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MileagePlus UNITED

A United Front: How the World's Largest Airline is Getting to Know its Customers

Airline focuses on the customer experience after United, Continental merge

In the airline industry, it's not always sunny and 72. Inclement weather and other unforeseen events are a daily part of business at any airline.

But for the world's largest, it's about how you respond that matters most. Every day, there are countless opportunities to change the customer experience. And at United Airlines, a CRM initiative to do just that has customers — and employees — talking.

"We are making changes that our customers notice. Using data insights, United is now able to take better care of customers, and more specifically, we take better care of our best customers," explained Mark Krolick, managing director of MileagePlus marketing, the airline's loyalty program.

Data = deeper customer relationships

With the recent merger of United Airlines and Continental Airlines — creating the world's largest airline — United Airlines now runs 5,656 daily flights, serving approximately 148 million passengers a year.

The merger also created the largest loyalty program of its kind, MileagePlus. Krolick and his team had to combine the two airlines' loyalty groups into one pristine database — with 90 million accounts and 30 years of transactional history.

MileagePlus represents the airline's most valued customers. Active flyers enrolled in the program spend, on average, significantly more than non-member passengers annually.

Given the untapped revenue opportunity within the airline's large universe of non-member passengers, United is now heavily focused on growing MileagePlus. To do so, the group must identify millions of non-members, understand them better and be able to reach them.

For example, the airline knows it can convert 3 to 5 percent of non-members when they have a valid email address on record compared to 2 to 3 percent without an email address — an increase of about 60 percent.

"We've got to build the data foundation so we know who our most profitable customers are regardless of MileagePlus membership status, recognize them across touch points and respond accordingly," Krolick said.

Two loyalty programs, 90 million accounts

Building that foundation began with the merger of United MileagePlus and Continental's OnePass loyalty programs. United teamed with Acxiom for the monumental task of bringing those 90 million accounts together.

Customer
United Airlines

Approach
• Loyalty program services
• Messaging and offer personalization
• Marketing strategy
• Analytics

Solution
United teams with Acxiom for data integration, enhancement and segmentation, helping bring together 90 million records for the United and Continental Airlines merger, as well as for United's companywide CRM initiative.

Results
• Active flyers enrolled in the loyalty program spend, on average, significantly more than non-member passengers annually.
• Having a valid email address on file for non-members makes them 60 percent more likely to convert to a member.
• United now has more than 1 million valid email addresses for non-members.
• Richer non-member data helped convert 4% to members — more than ever before — for tens of millions in additional revenue.

"We have a long relationship with Acxiom. The expertise they bring in data enhancement and customer insight allows us to understand our customers better," Krolick said.

Acxiom's recognition technology and process perform the heavy lifting of identifying duplicates before records go through cleansing and standardization — to arrive at the cleanest, most accurate contact data possible.

It's a project that is driving multiple efforts across United. Having correct name, address, email and phone data sounds simple, but constant customer changes make it a moving target. And without the right information, the airline can't communicate during those critical times when travel plans change.

"When things go wrong, the way that you recognize that and react is your No. 1 brand-defining moment," said Scott O'Leary, managing director of customer solutions at United. "Having customer contact information is first and foremost in our heads. It will be a game changer for us."

O'Leary's team sits in the unique position of representing the voice of the customer, taking action on customer feedback to drive initiatives across the organization. He's found that no less than 70 percent of the solutions needed to address customer feedback are customer data-related.

Data and knowledge, for example, not only allow the airline to reach customers about changes to their travel plans but also help agents recognize and acknowledge when travel experiences don't match customer expectations.

On the marketing side, United is adding dimension to member records with demographics and other segmentation data, enabling personalized offers not possible before.

"Within hours after booking a trip to Paris, you might receive an email from MileagePlus offering you bonus miles if you were to stay at a partner hotel in Paris. It's highly targeted in terms of the message and creative, and just for you," Krolick said.

Surprising customers, agents

Already, data has enabled new customer experiences that are making a big impression on customers and employees. At several test airports, United identified all MileagePlus members traveling each day that would hit a program milestone, such as reaching the Premier Silver, Gold or Platinum level or 1K level.

Agents were given thank-you notes and instructions so they could congratulate passengers during the boarding process. Not only does this change a routine process for customers but for agents as well.

"I thought customers would just look at it and go on," said Melissa Jeffries, a customer service agent with Express Jet in Tucson (which operates some United flights). "Customers are happily surprised to be recognized."

The feedback coming to James Trudeau, United's general manager in Tucson, is overwhelmingly positive. "It's something very tangible that customers see," he said.

"Agents spend so much time assisting customers with what's usually a problem," said Ken Bostock, managing director, customer experience, at United. "It's really fun to hear how a little card that says 'congratulations' lightens up their day, for both customers and employees. It's been wildly positive."

Converting Non-Members to Members

Just as critical to the airline is knowing its non-member customers. For the first time, United has built a database with rich, accurate information about non-members — not just a big deal for United but a rarity in the industry.

"A customer is a customer," said United's Leslie Smithers, director of MileagePlus integrated marketing. "Acxiom has given us the ability to deliver relevant communications to customers even though they may not have joined the loyalty program."

"For so long, the norm in our industry has been, 'Your frequent flyer data is your customer database,'" added Michelle Brown, director of strategy & analytics, MileagePlus. "For the first time, we have true analytics on the number of people flying with United, flying United repeatedly, and buying our best products. That's changed the mindset in the company when it comes to customer data."

From a service standpoint, more current and complete information about non-members again means United can communicate with customers when it matters most, during those time-sensitive delay situations. It also provides rich data for marketing the MileagePlus program as well as stand-alone promotions with partners that bring value to customers and United but don't market the loyalty program specifically.

"Acxiom has given us the ability to treat non-members as a fully functioning database and apply any relevant campaign to that audience," Smithers said.

Already, the company has proven the value of its newly created non-member database with successful marketing and customer service initiatives.

"If you are a non-member who just flew from Tucson to Los Angeles, now we're able to proactively offer you retroactive miles credit for that flight if you create a MileagePlus account," Krolick said. "Before we could identify customers in this way, you had to sign up beforehand and have your frequent flyer number."

Building a data foundation takes time, but the results so far validate the hard work Krolick's team has put in. Just consider email addresses alone. Now, the company has more than 1 million correct email addresses tied to non-member flyers, opening up a less expensive and more effective communications channel. The airline also knows that a customer contact record with an email address is worth approximately $50 more than one without.

With the help of richer data about non-members, in 2011 United converted about 4 percent of non-members to members, representing tens of millions in additional revenue annually.

"With Acxiom's assistance in building more valid contact information for non-members, we are now converting more non-members to members than before — building a larger base of loyal customers and driving incremental revenue," Krolick said.

Looking ahead

United is now expanding its CRM efforts to more airports and customer segments. It's also putting in place methods of collecting more data from non-members and applying behavioral information from Acxiom to understand more about non-members. Customer intelligence will fuel decisions on everything from routes to aircraft types to the menu for onboard food. And critically, it will also allow the airline to recognize missed opportunities and make a point of acknowledging them.

The ultimate goal: give every United team member who touches customers the information they need to serve customers better.

"We are building the pipes from our data and analytic nerve center throughout the operation and proactively pushing the information out so it empowers team members to personalize the customer experience," Krolick said.

The Acxiom-United relationship

For the merger of United and Continental Airlines, Acxiom's customer data integration process brought together 90 million records from both airlines' loyalty programs. With its AbiliTec® recognition technology, data quality expertise and rich InfoBase® data, Acxiom realizes if two records might be the same individual, identifies the valid name and contact information, and then merges that data into a single, accurate record.

For ongoing member and non-member database efforts, Acxiom again performs data hygiene and standardization to generate clean contact data. To support more targeted marketing, Acxiom overlays its demographic and lifestyle data on customer records, rounding out the data view of each passenger and grouping them into customer types. From there, Acxiom runs models to identify segments of the database that fit certain desired criteria — enabling very personalized, relevant targeting of offers.

"Our relationship with Acxiom is always very collaborative, very practical, and it's been a big help to us in crossing the chasm in improving our marketing operations and relationships with customers," Brown said.

Want to know more?
To find out how Acxiom can help your business, visit acxiom.com or call us at 888.3acxiom.

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