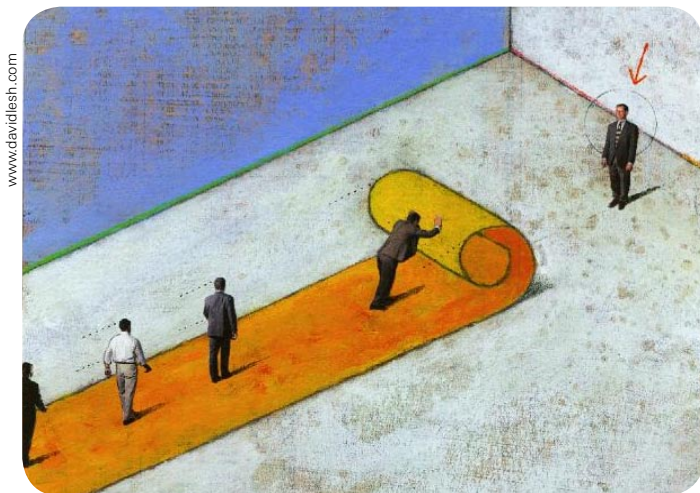


Better Customer Relationships: One Step at a Time



Building a business around customers means mobilizing the entire company to that cause, but day-to-day execution generally comes down to solving one business challenge at a time. Indeed, when companies carefully examine how they are managing their customer relationships, they often discover that a few, deep-seated problems are undermining their efforts. Perhaps marketing is inundating high-value customers with irrelevant offers, or customer data collected by customer service representatives never makes its way into the customer knowledge base.

Such challenges—and many others like them—may be narrow in scope, but each problem solved becomes part of a larger chain of incremental success that lead to a much stronger enterprise-wide customer focus, greatly improved corporate performance, and accelerated growth.

Decisions Based on Facts

One company that is working to successfully put this principle into practice is Alaska Airlines, the Seattle, Washington-based passenger carrier.

Several years ago, the airline began adopting a series of aggressive, customer-focused initiatives designed to enhance the travel experience and build customer loyalty. Customer knowledge was central to these efforts.

“The planning, design, and execution of each initiative share a fundamental characteristic,” explained James Archuleta, Alaska Airlines’ CRM Director. “They are first and foremost driven by input from our employees and our customers.” Fact gathering takes place one careful step at a time. It starts with frontline employees, like gate agents, reservations agents, flight attendants, and

pilots, who have daily contact with Alaska’s customers. These observations are then complemented by direct feedback obtained through a number of channels from the airline’s more than 17 million customers including quantitative segmentation and product research.

From Insight to Action

More than that, in order to deliver the right service to the right customer at the right time consolidated information needs to be transformed into actionable insights. That means going beyond tracking high-level facts such as miles flown or dollars spent to assembling detailed portraits of customer groups. As with data collection itself, the airline is creating customer portraits one stroke at a time, through such steps as monitoring changes in the composition and character of the airline’s customer base and constantly updating each group’s behavioral profile and estimated lifetime value.

The airline will be using the resulting insights to deliver an optimal experience for each customer. For example, customers have indicated that they not only want to know if a flight was delayed, but also be given frequent updates on its status. The vision is to provide flight options available to them if the delay is significant.

This same philosophy is also being applied to the company’s award-winning Web site, which one-third of the carrier’s customers now use to book their flights. “By delivering personalized offers and information to customers over our Web site,” Archuleta explained, “we will be able to strengthen our relationship with customers, increase satisfaction, and build loyalty.”

Optimizing Every Interaction

The strategy is clearly paying off. Customers consistently rate Alaska highly for both overall satisfaction and the likelihood of repeat purchase, it’s Mileage Plan has won three consecutive “best frequent flier program” honors at the annual Freddie Awards, and the airline was just voted best domestic airline in Conde Nast Traveler Magazine’s 2005 Business Travel Awards.

The formula underlying this success is straightforward, Archuleta concluded: “Deliver great service and provide a memorable experience to each customer during every interaction, regardless of where, when, or with whom that interaction occurs.”

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