

COMPARISON OF CUSTOMER RELATIONSHIP MANAGEMENT IN SELECTED AIRLINE COMPANIES

Jana Jendrejčáková – Slavomír Kiš

The thesis is focused on description and analysis of customer relationship management - CRM in airlines Lufthansa and American Airlines, their subsequent comparison and illustration of how CRM strategies can be used in the aerospace industry. CRM systems help and simplify companies in communication with the customer and currently use the following strategy becomes for the successful organization automatic.

K e y w o r d s : customer, management, communication, loyalty program,

1 INTRODUCTION

The thesis „Comparison of customer relationship management in selected airline companies“ analyzes the strategies of CRM (Customer Relationship Management) in the airlines Lufthansa and American Airlines. Nowadays, more and more companies focus on building, developing and streamlining the management of relationships with their customers. It is possible to say that the success of any company determine the customers, thus their satisfaction with products, their satisfaction with access to them and their willingness to return to the company. Based on these facts, should every company mainly deal with access to customers, give them enough time and attention. In practice this can be quite complicated. Developing information technology and the advent of the Internet to further strengthen the competition. This thesis does not handle with information technology in CRM, but CRM strategy. It is divided into five chapters, the first chapter contains a theoretical knowledge of CRM strategies, second and third deal with specific CRM strategies of selected airlines. The fourth chapter analyzes the comparison of these strategies and the last fifth chapter includes suggestions for improvements.

2 CUSTOMER RELATIONSHIP MANAGEMENT - CRM

This chapter is divided into three parts. The first describes the idea of CRM, in other is precisely defined different types of CRM and in the third is the topic applied to the aviation industry. Each company is now trying to differentiate from the competitors and one of the most effective way is a complete understanding of the needs of individual customers, the best level of service and personal approach to each customer. If the company has hundreds, thousands or millions of customers, it is difficult, even impossible under normal conditions, know wishes, needs and information about each of them. For this purpose have been developed CRM systems. CRM systems allow to understand a large number of customers, offering itself to adapt to their

wishes and needs and to coordinate and know their importance to society. We can say that as an automated logistics, business processes and human resources management, so CRM systems automate customer contact. CRM systems are used for specific activities for a long time, but because deregulation, new business models, Internet, or electronic communication, completely changing view of this idea. CRM is becoming a key issue for organizations of all sizes.

2.1 Reasons for implementation CRM and typical mistakes in its implementation

1. Why CRM?

Identification of potential customers, Improve internal and external communication, Maintaining the continuity of contact with customers, Reduce routine and administration = increase efficiency, Increase satisfaction and loyalty of customer, Collection customers = new production

2. Typical mistakes in implementation CRM

Underestimating CRM leads to the failure of many projects, Understanding of CRM as a problem of top management, Classification of CRM as IT problems, there by lose meaning and purpose of the project, Technical specifications of CRM are worthless because they only describe the technology. The main idea is, that CRM strategy, CRM is ineffective due to excessive complexity of the processes, CRM is inefficient because it leaves out a benefit for the individual (customer)

2.2 Types of CRM

Strategic CRM – Purpose of strategic CRM is to focus and improve the knowledge about customers and use this knowledge to adapt and improve interaction with customers and maintain long-term relationship with them. Analytical CRM - as the name suggests, analytical CRM systems are used for some analysis, and since it is a customer system, it is clear that it will be an analysis on the customers specific customer data. Analytical CRM includes aggregated knowledge about customers, helping to design and manage marketing campaigns with

greater efficiency, analyze customer behavior, support management decisions for financial profit forecasts and analyzes of individual customers.

Operational CRM - operational CRM is designed primarily to automate, improve and enhance business processes that are customer-focused and customer support. operational CRM systems are embedded with following major automation applications: Marketing automation, Sales-force automation, Service automation. **Cooperative and Social CRM** - CRM cooperative deals with synchronization and integration of customer interaction and communication channels such as. phone, email, fax, web, etc., with the intention to act on customer systematic and consistent manner. The aim is not only to increase the interaction, but also enhance and improve customer retention. The concept of collaborative CRM is more and more confused with the concept of Social CRM. Social CRM is the use of social media services, techniques and technologies through which organizations communicate with their customers. These social media are social networks like Facebook, Twitter, YouTube. as channels through which they try to attract customers, also create exciting opportunities for traditional approaches to CRM.

2.3 CRM in airline industry

Like all companies, whether in production or providing services, the airlines are trying to gain market share and maintain profitability in today's highly competitive and economically challenging environment. They must develop new ways to manage their customer relationships to optimize the customers, their loyalty and revenues. Therefore, the airlines have had to focus on what tactics they use to acquire, develop relationships and retain customers with greater accuracy and better results. Currently, many airlines using CRM systems as a key tool for customer relationship management. Unfortunately, even today, in many cases becomes that some airlines do not apply as a comprehensive CRM strategy, but instead simply introduces loyalty programs (frequent flyer program - FFP), which is far from being a synonym for CRM.

3 ANALYSIS OF CRM STRATEGY OF LUFTHANSA AIRLINES

In this chapter, the thesis analyzes the CRM strategy of Lufthansa Airlines. German airline Lufthansa (LH) is one of the largest airlines in the global scale. The company was founded in 1926 and it is one of the largest and founding members of Star Alliance. In line with most airline Lufthansa has developed a

CRM strategy, which aims to meet customer needs. The main objective is not only to focus on profitable routes but to cover the whole market, hence the wide range of customers from basic economy class to first prestigious class. Each passenger experience is important for Lufthansa for the simple reason that these people become representatives of the brand. In order to enhance the loyalty of its customers introduced in 1993 Lufthansa frequent flyer program Miles & More. Members of the Miles & More frequent flyer program can Access a wide range of privileges. Every customer is building a different level, which allows him to use a wide range of privileges. Miles & More program is free, they can log into it all the customers, thus increasing its attractiveness. As the first European airline to introduce a loyalty program, Lufthansa seems to be very interested in using CRM, which offered many opportunities by CRM tools and strategies.

4 ANALYSIS OF CRM STRATEGY AMERICAN AIRLINES

In this part we analyzed the different types of CRM strategy for American Airlines. America's national airline American Airlines, Inc.. (AA) is the fourth largest airline in the U.S. and fifth largest airline in the world in terms of number of passengers and operating income. American Airlines is a subsidiary of the AMR Corporation and is headquartered in Fort Worth, Texas. AA operates an extensive international and domestic network, with regular flights throughout North America, the Caribbean, South America, Europe, Asia and the Pacific. The company was founded in 1930 under the name American Airways. AA is a member of the Oneworld alliance. Similar to the airline Lufthansa, the airline American Airlines CRM in the transportation business focuses on its loyalty program. The American Airlines classifies CRM needs and expectations of its customers and strives to provide adequate solutions to meet these needs.

The main objective of CRM strategy, American Airlines is similar to other airlines to focus on coverage of the entire market, to satisfy all customers, so the passengers traveling economy class to first class passengers. American Airlines focused their CRM strategy so that each customer was satisfied and left with the feeling that it has received services at the highest level.

CRM helps to distinguish the value of AA customers. Some customers are very loyal and profitable, others very overflown and useless. Using an analytical CRM system, American Airlines

increases its profit by studying these variants, and with this newly acquired knowledge about customers, creating customer value characterizing the group. American Airlines aims to continually increase customer loyalty, although being apart from your competition offers more favorable and more professional services. This helped by its AAdvantage frequent flyer program .

5 COMPARISON OF CRM STRATEGY OF LUFTHANSA AND AMERICAN AIRLINES

This chapter compared the CRM strategies of the airlines, which were analyzed in chapter 2 and 3.

In some cases, same CRM strategies are built in analyzed companies and some are very different. The airline Lufthansa is based more on luxury, while the airline American Airlines takes care and builds on the tradition.

6 EVALUATION AND SUGGESTIONS FOR IMPROVEMENT

The thesis describes different types of CRM and the use of CRM in airlines Lufthansa and American Airlines. It was mentioned several times that many airlines make mistakes that confuse CRM with FFP (strategy of customer relationship management with loyalty programs). In sections 2 and 3 were analyzed CRM strategy of LH and AA airlines. In these analyzes, it is seen that the loyalty program is to monitor, analyze and predict customer behavior foothold, but it is not CRM. Almost every type of CRM is based on a loyalty program and using it to benefit the organization, but not nearly to manage relationships with customers loyalty program. Thus, in this thesis, through analysis of selected airline CRM strategy is proven that CRM FFP. Both analyzed airlines have established a traditional CRM system for a relatively long time. These include top airlines and between each activity carried out by these companies is high. The trend of the use of traditional CRM systems is currently no new, in conjunction with Lufthansa and American Airlines is not necessary to mention the introduction, improvement and so on. Years of experience using CRM strategies have led to continuous improvement, and now it reflects the results of the company, hence the brand, communication and popularity among the customers themselves.

What is not yet in business practice automatic is a social CRM. Although the trend is that companies are increasingly connected to social networks, we should realize that this is an issue which should be paid sufficient attention to the professional level. The actual social media is evolving, changing

and adapting to modern trends, it is important to keep up with them. Lufthansa and American Airlines does not underestimate the fact and they give to social media maximum attention. Both companies have a dedicated team of workers who are in charge of the social media. Yet, both companies will find details of which can be improved.

5 CONCLUSION

Every successful organization understands that customer relationship management is a strategy that focuses on developing and promoting long-term customer relationships. It is thus not only a technology but a change of philosophy so that the emphasis on the customer. The non-compliance with this strategy breaks down most CRM implementations. It is up to each organization as to stand on this issue. This diploma thesis analyzes CRM in two successful airlines and already at the very thought and attitude toward CRM strategies, it is clear that both companies are governed by the slogan: "Our customer is our master".

BIBLIOGRAPHY

- [1] KOLÁRIK, J.: Infoware: CRM: Vztáhy treba usmerňovať. [online] [citované 2011-12-21]. Dostupné na: <<http://www.itnews.sk/tituly/infoware/2010-10-18/c136324-iw-crm-vztahy-treba-usmernovat>>
- [2] SCHULZ P. at al.: Customer Relationship Management Lufthansa: Overview: Current situation. Germany: GRIN Verlag, 2007, s. 4 – 15, ISBN 978-3-640-143328-3
- [3] MAAS M.: Praxiswissen Vertrieb: Der Vertrieb gewinnt a Bedeutung. Germany: Gabler, 2006, s. 17 – 2, ISBN-10 3-8349-0272-1, ISBN-13 978-3-8349-0272-1
- [4] KUCHARIK, T.: Efocus: CRM - riadenie vzťahov so zákazníkmi. [online] [citované 2011-12-22]. Dostupné na: <http://www.efocus.sk/archiv/clanok/crm-riadenie-vzzahov-so-zakaznikmi>
- [5] BERKOWITZ, J.: The Future of CRM is Social. [online] [citované 2012-03-29]. Dostupné na: <http://crmweblog.crm mastery.com/2009/05/the-future-of-crm-is-social/>
- [6] BECKMANN M., - GEODEKING P., - SINDEMANN H.: CRM for airlines: Three ingredients in a recipe for success, Roland Berger Strategy Consultants, 2002, s. 3 – 6,

Reviewer: doc. RSDr. Ján Poprenda, CSc.