Your Airline Wants to Get to Know You

By Scott McCartney

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An airline loses your bag or cancels your flight because of a mechanical problem. The next time you show up at the airport, an agent personally apologizes and offers a free pass to an airport lounge for your troubles.

Don't laugh. Someday it may happen at U.S. airlines.

Airlines are getting closer to rolling out new technology that tells airport agents your ticket-buying and travel history, flags key customers to flight attendants and instructs them to offer personalized apologies, or sends you sales targeted to your vacation patterns.

High-end hotels have long tracked customer information, right down to pillow preferences or history of complaints and bad experiences, and online retailers pitch products based on your buying history. But airlines have done very little in the field of "customer relationship management," known as CRM.

Airlines acknowledge they will never be the Ritz, but they are hoping to put such practices to use -- to the benefit of fliers. Several airlines, as well as suppliers of CRM systems, say airlines view better customer-related technology as crucial to retaining important customers in a declining economy and differentiating themselves from competitors.

One small initiative already in use: After boarding, Alaska Airlines flight attendants deliver favorite drinks to elite-level customers when they are sitting in coach, thanking them by name for their business. "The point is not the cocktail. The point is the recognition and thanks for your business," said Steve Jarvis, vice president of sales and customer experience for Alaska, a unit of [Alaska Air Group](http://quotes.wsj.com/ALK) Inc. [ALK +1.83%](http://quotes.wsj.com/ALK) [**ALK**](http://quotes.wsj.com/ALK) **in** Your Value Your Change Short position Airlines say they have been slow to adopt customer-friendly services because they have multiple old computer systems that don't share information well.

At airports today, airline agents can call up a traveler's itinerary and frequent-flier status. But information about past complaints, delays, baggage problems, canceled flights or missed connections isn't available. Neither is, in most cases, how much money you spend with the airline.

Airlines are using new systems to better calculate the value of each customer -- how much you spend per miles flown each year, for example. But they haven't yet found ways to customize service at ticket counters and gates based on that information.

"You can be the most-frequent flier and when you are with your family and sitting in the back of the airplane, there's no recognition," said Tom Klein, president of Sabre Travel Network and Sabre Airline Solutions, divisions of [Sabre Holdings](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=TSG) Corp. "It's a service consistency problem."

Poor relations between labor and management have also made some carriers hesitant to ask employees to change their interactions with customers. Airline officials and technology executives say putting fancy online tools in the hands of jaded employees can be a recipe for failure.

New technology -- such as self-service kiosks, electronic boarding passes on handheld devices and automatic flight-alert systems -- aims to help customers circumvent employees and cut labor costs.

Airlines have long tried to reward their best customers through perks tied to frequent-flier programs. Top-level fliers receive upgrades, priority boarding and sometimes access to special security lines.

But to many travelers, those benefits have become impersonal and widely available.

Cam Marston, a frequent flier who has elite status on Delta Air Lines Inc., AMR Corp.'s American Airlines and [US Airways](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=LCC) Group Inc., was amazed when he flew Alaska a few times and noticed the beverage delivery in coach to top customers. (Alaska prints elite-level fliers' drink preferences on manifests given to flight attendants.)

"It really made an impression," Mr. Marston said. "With the technology available today, it would seem easy to do to add personalized service. ... I think there is huge opportunity."

But even simple steps like that are challenging for airlines. Alaska wants to do more with CRM, Mr. Jarvis said, and is working to improve target marketing to customers and offer more personalized service. The first is easier than the second, he said.

"It's a high priority and we're getting there," said Mr. Jarvis. "We'd like front-line employees to know we lost your bag last time you flew, but it's just in different data sources right now." Alaska has at least six different data systems housing customer information.

Some major airlines say they have spent years trying to get different computer systems to work together. Most say they have CRM projects in the works, and a few hope to roll out innovations out this year.

Some international airlines already give their best customers white-glove treatment using CRM systems and simple good business. British Airways, Lufthansa and [Air France](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=AKH) all have special services for first-class and top-level travelers at key hubs, and employees who track personal information and preferences.

"I truly don't see airlines ever getting to the level of say, Ritz-Carlton, but that's not what our customers tell us they want," said Kerry Hester, a [US Airways](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=LCC) vice president responsible for customer service planning. "Customers say they want a convenient, hassle-free experience rather than high-touch service, but there are definitely things we can do."

Airlines tailor email sales alerts to customers based on past destinations or hometown airports, and some even try to track travel patterns, such as whether you take a ski trip every February, and then marketing ski trips to you.

But they have lagged behind other industries -- such as book, movie or music sellers -- in developing truly personalized marketing. Airlines are considering ways to collect more information from customers to better pitch to them.

"I might have said some of the same things five years ago on what we are trying to get done. We're still getting the hang of better email marketing," said Mark Bergsrud, senior vice president of marketing programs at Continental Airlines Inc., considered an industry leader in mining customer data.

Much of the airline CRM effort is focused first on improving responses to customers when things go wrong, from sending email alerts when bags aren't loaded on the right plane (so a customer doesn't wait at a baggage carousel for a bag that won't show up) to instantly rebooking customers when flights are canceled or connections missed.

Rebooking is a complicated area fraught with customer frustration. Often travelers have trouble getting information out of airlines, so road warriors blitz different contact points, calling the airline while waiting in an airport line and simultaneously emailing with a travel agent.

If airlines could electronically send rebooking options to customers, especially their most valuable customers, or allow self-service rebooking at kiosks, customer satisfaction might improve.

What's more, airlines hope to better dole out available seats to customers based on their predicaments, and not just their status. Currently elite-level fliers, full-fare passengers and sometimes travelers with international connections get priority for seats on other flights. But with more data, a customer who had a flight canceled three days earlier could also get priority.

Sabre's Mr. Klein thinks CRM may help airlines figure out which services will excite customers. Some services may simply add cost without much reward for the airline. But others may be so highly prized that customers would even pay extra for them.

"I think you'll see a lot of experimentation," he said.

http://online.wsj.com/news/articles/SB123785242956819529