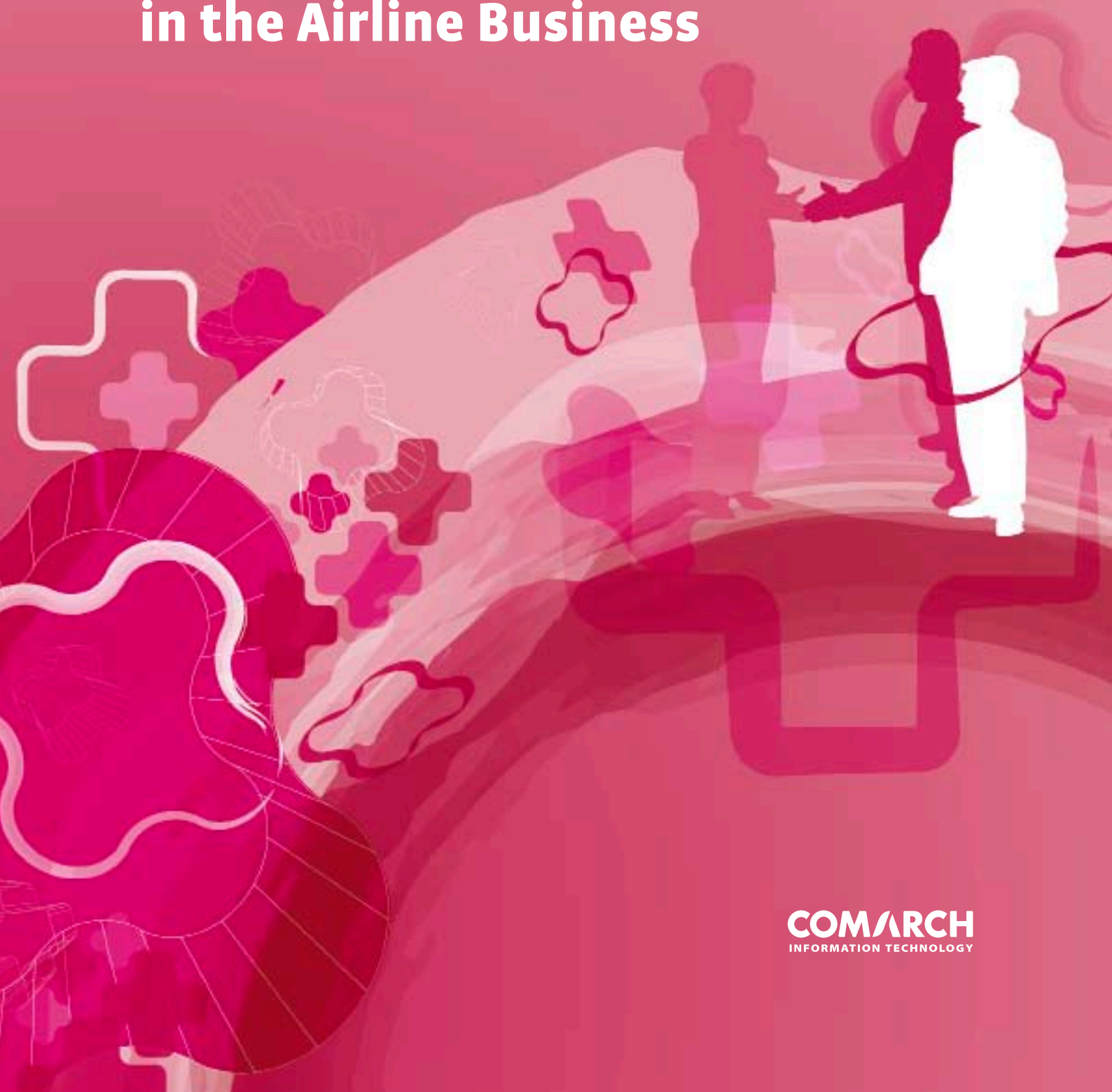


# TRADE&SERVICES

Create valuable relationships with your passengers

## Comarch Loyalty Management in the Airline Business



**COMARCH**  
INFORMATION TECHNOLOGY

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## Introduction

### **Emotionally attached passengers are loyal passengers.**

In the current fiercely competitive marketplace of the air travel industry, there are many pressures that encourage airlines to make short-term decisions that can have an unprofitable influence on long-term value. Cutting prices in order to retain and attract new passengers and gain a larger market share are insufficient and ineffective. Such tactics do not produce the desired outcomes. Reducing prices leads to a visible decrease in the quality of products and services, which in turn leads to lower levels of traveler satisfaction.

### **Passengers stay loyal as long as they achieve observable benefits.**

The most important objective is to identify the most loyal and valuable passengers and brew loyalty in a broad sense, not merely limited to the accrual of frequent flyer mileage. Knowing passenger preferences, the ability to predict purchasing habits and making dynamic decisions based on these data are crucial elements for fulfilling traveler expectations and maximizing revenues. Such precision is why the best loyalty programs have a clearly defined goal, carefully created strategy, and an overall organizational commitment.

### **How are travelers convinced to become loyal?**

Comarch has the tools to help you find the most effective and efficient solution in accordance with your strategy.

Comarch Loyalty Management FFP is our comprehensive loyalty management solution dedicated to the airline market. It enables a company planning to invest in a new loyalty management suite to overtake their competitors in the race for retaining loyal travelers and attracting new patrons.

CLM FFP provides airlines with direct, personalized communication with travelers and gives individual customers the feeling of being cared for. By taking advantage of our solution, airlines can manage their Frequent Flyer Programs with greater flexibility and ease. In return, they offer the highest level of services; magnifying passenger's loyalty, increasing revenues and evolving their cost-effective marketing programs.

## **Beat the Competition in the Airline Industry?**

### **The current airline market is characterized by:**

- Intense global competition
- Decreasing prices and margins
- Ever-increasing traveler expectations
- Shrinking profits
- Growing costs – fuel, labor, security, marketing

Increased competition provides the reason for escalated pressure to reduce costs and prices. Airline suppliers must directly compete with each other in a strong market while fighting for access to the traveler's wallet. Nowadays travelers have very sophisticated tastes. If an airline is to meet customer needs, increase revenue and improve efficiency it is necessary to increase the attention paid to the most valuable passengers.

Passenger expectations are diverse. Business passengers are more likely to travel frequently. They tend to purchase upgraded services which produce higher margins for the airline. On the other hand, leisure travelers are less likely to purchase premium services and are very price sensitive. During times of economic uncertainty the number of leisure travelers will decline. Passengers who are dissatisfied with the quality of purchased services will go elsewhere in search of another carrier who is able to provide good products and services at an affordable price. In fact, it is important to act proactively. Most essential is to know who the customers are, what they want, how they want it and where to deliver it. When determining these parameters it is necessary to take into account time, money, personal preferences and convenience. Only in this way is it possible to anticipate passenger needs and improve their satisfaction.

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The most important assumptions airline companies should take into consideration are the ability to: facilitate loyalty offerings to frequent flyers by providing them with the highest level of services at the lowest possible cost, service passengers using streamlined user interfaces, create innovative promotions and communications, and offer program members the capability to choose benefits they value.

In these times of fierce competition, winning a new traveler is several times more expensive than retaining an existing one. Considering the enormous benefits a well functioning loyalty program could bring, it is critical to choose the right tool to support the management of such a program and all of its related aspects. CLM FFP is such a tool – an affordable, state-of-the-art and flexible solution designed to support the management of Frequent Flyer Programs.

### Successfully Implementing a Frequent Flyer Program Leads to:

- **Creation and maintaining of positive relationships** – constant communication with travelers provides insight into their requirements while creating a feeling of personalized care as well as an awareness of the passenger's value
- **Increased number of flights** – the frequency of traveler-initiated flights increases – especially business trips

- **Increased customer retention** – existing members remain loyal
- **Increased number of new passengers** – buzz advertising by loyal travelers brings in new customers
- **Increased brand value** – enhance the company brand while simultaneously attracting and retaining customers

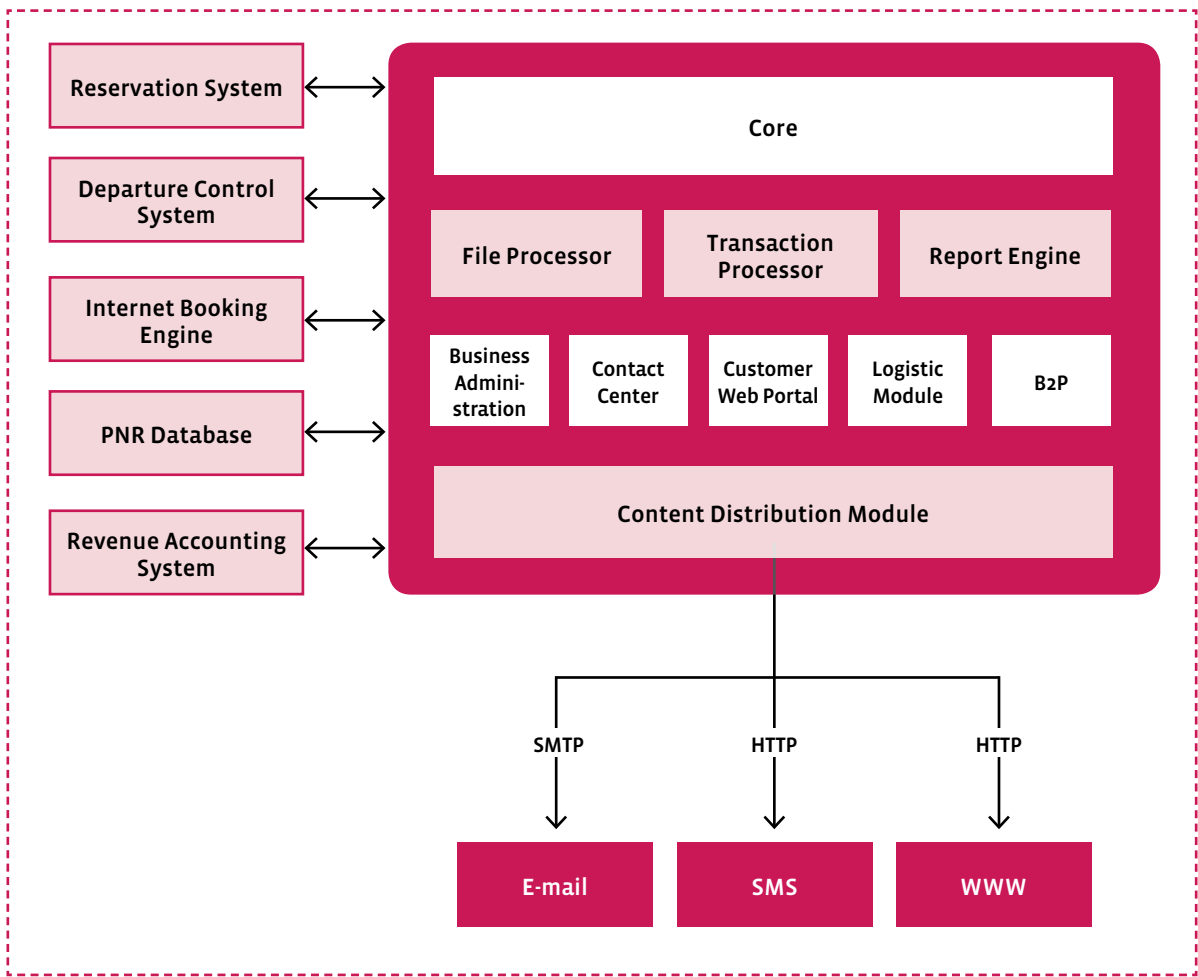
Benefiting from these results is only a matter of making the right decision to implement a loyalty program. Leave the rest to Comarch. Our system strategy is to provide an instrumental tool in building brand recognition and a positive corporate image. We will design a business model customized to the individual needs of your business and implement a solution that fully employs the assumed strategy.

# Architecture

Thanks to its design architecture, the system is well suited to the execution of projects of any size and on any geographical scale. The system is physically divided into a central core and satellites which can be situated in various business locations. Individual system elements can be freely configured either globally or locally. The end result is various configuration settings within the entire system:

## Business Administration

The general system and program interface enables initial system configuration and ongoing maintenance. The web interface covers all of the administrative tasks. An individual set of features is presented to every user according to assigned roles that convert directly to access privileges. System operations are reduced to merely entering appropriate parameters and selecting required options.



Comarch Loyalty Management FFP logical architecture

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**Contact Center Web Portal**

A separate application is designed for servicing loyalty program participants and users. The Contact Center application works with the central database of CLM FFP and supports the management of orders and claims as well as parameter modifications by designated operators. The implemented CRM functions manage contact with program participants as well as tasks for technical support. The Internet browser interface makes it possible to use the application from any location with secure Internet access.

**B2C Customer Web Portal**

In order to make the loyalty program more attractive, members are given access to a special web portal, allowing them to view their account balance and history, order rewards as well as view promotions and reward catalogues. The portal provides many other options related to interaction between the operator and program participants. The portal can be integrated into an existing corporate website or built as an entirely separate Internet site.

**B2P Business Partner Web Portal**

In a multi-partner environment, all airline and non-airline business partners have access to business data and program parameterization tools through the B2P portal. In addition, this portal provides partners with advanced reporting features including multi-party clearing and invoicing.

**Logistics Partner Module**

An additional application is used for controlling the inventory of gifts, advertising materials and membership cards. This application enables logistical partners to access relevant data. This web application also supports the gift ordering process.

# Benefits

## Universal

The modular structure and wide range of parameter definition enables the successful implementation of CLM FFP in the airline business environment. It is a highly advanced solution, both in terms of IT technology as well as functionality. Scalable architecture facilitates the expansion of the loyalty program along with the company's growth.

Multi partner programs can benefit from Comarch's experience across various markets including, among others, retail and finance. Comarch's vast experience which has been built into the solution and the high degree of program flexibility make CLM FFP the perfect cross-market solution.

## Open

The system's architecture is modern and flexible. The platform applies state-of-the-art technologies enabling integration with many other external systems which operate alongside the Frequent Flyer Program, such as:

- Reservation Systems
- Departure Control Systems
- Internet Booking Engines
- Revenue Accounting Systems
- PNR Databases
- Other external IT systems

Integration of CLM FFP with an airline company's environment leads to more convenient operation and an increase in loyalty program potential. Our applications can integrate across solutions, platforms and technologies while complying with the enterprise architecture. Communication with external systems can proceed in both on-line and off-line mode. The most common integration mechanisms include Web Services, JMS/Message MQ, PL/SQL, XML files and flat files.

## Flexible

Our easy-to-use and sophisticated tool for managing accrual, redemption, participants, partners and system parameters provides FFP operators with a wide range of possibilities. Comarch Loyalty Management FFP is a priceless tool for devising creative marketing activities. Our solution helps develop targeted marketing promotions that support assumed airline business goals. In addition, the system's graphical user interfaces are suited for users possessing only rudimentary skills in the operation of computer applications.

## Efficient and Scalable

The scalable architecture ensures the development of the program together with the growth of company potential. All these factors make CLM FFP a tool which is tailored to every customer, no matter the size or type of business activity. Due to its modular structure and wide range of parameter options, Comarch Loyalty Management FFP can be successfully used in both small or medium sized companies as well as large enterprises.

## Secure

Security mechanisms ensure the safety of stored data (e.g. balances, customer data etc.) as well as the data sent between partners in various locations. Advanced system algorithms provide airlines companies with fraud protection capabilities in case of frequent flyer program misuse.

## Reliable

High availability mechanisms ensure that the system is available from 98% to 99.9% of the time. Comarch's strategy is to provide the most cost-effective method of CLM FFP availability to its customers.



holder as well as allow for performing available operations (collecting miles, redemption of miles, accessing the WWW service), depending on the member/account configuration.

CLM FFP gathers extensive information about program members. This data gives airlines information about member preferences, transactions, communication, personal habits, interests and activity within the program. Our solution allows members to be described in increasingly greater detail, allows new members to be created dynamically and furthermore, assigns them to specified segments. This functionality is crucial for the proper execution of segmentation processes, and enables the definition of member and future customer value and also helps airlines treat all members as individuals. In addition, member data can be flexibly modified at any time.

### Promotions

Depending on preferences and strategy, promotions can be created using various combinations. CLM FFP provides airlines companies with a wide range of possible attributes for promotion design, with conditions related to time, location, flight segments, airline services, non-airline partner services and others.

Operators can adjust frequent flyer programs in order to reward various types of participant expectations.

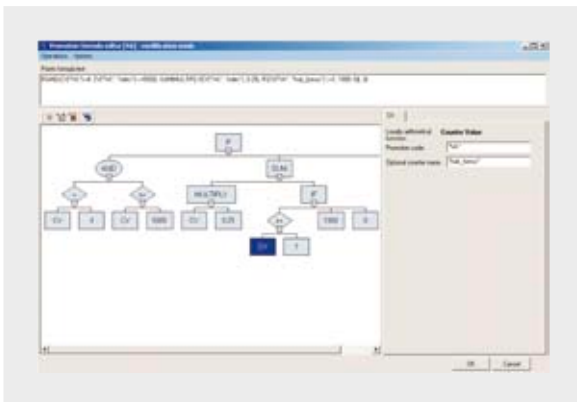
Miles can be awarded for flights, hotels, car rentals, purchases of particular products and services, other loyalty-related events (i.e. when customers join a program or complete a questionnaire) or any combination of the above activities. Each defined promotion has the ability to be parameterized. Personalized messages can be sent automatically once the promotion transaction has been completed.

When developing a promotion, the system allows for defining rules and consequently grants miles in alignment with the campaign rules. Comarch's innovative tool for campaign development makes construction of multi-partner promotions easy.

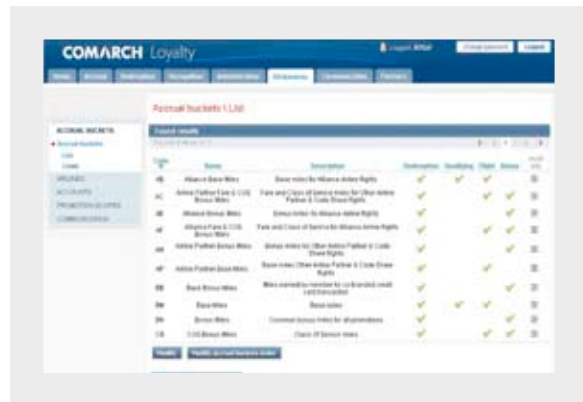
Mile calculations, tariff conditions and formulas are edited via the unique Promotion Designer graphical interface. Promotion Designer allows the creation and instant validation of very complicated rules and promotions without advanced knowledge and computer skills. Its user friendly interface represents one of CLM FFP's strongly competitive advantages among world-class loyalty management systems.

### Mileage accrual

Comarch Loyalty Management FFP provides a wide range of mile management functionalities. Miles are what members accrue in the program and they are of-



Promotion Designer



Program Miles

ferred in many forms depending on the airline and its partners. It is very important to mention that there is no limitation on the number and type of miles.

Customers who perform any transactions (flights, service usage, product purchases) will receive miles in the amount and type defined in the mile formula by the program operator. The amount depends on a range of conditions which are analyzed by the promotion engine. These conditions can include customer segmentation, transaction aspects (transaction value, transaction frequency), location (partner branch), time (occasions – birthdays, enrollment anniversaries, happy hours) or any other defined period. These factors are combined in a condition tree defined by the program administrator. Accrual rules use counters to gather information about past transactions, reward the most active members and create promotions extended in time that require constant customer activity. FFP CLM is an online application that gives members the possibility of reviewing their mile accounts instantly after transactions. Members can check their balance through the customer web application, IVR or via SMS/text message. Messages are personalized and can be sent automatically once the transaction has been completed. Program partners can deliver miles that are best suited to their markets and customer needs. Our solution enables conversion and recalculation of miles between partners. Miles may also be transferred between program members as gifts.

In addition to the real-time one-at-a-time issuance of miles described earlier, CLM also provides mile issuance in batch mode. Batch processing is possible in several ways:

- By importing and processing a file which includes all the transactions to be booked (multiple formats are handled by the system),
- By receiving information on-line from the POS about a batch of transactions in a single message (or a small number of messages), or finally
- By receiving a series of transaction requests using the standard interface (one by one) with or without a reply.

Expiration dates can be set for some or all accrued miles. This encourages members to spend their miles as opposed to saving them. Expiration dates can be modified and previously expired program currency can be renewed. Our solution also makes it possible to convert different partner currencies. Additionally, conversions can be treated as events and used in further promotion design.

In the event of discrepancies in accrued miles, members can file claims for the absent miles either through the customer portal or via a call center. Detailed data concerning the flight is gathered, the claim is processed and the miles are accrued to the member's account.

## Redemption

Comarch Loyalty Management FFP supports all types of loyalty rewards including prizes, services, percentage discounts and quantitative discounts (coupons, vouchers). The system differentiates prices for rewards depending on various member segments, tier levels and distribution variants. Using our system, airline companies can redeem miles for flights as well as offer other goods and services of value such as booking class upgrades, airline lounge access, free wireless internet connection, hotels rooms or rental cars.

In today's competitive airline market, cooperation between airlines carriers and non-airline partners is an important aspect of any frequent flyer program. Coordinated relationships add significant benefits to any program. Non-travel companies create value by offering a wide range of services that effectively expand the customer relationship beyond travel into everyday life. Such interactions have a great influence on passenger loyalty.

It is possible to construct pricing plans based on a miles only model, a money only model or a mixed model. For every reward, price plans can be defined separately for each channel and member segment. Each award definition (in combination with channels and participant segments) creates the possibility to set up values for the following parameters: value in miles, minimal sum of miles, maximum sum of money and ratio of miles to money.

## Comarch Airline Suite

CLM FFP is part of the Comarch Airline Suite, a comprehensive solution focused on passengers and their needs. A set of four complementary products helps manage and fulfill increasing customer requirements, while at the same time, allowing for the creation of a unified customer view, providing added value and opening new revenue possibilities.

### Airport Information Services

Airport Information System (AIS) is a tool designed to aid travelers in controlling their journeys. It is a modern, modular and easy to use application that can virtually guide passengers. Personalized and up to date travel information is delivered directly to passengers' mobile devices. Users are able to access their itineraries, flights details, predicted weather conditions, gate information and baggage location. In addition, the system offers alerting services to remind passengers about all important events, like check-ins or boarding. Messages, received as emails or sms, provide information about any flight schedule anomaly. Other functionalities include, but are not limited to: airport navigation, delivery of dedicated offers and promotions, entertainment services such as music, videos on demand, online games or community portal.

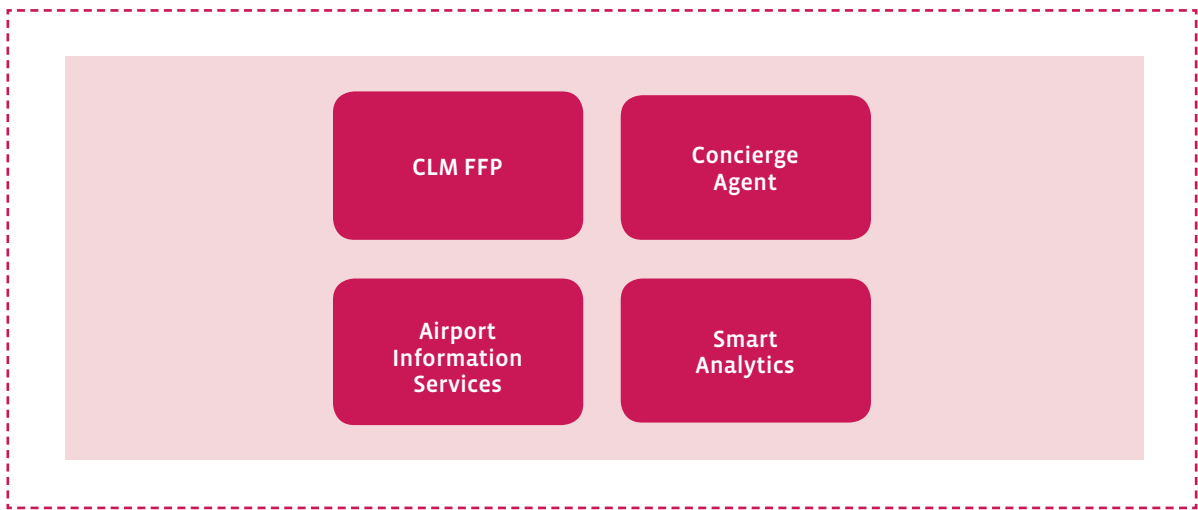
Integrated with core loyalty modules, it offers a powerful means of satisfying passengers and keeping them loyal. At the same time facilitates gaining ancillary revenue.

### Concierge Agent

This is a tool used for improving satisfaction of the most profitable passengers – VIP members. Comarch Concierge Agent (CA) enables a customer service agent, either at a computer or with a hand held device, to anticipate traveler needs and prevent negative customer experiences by proactively managing their itineraries. CA works to insure a smooth airport experience by managing a customer's check-in, flight delay notification, airport assistance, and other concierge services. CA's ability to interact with members through supported communication channels including telephone, email, text message, and instant messaging/chat insures a higher level of customer satisfaction.

### Smart Analytics

Smart Analytics (SA) is an innovative solution based on data warehouse technology. Its main goal is to provide organized and lucid information that supports decision-making processes in the entire company. It is a very powerful tool connected with a loyalty system – it enables the identification of customer behavior and trends.



Comarch Airline Suite

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