passenger systems have a huge role to play in getting to know customers better. They must support enterprise needs by making passenger data and insights available across the entire business.

If airlines are going to use data to respond to customer needs, they must capture and store that data, enable access to it, and make sure it's easily usable. That demands the integration and exchange of data between multiple systems supporting airline passenger management.

WHY THE HOLD UP?

For those who've adapted existing passenger systems to modern day requirements, the end result is disparate data sources and middleware solutions.

LOYALTY COMES FROM CREATING CUSTOMER SATISFACTION – BUILDING AN ENDURING RELATIONSHIP BEYOND A SINGLE SALE. TO EARN IT, AIRLINES NEED TO KNOW THEIR CUSTOMERS. BASED ON THIS KNOWLEDGE, THEY NEED TO RECOGNIZE CUSTOMERS AS INDIVIDUALS.

SITA'S HORIZON PASSENGER SERVICES SYSTEM PROCESSES RE-ACCOMMODATION BY:

- REBOOKING, BASED ON THE CUSTOMER'S VALUE
- AUTOMATING TICKET RE-VALIDATION AND MISCONNECTION HANDLING

That means fragmented customer data across multiple systems: in the reservations profile and booking record, for example, as well as in the loyalty system and off-board profiles, such as those maintained in e-commerce platforms.

And marketing, sales and customer relationship management systems may present other views of the customer's profile and behavior. The outcome? A disconnected view of the customer.

CUSTOMER PROFILING

Next generation passenger systems must be designed to address the issues. For one thing, data models need to support the golden principle of single source and holistic data shared across all systems and users that need it.

One critical imperative is a Customer Profile. This provides the foundation for an all-important customer affinity framework – basically a rich repository of data about each individual customer.

The profile must offer an easy, quick and secure way of creating, storing and distributing customer data throughout the entire passenger management system. And it must update from external data sources.

Typical customer data includes contact, passports and preferences as well as payment information, loyalty membership data and other attributes.

What mustn't be overlooked is a record of customer interactions. It must link with any loyalty solution and other external loyalty applications for profiling and purchase data maintained in those systems.

CUSTOMER VALUE

The ability to evaluate customer value is another imperative. As with Horizon's own Customer Value, this can provide a single figure that's used to drive airline system processes, based on the loyalty tier, booking history and other attributes.

TOUCHPOINTS

Then there's the imperative to share the customer profile and value data across all touchpoints, such as agent desktop, e-commerce, check-in, and mobile applications.

A customer profile is built for all airline passengers, not just those in the loyalty program. If airlines can associate passengers with their records – using various data fields in Customer Profile – they can build histories of non-loyalty program customers as well.

THAT 'EXTRA TOUCH'

What if there's a scenario that needs action and a front line employee needs guidance? The imperative here is for passenger systems to use 'recommendations' – so called because they are prompts that guide airline system users to appropriate courses of action.

KEY IMPERATIVES

What must IT do for airlines to better recognize their customers?

- Provide a central database – a single source of truth.
- Capture complete data from multiple interactions and events, profiles and transaction history.
- Make it available for integration into processes across the customer journey.
- Deploy a lifetime value calculator. Use it to enable segmented service.
- Include a rules engine to adapt business rules.
- Empower the front line by making data available to all touchpoints, and more...

This makes certain that front line staff understand airline service policies, ensuring consistency across each point of service.

So in the event of a 'disservice' to a highly-valued customer, what's that 'extra touch' you can make to offer compensation and retain loyalty?

Recommendations must be based on business rules managed in the passenger system.

PROFOUND

It works for automated processes too. A flight delay could generate a message to a mobile device or a kiosk, with advice and flight alternatives for a passenger.

The impact is profound. Processes like waitlist clearance and passenger re-accommodation can use customer value to prioritize actions among passengers, perhaps by clearing highest value customers first.

Customer recognition is experienced by the traveler as personalized attention and feeling valued by the airline.

Behind the scenes, however, the design of the passenger management system plays a key role in making this happen consistently, at every interaction with the customer. SITA provides the necessary foundation for airlines to generate affinity among their customers and increase satisfaction and repeat purchase. ■

FOR THE FULL ARTICLE

Go to www.sita.aero/air-transport-it-review
Or read our tablet issue.



SITA AT A GLANCE

The air transport industry is the most dynamic and exciting community on earth – and SITA is its heart.

- Our vision is to be the chosen technology partner of the industry, a position we will attain through flawless customer service and a unique portfolio of IT and communications solutions that covers the industry's every need 24/7.
- We are the innovators of the industry. Our experts and developers keep it fuelled with a constant stream of ground-breaking products and solutions. We are the ones who see the potential in the latest technology and put it to work.
- Our customers include airlines, airports, GDSs and governments. We work with around 450 air transport industry members and 2,800 customers in over 200 countries and territories.
- We are open, energetic and committed. We work in collaboration with our partners and customers to ensure we are always delivering the most effective, most efficient solutions.
- We own and operate the world's most extensive communications network. It's the vital asset that keeps the global air transport industry connected.
- We are 100% owned by the air transport industry – a unique status that enables us to understand and respond to its needs better than anyone.
- Our annual IT surveys for airlines, airports and passenger self-service are industry-renowned and the only ones of their kind.
- We sponsor .aero, the top-level internet domain reserved exclusively for aviation.
- In 2013, we had consolidated revenues of US\$1.63 billion.

For further information, please visit www.sita.aero



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