Chapter 10
Framework to Understand and Deploy AI–Based Smart CRM in the Airline Industry

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ABSTRACT

This is the age of AI. Soon what customers think will be understood by the smart applications on their mobile devices and the information—most of which will be pre-processed based on the customer personas—will be available at the blink of an eye. In this chapter a critical analysis of how AI bolsters CRM capabilities in the airline industry is conducted. To understand that, AI capabilities are surveyed and its transformational effects on CRM and its impact on customer acquisition, retention, loyalty, and experience are explored in depth. In the end, a customer journey-based deployment framework is presented that supports the finding of the AI-CRM implementation use cases.

INTRODUCTION

In this Chapter a critical analysis of how AI bolsters CRM capabilities in the Airline industry is conducted. To understand that, AI capabilities are surveyed and its transformational effects on CRM and its impact on Customer Acquisition, Retention, Loyalty and Experience is explored in depth. In the end a Customer Journey based deployment framework is presented which supports the finding of the AI-CRM implementation use cases.

UNDERSTANDING CUSTOMER NEEDS

This is the age of AI. Soon what customers think will be understood by the smart applications on their mobile devices and the information – most of which will be pre-processed based on the Customer Personas will be available at the blink of an eye.

Has anyone ever fully understood the Customer needs? Customers didn't ask for an IPod but relished the experience, neither did they ask for a Smartphone but today it's like a commodity, similarly customer needs are never well articulated yet they are looking for an experience full of convenience and pleasant surprises. Upgrade an Economy class customer to First Class and he or she will surely have a memorable experience. On the contrary, a customer getting late for a business meeting due to flight delays or losing his baggage will never fly again with the same airline.

Kingfisher Airlines, India was a great example of an airliner surprising its customers with its superior service experience and offering freebies on all festival occasions. No wonder, no one ever said they don't want to fly Kingfisher.

Southwest Airlines, USA is another great example of an airliner creating and maintaining its niche and creating happy customers despite being a no frills airliner. Not only the low cost and on time flight experience it's the liveliness and courteousness of its staff which makes the flying experience with Southwest memorable.

Customers don't want to spend time looking for information. Customer Profiling, Advanced Segmentation, Customer Lifetime Value (CLV) models the holy grail of strategic marketing are being commoditized as customers are seeking services at the touch of a button and sometimes even at the blink of an eye.

NEED FOR AI BASED SMART CRM

Use of advanced analytics and AI has made Omni channel experience feasible and with loads of customer data, firms can offer hyper personalized services to grow customer lifetime value and enhance profitability (Rust and Huang, 2014, Gupta et al., 2020).

AI enabled CRM will ensure hyper personalization of services albeit at a lower cost and thus changing the way the customer service functions (Kaplan and Haenlein, 2019, Hoyer et al., 2020; Grewal, Kroschke, Mende, Roggeveen, & Scott, 2020).

The proliferation of AI in any customer facing industry is inevitable. Delta served more than 80 million people in 2017 (AltexSoft, 2018). As organizations face an uphill task to organize and make sense of the data, AI comes to the rescue. There is no Customer Issue AI cannot help resolve. Delta through its Asset Performance Management was able to prevent more than 1200 flight delays, service interruptions and cancellations in a calendar year (AltexSoft, 2018).

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