

INTERACTIVE SESSION ORGANIZATIONS

Kenya Airways Flies High with Customer Relationship Management

Kenya Airways is the flag carrier of Kenya and ranks among the top ten African airlines in terms of seat capacity, with a fleet of 33 aircraft covering 53 destinations domestically and abroad. It is the only African airline in the SkyTeam alliance, whose 20 members include Delta Airlines, Air France, Alitalia, Aeromexico, China Airlines, and Korean Air, and is expected to live up to a very high global standard.

One area of the business that needed improvement was the airline's relationship to its customers. Africa's current population of 1 billion is expected to reach 1.5 billion within a decade, with a rapidly growing middle class in many countries. Until recently, Kenya Airways was unable to fully capitalize on this market opportunity because it didn't know enough about its customers. Although the airline had added more planes, passenger numbers had been decreasing, partly due to the fear of Ebola virus outbreaks, regional terrorism, and increased competition from Persian Gulf carriers. Profitability suffered.

The airline didn't know who clicked on its email campaigns. It was advertising mostly on billboards, in newspapers, and on flyers, with no way to measure the effectiveness of those campaigns. Management could not tell what its sales representatives in different offices were doing. Data on customers were located in many different repositories, such as spreadsheets and files in company and partner travel agent offices, reservation systems, and airport check-ins, and the data were not integrated. Without a single repository for customer data, Kenya Airways was unable to identify the preferences, special needs, or other personal characteristics of its "guests," who included commercial traders, business executives, government officials, students, missionaries, and medical tourists. Marketing, sales, and customer service activities were operating in the dark. For example, each May the airline would send every customer in its scattered data repositories a Mother's Day greeting, although many of the recipients were not mothers.

In 2014 Kenya Airways initiated a multiyear program to automate and integrate all of its customer data so that it could engage in effective customer relationship management using Oracle's Marketing, Sales, Data, and Service Clouds. Oracle Marketing Cloud provides a cloud-based platform to connect

firms' marketing data, centrally orchestrate cross-channel customer interactions, engage the right audience, and analyze performance. It includes tools for managing marketing automation campaigns, providing cross-channel customer experiences, creating and managing engaging content, "listening" to customer conversations about a product, brand or service, and engaging with messaging (social marketing).

A few weeks after implementing Oracle Marketing Cloud, the airline ran its first automated marketing campaign, which directed emails, SMS texts, and social media posts about special holiday season fares to Kenyan emigrants in Dubai. Kenya Airways then created campaigns to promote new and expanded routes to Hanoi and Zanzibar. As time went on, the airline's marketing team became more skillful at tracking revenue flows generated by those campaigns and identifying new sources of data to target the campaigns more effectively. Kenya Airways Marketing Automation Lead, Harriet Luyai, reported in early 2015 that "reachable contacts" rose from 40 percent to 89 percent, open rates on marketing emails rose from 40 percent to 65 percent, and the airline's "acquisition rate"—the percentage of respondents who opt in to its campaigns—was up to 20 percent. The airline can measure the impact of marketing campaigns on ticket sales. Campaigns that previously took three days to execute using an agency now take 30 minutes and are much less expensive.

After implementing Oracle Marketing Cloud, Kenya Airways started using Oracle Sales Cloud to automate its sales activities and Oracle RightNow Cloud Service for its customer service activities, linking all three clouds in one central data repository. Marketing, sales, and service could now integrate their customer data and coordinate business processes. The airline pulled together information on age, income, education level, job function, job level, revenue generated for the airline, geography, status, preferences, interest areas, service calls, email activity, form submissions, and purchase history to help it create very detailed customer profiles for personalizing offerings.

To help the Kenya Airways marketing team drive additional revenue by converting leads to ticket sales, increasing website traffic, and increasing social followers, the airline implemented Oracle Social Cloud.

This tool helps the Kenya Airways customer service team follow social media posts and discussions about the airline's services and respond to questions and problems within 30 minutes. It also helps agents prioritize their follow-up posts and manage workflows for the appropriate approvals and for troubleshooting.

Although Kenya Airways had a customer loyalty program, it had previously been unable to identify high-value customers. Now Kenya Airways can track all its high-value customers and show how much revenue each customer generates. It can also segment customers across the customer life cycle, making it possible to distinguish a new customer from a longtime high-value customer. Kenya Airways now has a 360-degree view of each of its customers.

It took much more time to implement the Oracle Cloud suite than Kenya Airways had

originally estimated—more than a year instead of six months. The required data, which resided in many different applications, needed to be cleansed to make sure they were all in the right format before they could be transferred to the new data repository. Much of this work was manual. Airline staff had to be trained in new ways of working with digital CRM tools because so much of its work had previously been manual. Kenya Airways management feels the airline has been richly rewarded for this effort.

Sources: "Company View of Kenya Airways PLC," www.bloomberg.com, accessed January 31, 2018; Rob Preston, "First-Class Flight," *Profit Magazine*, August 2016; www.kenya-airways.com, accessed January 31, 2018; "Kenya Airways Turns to McKinsey for Turn-around Strategy," Consultancy.uk, February 8, 2016; and Tilde Herrera, "Kenya Airways Fuels with Data to Lift Marketing," October 29, 2015.

CASE STUDY QUESTIONS

1. What was the problem at Kenya Airways described in this case? What management, organization, and technology factors contributed to this problem?
2. What was the relationship of customer relationship management to Kenya Airways' business performance and business strategy?
3. Describe Kenya Airways' solution to its problem. What management, organization, and technology issues had to be addressed by the solution?
4. How effective was this solution? How did it affect the way Kenya Airways ran its business and its business performance?