

Operational Analysis Regarding the Fusion of Customer Centres Belonging to Travel Service and Czech Airlines

Michaela Mrzenova

Department of Air Transport,
Faculty of Transportation Sciences, Czech Technical
University in Prague
Horská 3, Praha 2, 128 03, Czech Republic
michaela.mrzenova@gmail.com

Eva Endrizalova

Department of Air Transport,
Faculty of Transportation Sciences, Czech Technical
University in Prague
Horská 3, Praha 2, 128 03, Czech Republic
endrizalova@fd.cvut.cz

Abstract – This article addresses the operational analysis of a possible fusion of customer centers belonging to Travel Service and Czech Airlines. It specifically concerns itself with the current state of both these departments and on the basis of these analysis suggests possible variations of such a fusion. Obstacles in the way of an effective fusion are also dealt with in this article. Apart from identifying such hurdles, the article also suggests steps leading to overcoming these, or altering these in such a way, that they shall no longer present a problem.

Keywords – Call centre, customer centre, Amadeus, fusion, Czech Airlines, Travel Service

I. INTRODUCTION

The two largest Czech air carriers, in earlier times also the biggest competitors in the area of air transportation within the Czech Republic, are expanding their mutual co-operation for the second year already. The initial code sharing co-operation, which had commenced in June 2013 has proven to be commercially viable. On the 31st of March 2015 Travel Service, with its official purchase of 34% enters into Czech Airlines. The increasing co-operation between Czech Airlines and Travel Service, as well as the purchase of a third of the CSA shares by the TVS Company could form a foundation for further increase in the effectiveness of operations as well as a basis for a fusion of certain departments within both the carriers. The reason for this is, due to the ever increasing pressure from competition in the area of fare costs, quite understandable. By means of an effective cost reduction within the operational centers, the cost of fares could become even more competitive. A question presents itself; whether it would be appropriate to perform a fusion within some departments leading to a further cost reduction. In this case, the customer care centre shall be considered. Prior to the application of such a fusion, it is necessary to find potential “areas of friction” which should be removed. Apart from identifying potential obstacles standing in the way of such a fusion of these departments, the most appropriate variant of a fusion will be presented.

II. FUSION OBSTACLES

The customer centre for TVS is the Company itself. On the contrary, CSA utilizes the services of its sister Company Czech Airlines Handling, therefore they outsource these services. Both entities have a differing concept of the customer centers, when we take into consideration the structure of these departments, the number of employees and their working responsibilities. In order for a fusion of the customer centers to take place, it is necessary to remove obstacles, which prevent such a fusion and at the same time, to alter the current concepts in such a way, as to enable smooth operation. Prior to the fusion itself, it is necessary to alter these three areas – customer centre operator, airline products and services and the reservation system.

III. CUSTOMER CENTRE OPERATOR

Three, even four possibilities present themselves as to who could operate a common customer centre.

- A/ Travel Service
- B/ Czech Airlines
- C/ Czech Airlines Handling
- D/ Other entity

The second option can be practically eliminated, as CSA has evaluated that according to their current state, it is more viable to outsource such services. Therefore it cannot be expected that they would return to the option of having their own contact centre, or a joint contact centre. The loss of experienced employees currently employed in these contact centers would be uneconomical given the o D variant; therefore this option can also be eliminated. Two variants therefore remain. The contact centre would be operated by either Travel Service or by Czech Airlines Handling.

Approximately 11 employees work within the TVS call centre during the week days. Czech Airlines Handling employs approximately 15 workers for a daily shift during the working week, which means on an average 4 more people. Despite the fact that the CAH employees deal with not only passenger enquires for CSA but also for other airlines, as they are also the call centre for Prague Airport, a question as whether this department is not over-staffed arises. When the above-mentioned number of employees is applied to number of

passengers carried in one year, the Czech Airlines Handling contact centre utilizes more employees, even though CSA, in comparison to TVS, carries only half the passengers. We can afford to compare the number of passengers carried to the number of call centre employees, because the number of clients using the CSA support line is much higher than the number of clients calling the Prague Airport help line. Picture no. 1 features a graph, where the number of passengers carried is compared for both Companies.

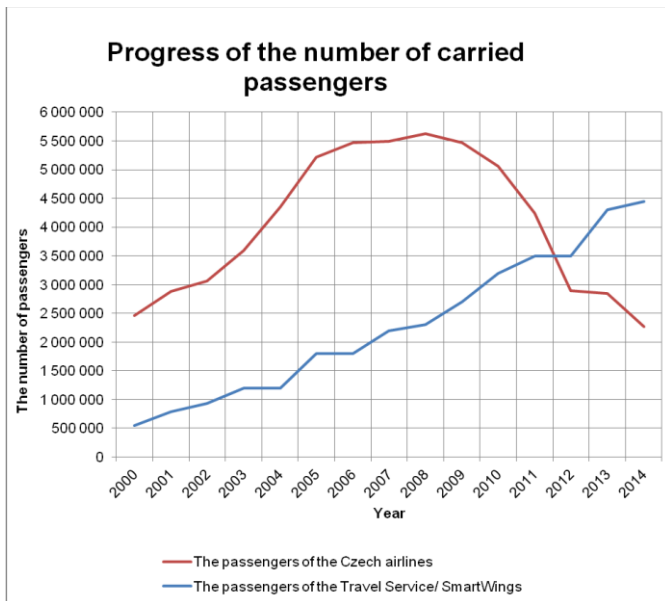


Figure 1. Presents the development of the number of passengers carried

From the above-stated number of individual call centre employees and from the overall numbers of passengers carried, we can see that for each CAH employee, there are 151 000 passengers and for each TVS employee, there are 405 000 passengers. From these numbers, it is apparent, that for one TVS employee there is approximately 2.5 times more customers.

If we take into consideration that the call centre employees of CAH also provide the services for the Prague Airport, the staff numbers are quite high. Furthermore, other CSA employees on outposts in foreign countries have been omitted. These offices are also the CSA call centers, so it can be assumed that a large number of clients make their calls to them. On the other hand, it is important to note, that the TVS employees most often communicate with individual passengers for the SmartWings Company. A large portion of Travel Service passengers are those utilizing charter flights. These passengers communicate primarily with their travel agencies. Nevertheless, in the event of lost baggage, or flight delays, they are in contact with the customer service centre. The most beneficial information would be the number of incoming calls to the call centre, or the number of clients attended to by the call centre employees. From this, the effectiveness of the employees could be determined. Unfortunately, this information was not provided by CSA. Nonetheless, Travel Service has provided the number of calls made to the call centre for the years 2013 and 2014. The following graph depicts these statistics.

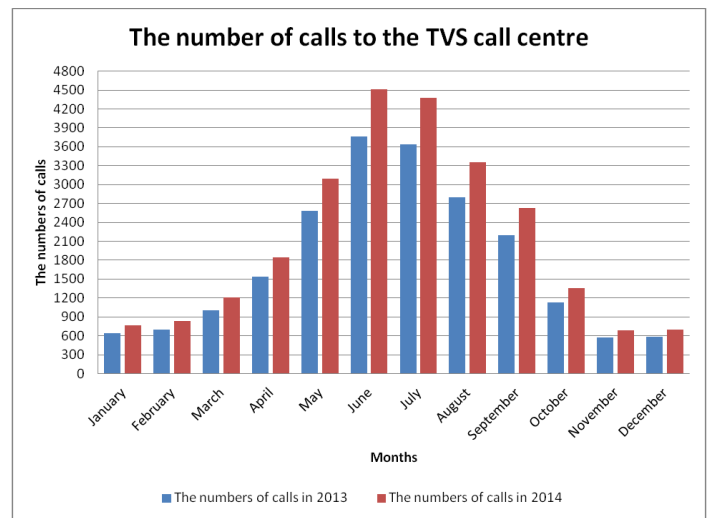


Figure 2. Graph of the amount of calls to the TVS call centre

From the graph, it can be seen that the employees are under the greatest workload during the summer season. The increasing number of incoming calls per year can also be seen, which is related to the increasing number of passengers carried and also to the code sharing between TVS and CSA.

Another difference in the concept of both call centers is the employee responsibility. The TVS customer care centre is divided into sectors, which have a clearly defined area of responsibility. On the contrary, the CAH call centre is not divided into areas of responsibility, but operates in accordance with employee competency and experience. This, from a practical point of view, is quite inflexible, because the operators are not replaceable. In other words, the less experienced employees can not cover for the more experienced ones. An example could be the purchase of an air ticket through the call centre. The TVS call centre operator will reserve the airline ticket for the customer, performs the payment, issues the air ticket and will send a confirmation of the reservation, which is also a tax invoice. The CSA call centre operator will make a reservation, and performs the payment. Another, more experienced operator will issue the actual air ticket and will send a confirmation to the customer. If the customer requires a tax invoice, it is issued separately, because the CSA confirmation is not a tax invoice. Therefore, two operators are engaged in the purchase of an air ticket for one passenger. In the event of a fusion, a single concept would have to be adopted. Although the CAH call centre features a more complex system of incoming calls, if the call centre had the same structure as the one utilized by the TVS customer care centre, there would be no need for a complex network ensuring the correct connection between a client and a suitable operator. It would not matter who picks up the phone, because all the operators would be able to solve the problem the client possibly has, due to their knowledge of the given problem. From this, it can be understood, that it would be more effective to adopt the system utilized by TVS i.e. to divide the employees into those, who perform all the tasks within the reservation process, provide the pricing information of the air fares, make reservations and issue air tickets, furthermore into employees dealing with lost baggage, complaints arising from flight delays, and group reservations.

IV. AIRLINE PRODUCTS AND SERVICES

Another obstacle of the fusion is the differences between the products services provided by both airlines, should we consider different fees for the same services or a different structure of these fees.

In the event of a fusion, it would not be practical for the operators to differentiate whether the passenger is flying with CSA or SmartWings, to provide them with the correct information. Therefore we can exclude the possibility that a difference in the products and services shall remain, as it currently is. The current product concepts would need to change for the sake of unification. The variants which could be considered are:

A/ a change in the product concept of CSA in accordance with the SmartWings example

B/ a change in the product concept of SmartWings in accordance with the CSA example

C/ an amalgamation of both concepts into one unified concept arising from the product of both Companies

Despite the fact that CSA is attempting to get closer to the hybrid airline model, they are unable to free themselves from some services, which remind one of a traditional airline. The fact is, that their product concept is more complicated and time-demanding when it comes to answering questions of their clients and in the end the service provided to the customer takes longer. Again, we can use the example of an air ticket purchase. With regard to the fact that CSA enables a free fare reservation, the operators must call those clients, who have utilized this method with a question, if they really wish to buy the air ticket.

Another thing to take into consideration is if the Frequent Flyer program, provided by CSA, really attracts enough customers, to make its offer worthwhile. Today, the customers are mainly influenced by airfare prices. The proof of this is the growth of the low-cost airline sector and the reduction of fare costs in traditional carriers. The Frequent Flyer OK Plus is what takes up a lot of the time for the operators. This is due to the fact that the customers seeking or applying these benefits must do so only via the call centre. And because these benefits can be claimed even on flights with other Skyteam Alliance members, the search for an air ticket for the lowest amount of miles flown is a time consuming task. Furthermore, the concept itself, based on the customers being rewarded for miles flown, rather than on how much money they have spent for the benefit of the carrier, is not very efficient for the airline.

Stemming from the above mentioned examples, it becomes apparent that a change of the product according to the CSA example would not facilitate a favorable choice.

On the other hand, the standard of the services provided by the SmartWings call centre could be expanded by adding some of the activities performed by the CAH call centre. An example could be a procedure for informing the customers about any potential flight cancellations. The TVS call centre provides this information by means of an e-mail. The CAH operators, apart from the informative e-mail, also send an SMS message to all the relevant customers. By means of this procedure, the risk that

the customer will not be informed about this important change, through sending only an e-mail, which could end up in the spam box, is eliminated. The best solution therefore would be to create a concept of a unified service, fees and products for both the air carriers. This new concept would draw on the experience of the original concept from both companies in such a way, as to ensure a most desirable and optimal outcome. SmartWings could for example expand the options for check-in, and in contrast, CSA could simplify the fees for overweight baggage.

V. RESERVATION SYSTEM

The last area, which should be addressed prior to a possible fusion, is the system for making reservations. Both airlines employ a different means of making a reservation. CSA uses the Amadeus system for its reservations, inventories, and check-in. Travel Service utilizes the SITA system. These systems are not compatible; therefore one Company could not see the book keeping of the other. The solution to this problem could be the following three possibilities:

A/ both Companies shall retain their current system

B/ CSA adopts the SITA system

C/ Travel Service converts to the Amadeus system.

The first variant is the least effective and also the most complicated, as the call centre employees would have to master both systems. In some areas, the systems are compatible; however their system input data, without the knowledge of such, the operator cannot function, are different. The processing speed of the customer requirements is quite important; therefore it necessitates the input data to be committed into the memory of the operator. It would be very difficult to memorize both the different systems simultaneously. In the event of a simultaneous use of both the systems, committing the input data to memory would be difficult above all due to their complexity. The operator would have to have a handbook at his or her disposal, which they could consult. With this method, the processing time of the customer request would be increased, which would not be desirable for the call centre. The call centre could also be divided into those working with Amadeus, and those with SITA. This would cause a situation where one operator could not replace another, and the call centre would have to be divided into some that work with Amadeus and others with SITA. A distribution matrix would be necessary in this case, dividing the callers into CSA and Travel Service clientele. In the end, not much would change and the fusion would not bring about the desired outcome.

From an operational point of view, the optimum solution seems to be the transformation of the system from one Company, onto the system of the other. For CSA, the transformation onto the SITA system would be a backward step. Furthermore, the airline would have to cancel the newly implemented on the phone check-in, which the Amadeus system facilitates for. The more preferred option would therefore be for Travel Service to adopt the Amadeus system. Another factor, which is in favor of this possibility, is the current problem of the check-in system. Specifically, it is the problem of the through-check-in, which the TVS Company has not purchased from SITA. The question remains regarding the economy, as the services of Amadeus are far more expensive.

VI. CONCLUSION

On the basis of an operational analysis of the current call centers, which also addresses the differences in the products and services offered, a fusion has been selected, which presents itself as the most beneficial in an operational aspect. It is not possible to evaluate the chosen variant economically, as the information necessary for this evaluation has not been provided by the carriers. In order for this viewpoint to be taken into consideration, it would be necessary to be familiar with for example the financial outlays associated with the service outsourcing of the CSA contact centre, the costs associated with the operation of the TVS contact centre, or the costs associated with the use of the reservation system.

The most beneficial variant from an operational point of view would be the one where the concept and structure of the TVS call centre would be used. Prior to the fusion, a further unification of both the products and services offered by both airlines would be applied, and in such a way, as to provide an amalgamate of a product concept arising from the offers of both airlines. The last step leading to the ultimate fusion would be the transformation of the TVS Company towards adapting the CSA reservation system, therefore adapting Amadeus.

Although the article does not evaluate the economical aspect of the fusion, it could serve as an example for those, who shall analyze such. On the basis of such an economical analysis, the possibilities, which appear unsuitable from an operational point of view, could become favorable. After that, it is up to the evaluation of the Company management, as to whether they

shall incline to a more favorable economical or operational variant.

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