

Klm- we have got a  
huge success on our  
hands



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KLM- We have got a huge success on our hands Subject: CRM-case study chapter1 Case Summary The case is about KLM Flying Dutchman expanded by 20% in less than six months. The reason behind this was their attention paid to CRM. KLM CRM director Cristina Zanchi maximized their revenues per customer by utilizing the customer insight to augment their service. They wanted to interact with the customer and enhance the customer experience, thereby revenues.

At the beginning KLM's plan to introduce CRM system failed as it required huge investments. KLM wanted to differentiate themselves from the other airlines by focusing on emotional elements. Transparency was the key to success of KLM. Zanchi divided their plan in three phases-change management, customer database and campaign management. Their CRM target is Customer acquisition, Activation, Retention, and Extension. KLM completed their first phase of target and moved to second phase in 2003 by adopting a software system.

This software helped them in ranging from booking, checking-in, and customer complaints and importing this information to customer model. Customer satisfaction increased since they made use of this program. Next KLM paid heed to individual customer wishes by categorizing them in factors of age, recency, frequency of flying etc. They developed different kind of campaigns to make customers frequent use of KLM. They also tried attracting new KLM members. The customers receive special offers by email. The customer response boosted to 5-12%.

The FD Platinum and Gold members have different boarding lists and have a separate line while boarding. They respond to their customer's complaints and react within five working days. The number of FD customers increased by 20% and profit by 5%. KLM's partner Air France has the same vision and they apply the same tools in same situations. Zanchi hopes to have 12 million FD members next year. Case questions 1. If you were a member of the CRM award jury, what would be the reason(s) for you to choose KLM as the winning company of this global award?

KLM tries to understand their customers and gives importance to their personal needs (like Dutch customers with high length preferring to have seats with more space). By taking care of these little things, the customer feels easily attached to KLM and in return KLM can win their loyalty.

Customer loyalty is a big asset for a company, as it is commonly known "it cost more to attract new customer than maintaining the old customer". With their new CRM approach they can easily take record of customers, with this not only KLM but also the customers can be up to date.

All these fact differentiate them from other airlines, which make them a deserving candidate for the CRM award jury. 2. What do you criticize KLM's CRM approach? The essential parts of CRM are analyzing customers' information, finding the needs of customers, holding the marketing opportunities and realizing customers' value. KLM's CRM approach exist some problems. Firstly their next step to identify individual customers and customer wishes to introduce one-to-one marketing and they also will focus on ' dialogue marketing'.

That seems to be impossible, because their customer database does not have any record of these new customers. KLM does not know what the likes and dislikes of the new customers so they basically have to guess and wait whether their marketing campaign is liked by the new customers. Secondly, when they implement it, they cannot avoid the situation of investing more but getting less. At last KLM is striving to online communication; here again problem occurs of not face to face communication. 3. What are the major risks for KLM's CRM future?

The approach Cristina Zanchi took for making CRM into a success at KLM, despite the skepticism resulting from the 1997 affair, turned out to be quite rewarding. However, their alliances with Air France will make it difficult, because they have to undergo some cultural changes. KLM has to adapt to Air France and Air France has to adapt to KLM. Customers are used to KLM but now with their alliance with Air France, will make KLM go through some changes. These cultural changes may not suite the Flying Dutchman members.