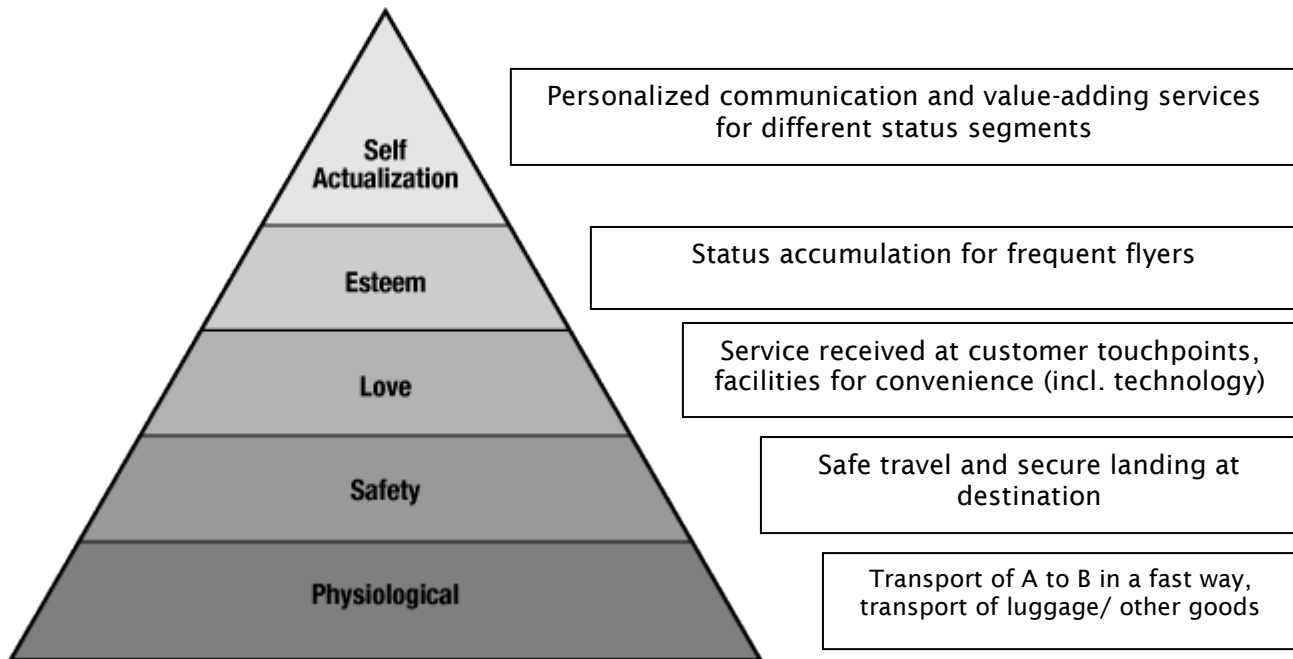


CEM @ AIRLINES: STRATEGIC CHANGES OF THE RULES OF THE GAME AND IMPACT ON CUSTOMER EXPERIENCE

By Silvana Buljan, Buljan&Partners

Flying has become a commodity service in the past half-century. Since Lindbergh's atlantic crossing in 1927 it has not only be accessible to the private sector, it has been opened for the start of globalization in air transport. Customer experience meantime has lived different paradigm shifts due to the change of the rules of the game in airline business.

Let's use Maslow's pyramid of needs to classify customer expectations in air travel to better understand the later described impact of paradigm shift during the past decades:



In the 50s/60s when air travel was a revolution in private and business travel, customer expectations were basic and according to Maslow's first and second level: leave one destination and reach the other safely. In the 70s/80s when differential marketing had been born customer expectations raised and a satisfying service experience was demanded. Furthermore in the 90s with the introduction of airline loyalty programs with accumulating point systems, customers expected a treatment according to status and importance. Since the new millennium, with its internet revolution and automation of airline core customer processes (reservation, buying, check-in, etc.) customer expectations have reached its peak: "you know me and I want you to treat me according to status, importance, personal preferences and personal travelling history with you - and if you do not fulfill my needs I will share my negative experience with my friends and followers in facebook and twitter, so you better do good".

So what are the main changes and paradigm shifts in air travel? And how do these influence customer experience management?

1) From luxury to commodity and access for all classes of society. Airlines are dealing with all kind of different customer segments referring to demography, social standing, education, travel behavior, etc. A segment-specific management of customer experience is required.

2) The birth of low-cost airlines with more flexible and lower cost structures. Traditional airlines are exposed to structural changes in order to keep a competitive advantage, keep customers and improve service quality and functional processes.

3) Technological evolution and meaning for business processes and customer interactions. The reduction of personal interactions in booking, paying and check-in processes requires an outstanding performance of all involved IT systems. The growing acceptance of internet and social media for customer communication causes an almost complete transparency and exposure on business performance - more than ever airlines are obliged to continuously perform well.

4) Outsourcing to focus on main processes and be competitive. Nowadays airlines have a range of partners to fulfill the processes across their value chain. Check-in at airports is mainly performed by dealing agents and not by own staff, the same happens with luggage handling and customer interaction center operations. The challenge for airlines is to fulfill customer expectations without direct impact on human resources.

So what drivers do airlines have in order to manage customer experience successfully? What can we learn from the top performers?

The annual World Airline Awards managed by Skytrax™ - the passenger's choice awards - measures over 38 items of airline product and service standards. Assessing the customer experience across Airport and Onboard environments - check-in to boarding - onboard seat comfort, cabin cleanliness, food, beverages, IFE and staff service. The 2010 ranking is according to the following table:

AIRLINE OF THE YEAR 2010

1	ASIANA AIRLINES
2	SINGAPORE AIRLINES
3	QATAR AIRWAYS
4	CATHAY PACIFIC AIRWAYS
5	AIR NEW ZEALAND

Source: Skytrax World Airline Awards 2010

The top performers are represented by airlines from Asia Pacific - neither Europe nor North America is existent under the top 5. Why are they performing so well from the customer viewpoint?

"Asiana Airlines are succeeding in satisfying the hardest critics - their users. When evaluating the survey results, the real strength that was shining through for Asiana Airlines is their front-line staff. Across both the ground services environment at their home base at Incheon International Airport, and the exceptionally high quality and consistent cabin staff service, Asiana Airlines is setting a new world order when looking at the best airlines across the globe."



It is evident that the key driver to manage excellent customer experiences is the service quality and personal treatment. No matter how well an airline is positioned with state of the art technology, aircraft and facilities, personal interactions with airline staff make the difference. Coming back to Maslow's pyramid of needs, this means that airlines not necessarily have to make a difference at the top of the scale- self actualization - but certainly at middle level: love.

A powerful tool to ensure excellent customer experience and "love your customer" through staff goes far beyond customer culture training. It means a 100% integration of HR policies and processes into customer management. When recruiting staff attitude towards service delivery and soft skills are more important than technical skills, e.g. language. Outstanding behavior towards customers must be recognized and awarded, and communicated throughout the organization - this is part of HR development. Training and Coaching should be focused on individual employee needs rather than standard courses for interacting with customers. And motivation by objectives and incentives needs to be structured, measured and set as basis for personal development in the future. There is no evidence about internal HR policies at Asiana Airlines, but yes the intuition that they have understood that excellence in performance towards the external customer is only possible if they take care of the internal customer: their staff.

An extract of the speech of Asiana's CEO says the following: "...Asiana has been committed to realize our company vision to achieve 'Customer Satisfaction' by providing the best in terms of safety and service since its establishment in 1988. Asiana will continue to provide the world's best quality and differentiated service to our customers to remain truly worthy as a Skytrax Airline of the Year and also as a Skytrax 5-Star Airline. It is very exciting that Asiana Airlines service has set an excellent example in the airline industry. Although we are extremely proud to be chosen by Skytrax 2010 Airline of the Year Award, Asiana Airlines will use this opportunity as further motivation to never cease in its continual improvement and development efforts while devoting ourselves to always go beyond satisfying each and every valuable customer." Maintaining the highest quality in customer experience management is a journey with no final destination, but different resting points to stop and evaluate customer feedback and take measures to respond and improve service excellence.

Outlook for the future

Even if our today's world is characterized by all-time present and available mobile devices to interact with airlines, the true customer airline experience is marked by the quality and sincerity of human interaction. Those airlines who understand this "trend" and prepare their internal organizations for that will keep its pace. Those who think that attractive pricing and automation is the key to keep customers loyal will probably never be in the list of the Skytrax™ World Airline Awards. How this can impact business performance cannot be measured in figures, right now. It may even not have a significant impact on the financials - but it does on loyalty based on qualitative measures that in the long-term drive customers' buying decisions. It's easier to do it well than to fail, just by keeping the mission to do "few and simple things well" and treat customers as we all like to be treated.