

Bloody Awful to Branded Awesome

A Case Study on British Airways

L.R.S.Mani

Professor, Acharya
Bangalore B School
lrsmani@gmail.com

Abstract

Travel and tourism is a vital part of the global economy. One of the essential requirements in tourism is time and cost effective movement of people from one place to another. The role of aviation sector gains a great importance. The aviation sector is one of the fastest growing sectors in the service industry. Due to higher disposable income and need for faster travel, there is more demand for air travel. In today's global and dynamic business environment, CRM solutions can aid in improving customer satisfaction and make efforts to exceed customer expectations. British Airways is one of the leading international airlines today covering more number of countries than any other airline in the world. BA has come forward with several strategies and successfully implemented customer centric practices in the last two decades. A study is made as to how they have been able to enhance customer loyalty and retain their customers.

Keywords : Customer Service, Benchmarking Competitive advantage, Leadership, Service Recovery, CRM.

Introduction

Tourism industry contributes greatly to a country's GDP. Tourism is as significant as manufacturing in the export basket of any country. International tourism is ranked as the fourth largest industry in the world after fuels, chemicals and automotive products. The breadth of international travel has greatly expanded in recent years to encompass the developing world. In the 1950s, just 15 to

18 destinations mostly European, accounted for nearly 98% of international arrivals. Subsequently tourism has picked up in the Asian countries such as Malaysia, Singapore, Thailand, India, China & Japan. There emerged the requirement of a professional airline to cover many countries and also provide good customer service.

The air travel, once confined to an elite few, it is now a medium for the masses. With increase in discretionary income, more and more people from a wide range of social, economic and geographic origins have been taking to air travel. The traditional "one size fits all" model common to many airlines is making it increasingly difficult to satisfy customer requirements and not possible to exceed customer expectations.

IBM Institute for Business Value Analysis in their survey has identified the forces shaping the future of the airline industry. Some of the important forces are worldwide growth in population leading to higher demand, globalization leading to more trade between various countries, innovation by airlines to apply new technologies, variation in demand leading to the airlines to adjust capacity and availability of substitutes i.e. alternative modes of travel available to the customers.

In the light of the above, it has become imperative for the airlines to adopt CRM solutions and stay in business. In this paper, the author who is a frequent traveler by British Airways has made an attempt to analyze the reasons how BA has turned around and continue to meet their customer expectations. The findings have been consolidated

in the form of a case study which can be used for discussion by management students.

CRM Implementation by British Airways

Ask BA, a customer service implementation answers 55,000, customer queries every week. The web plays a pivotal role in allowing customers to go for self service for literally everything from booking their tickets, planning their holidays through choosing their seats in advance, checking in online and printing their own boarding passes.

British Airways is one of the world's largest international airlines, carrying around 44 million passengers worldwide to more than 500 destinations. After 13 years as a nationalized airline, the British Airways was privatized by the then Conservative British Government. Originally it was formed in 1974 by merging BOAC and BEA.

BA contracted Interaction in the early 90s after customer research finding revealed that their service was perceived as "professional but cold". BA was looking for the best training to be provided to their staff to bring about attitudinal transformation. The result was that a culture was created in BA where leaders served staff who served customers instead of the staff needing to meet the demands of customers and leaders at the same time. The unique training by Interaction empowered the staff at all levels to challenge the then prevailing beliefs, customs and behaviors around customer service. The training by Interaction was not a onetime activity. They trained the internal trainers to sustain programme delivery and results. They also provided transformable modules and skills to benefit BA long after they concluded their programme.

Competitive advantage in the airline industry is based on many factors. One important factor is superior Customer Service. BA improved the Customer Service by eliminating the frustrating queues for flight check-in. By implementing a self service check-in (SSCI) application integrating the

same with their then existing reservation and other back-end systems, BA pioneered a convenient and cost effective way of serving customers.

BA implemented a series of tried and tested best practices by benchmarking themselves with blue chip enterprises across different sectors as well as different airlines all over the world.

SmartAssistant reads a question before the customer submit it via a web form, and proactively pushes additional answers to the customer. Proactiveness leads to Customer Delight. A mathematical definition of Quality is the ratio of Performance to Expectations. BA tries to achieve this ratio to be more than one i.e Performance exceeding Expectations which is what Customer Delight all about.

By implementing the various technology enabled web services, BA has truly achieved Value Innovation. It is all about cost savings for the organization simultaneously providing additional benefits to the customers. Value Innovation is nothing but creating value for both — the customers as well as the organization.

The increased customer utilization has reduced calls to contact centers. This has resulted in increased ROI. The ease of use for customers and additional functions has enabled BA to upgrade themselves from "Customer Delight" phase to "Customer Experience" phase. The improved overall customer experience is the key to the success of BA. With the use of SmartAssistant, BA wanted to achieve 15% reduction in emails but they were themselves stunned by an achievement of 60% reduction.

British Airways has been regarded as an industry leader and in recent years has sought to develop a wide range of technology to make the airline even easier to deal with from a customer perspective.

BA's executive management team recognized that data quality is highly essential to their organization competitiveness. The airline is careful to make certain that it captures commercial data such as passenger information, their reservation etc and use the data across hundreds of vital business processes. Ensuring its quality can be a challenge, given the multiple sources of data and the different standards and formats.

Leadership is an important factor for the turnaround of any organization. From a loss making organization about 30 years ago to one of the leading international airlines operating in many countries from Afghanistan to Zimbabwe could not have been possible without a proper leadership at the top. Colin Marsh Marshall was with the British Airways from 1983 to 2004 and was the Chairman from 1993 to 2004. The Marshall plan to transform BA from a lamentable waste of taxpayers' money to a profitable premier league airline was not all that easy. He instigated a pioneering programme called "Putting People First", in which every employee was invited to spend a day learning the airline's new mantra and meeting the man responsible. One of his key messages was on Service Recovery. The customer does not expect everything will go right all of the time – the big test is what you do when things go wrong.

Colin Marshall had to face the music-business entrepreneur Richard Branson who launched the Virgin Atlantic to take on the existing transatlantic carriers. BA's privatization in 1987 was heavily oversubscribed. The staff were invited to invest heavily in the airline's future. Before the sale could go ahead, a lingering dispute over BA's alleged part in the downfall of Laker Airways had to be resolved. Within a few years, allegations of corporate misconduct were to surface again, this time made by Virgin Atlantic.

The earlier joke about BA was something like this – "A BA 747 is the best way of transporting four

engines around the world". There was no emphasis on caring for the passengers on board, nor the need to turn a profit. Marshall realized that these two virtues were very much interdependent.

BA now delivers the best on time performance, fewest lost bags and fewest customer complaints. Fares are kept simple and competitive. Central to BA's success has been the people to run the airline, in order to maintain their position; BA recruits the best in the industry. The focus of interviews is attitude and teamwork with an emphasis on peer recruiting. Once inside BA, training takes over, where the emphasis is on doing things better, faster, cheaper. In doing this each employee is expected to understand other colleagues' jobs in order to deliver an outstanding customer experience, which in turn keeps the culture of BA alive.

The key to the success of the BA model has been asset utilisation and low variable costs, married with strong company culture to aligning values, systems, structures and strategy. By doing this BA has been able to sustain competitive advantage by unleashing the potential in their workforce.

Teaching Notes

a. Key issues highlighted in the case.

1. Customer experience is the core in any service industry and more so in air travel. Hence CRM has gained more importance in travel and tourism and also in the airline industry.
2. Employee empowerment plays a vital role as "satisfied employees produce satisfied customers".
3. Building brand loyalty is one of the first steps which every organization need to recognize and reorganize their policies to make them revolve around creating customer satisfaction.
4. Creating value for the customers and at the same time creating value for themselves can

only determine the long term survival of any organization.

b. Teaching objectives and takeaway for students

1. Students get an idea of what kind of strategies are adopted by organizations and under what situations.
2. The concepts learnt in Operations Management, Strategic Management and Services Marketing can be correlated by the students while analyzing this case study.
3. Students will also understand that decision making is very complex due to the uncertainties of external environment and that all decisions cannot be forecasted accurately in advance.

c. Questions for classroom discussions

1. What is turnaround strategy and how did BA go about the same?
2. How does an Organization Culture help in improving the productivity and quality in an organization?
3. What is Benchmarking? Did BA benchmark only with other airlines?
4. What was the change made in BA organization structure and how did it help them?
5. What is Service Recovery and what kind of Service Recovery Strategies can be adopted by an airline?

d. Teaching plan

This case can be used in the classroom by the teachers teaching subjects like CRM, Strategic Management, Operations Management and Services Marketing. The students can get insight into the kinds of service complaints and how they can be addressed by the service provider employees. The students will also get to know the importance of customer satisfaction, customer delight and customer experience in the service sector.

References

<http://www.slideshare.net/MarinetLtd/airlines-2>

<http://www.rightnow.com/files/casestudy/British-Airways-case-study.pdf>

<http://www.interactionuk.com/results/cs-brithish-airways>

<http://www.-01.ibm.com/software/success/cssdb...../BTHD-7BCL5J?>

The Independent, 7 July 2012 page 45.