

Classic airlines care study

[Business](#), [Marketing](#)



Classic Airlines Case Study of the of the Classic Airlines Case Study The Current Scenario Classic Airlines is the world's fifth largest airline, with a fleet of 375 jets that serve 240 cities. It has been in business for 25 years, having 32,000 employees. Last year it earned a profit of \$10 million on sales of \$8.7 billion. However, Classic Airlines has been facing some similar problems as the rest of the industry, such as rising fuel costs, while its customer retention and loyalty programs have been failing resulting in falling sales and bookings. Many have chosen to fly by other airlines and while Classic Airlines has the data and customer feedback that highlights the problems, there has been no proper attempt or management support to address the issues. The present CEO Amanda Miller believes that customer loyalty and revenues is primarily price driven, and is most concerned with reducing cost which she believes will bring back new customers as well as those who have switched their loyalty to competitors.

Internal and External Pressures Contributing to the Current Crisis There appears to be a silent tussle going on between two sides- those that agree with the CEO Amanda Miller and those who don't. On the one side we have people such as Kevin Boyle in Marketing, Renee Epson in Customer Services, Doug Sheflin the Union representative and John Hartman in Human Resources who are concerned with the human aspect of the crisis and do not want the company to face bankruptcy because it would lead to a lot of layoffs and employee dissatisfaction. They are worried that Classic Airlines may never recover from bankruptcy proceedings. They see the main problem as having a customer dissatisfaction element at its core and want to address this so that the airline can get back lost customers, revenues and profitability. However it would be a hard task convincing the

others such as the CEO Amanda Miller and Catherine Simpson the Financial Director that the problem is anything but price related. Amanda is especially bitter that she had agreed to price cuts put forward by the former Marketing Director whose promise to bring back lost customers, revenues and profitability did not materialize. Moreover it led to a price war in the industry and lessened revenues for the whole industry. Meanwhile, the media is also critical of Classic Airlines and this is impacting on the morale of the employees as well. The Objectives and Obstacles of the Marketing Department It is clear that the objective of the Marketing Department is to connect with the customers, get their suggestions and feedback and then implement a Customer Recovery or Retention Program that address these elements. It had in fact compiled a database of the problems via the Internet and all that remained was to look at and address the most common ones if not all of them so that customer dissatisfaction could reduce and it would ultimately result in increased passenger lists, revenues and profitability. However the Marketing Department is facing considerable opposition from the CEO and the Financial Director who are convinced that price controls like fuel hedging is the only way to address the revenue and profitability issue. They would have to get the buy-in of both the CEO and the Finance Director before they could hope to address this issue in the manner that they want (David, 2009). Marketing Resources Available to Resolve this Crisis The marketing resources available to address this crisis are undoubtedly the database of complaints that the passengers have registered with the airline and its frontline staff prior to deciding to switch over to a competitor. In other words, we have to listen to the voice of the customers as well as note

and address their complaints in writing over the Internet or as told to frontline staff such as airhostesses, reservation clerks, baggage clerks and others who are in a position to interact with the customer on a day to day basis. These frontline staff must be trained to get to the real problems, address them as quickly and completely as they can and give the customer a chance to appreciate their efforts. They must be given the opportunity to make decisions. Such empowerment when used to solve customer problems is definitely the way to improve on service value and customer satisfaction. Another opportunity presented to Kevin Boyle by John Wyman of Skyway Airlines is to integrate into a customer satisfaction and retention program in alliance with a Latin American airline. But Kevin laments that he would have trouble selling it to the senior management team, who will resist more spending and only favor cost reduction efforts.

Decision, Solution & Evaluation of Results

The final decision would be for Kevin, Renee, John and Doug to have a combined meeting with Amanda in private and jointly put forward the idea for proper training of employees and a CRM philosophy that runs through every function and activity in the enterprise. They should be given a chance to implement it and show that customer satisfaction and loyalty can be addressed through commitment to service that brings back the customer to fly with Classic Airlines again and again. Revenues and profitability would follow as the results would invariably prove.

References

David, F. R. (2009). *Strategic Management: Concepts and Cases*, 12/e. Prentice Hall.