Analytic Ecosystem Integrates Silos to Enable Insights Across Lufthansa's Brand

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Deutsche Lufthansa AG, or Lufthansa, is on a mission to "be the first choice in aviation for customers, employees, shareholders, and partners." To accomplish that goal, the global aviation giant relies on data and analytics to guide its multiple brands and improve operational efficiencies.

In the fiercely competitive airline industry, increased business complexity, including mergers and acquisitions, has made gaining new efficiencies and identifying new value progressively more difficult. To add to the challenge, business decisions must be made in near real time under volatile market conditions. As a result, decision makers need to choose tradeoffs in the risk-cost-loss equation to keep the company's operational infrastructure aligned with its current strategy.

A Focus on Key Success Factors

To achieve operational excellence, Lufthansa strives to leverage its personnel, equipment, systems, and other resources to their full potential. This allows the company to operationalize business strategies, deliver continuous improvement, and shape operating models to meet evolving needs. In order to strike a balanced approach between leveraging timely insights to maximize profits and lowering costs without sacrificing customer service, Lufthansa focuses on three strategic KPIs that are monitored daily:

- Maximize revenue
- Minimize costs
- Maintain customer satisfaction

To measure the KPIs, Lufthansa undertook the massive challenge of creating a common data language across its multiple acquisitions and mergers. The airline then knocked down brand silos to integrate data from internal and external sources into a Teradata Integrated Data Warehouse, which enabled the actionable insights needed to inform decision making.

Data Analytics Are Critical Across 'Fields of Action'

Lufthansa initiated a strategic agenda made up of seven "fields of action." These fields are applied to both individual business segments and across the company:

- Customer centricity and quality focus
- New concepts for growth
- Innovation and digitalization
- Effective and lean organization
- Culture and leadership
- Value-based steering
- Constantly improving efficiency

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Striving for Operational Excellence

To gain maximum value from their assets, organizations need their personnel, equipment, systems, and other resources to perform at their full potential. Achieving that level of efficiency requires operational excellence, which is the use of dynamic business analytics performed across a range of data that deliver insights and visibility into all facets of business operations. This also requires leadership to operationalize business strategies, deliver continuous improvement, and shape operating models to meet evolving needs.

Operational excellence breaks free of the siloed approach to data to involve all stakeholders across the business. For Lufthansa Group, operational excellence helps the airline achieve solid annual financial results, foster positive growth for business segments, and strengthen its strategic position in a highly competitive industry.

The integrated data, along with the creation of the common data language, allowed a better understanding of cross-functional business areas and performances, such as:

- Revenues
- Reservations
- Marketing
- Market share
- Crew scheduling
- Crew efficiencies
- Airline destinations
- Airplane schedules
- Jet fuel

By analyzing data on pricing, routes, airplane models, and customer segments, Lufthansa is able to measure "fair share." The metric is a monetary evaluation of the carrier's bookings and determines if travel agents are giving Lufthansa its fair share of reservations in a constantly changing marketplace. This lets the airline know its growth of market share, or fair share, for a particular customer segment in relation to the overall industry's growth. So if the industry grows at five percent, for example, did Lufthansa's corporate passenger group also grow by five percent, or was it more or less?

Customer-Specific Offers Take Flight

Analyzing integrated data allows Lufthansa to develop and deliver customer-specific offers across its multiple brands, carriers, and business units. The company can see a comprehensive picture of each customer's business relationship with the airline, then reward that loyalty with incentives. The customer insights, along with the optimal attribution of incentives, helps steer sales and strategies across the entire Lufthansa Group.

As a single source of enterprise-wide information, the integrated data warehouse is part of an analytic ecosystem that serves multiple areas across the business, including sales, revenue management, networks, and product groups. Each department is able to use data insights to meet the needs of hundreds of markets, identify customer preferences, and determine the value of local currencies in countries around the globe where the airline does business.

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For example, Lufthansa implemented a data-driven process to proactively engage customers who experience a "dark flight." A dark flight is when the inflight entertainment system fails, leaving passengers unable to watch a movie, play video games, or engaging in other activities. The process automatically compensates all affected passengers—before they complain to the airline.

Lufthansa is also working to provide an enhanced customer experience with more individual contact. To achieve this, data analytics will play an ever-increasing role in delivering quality, consistent interactions across each touch point and across all brands.

Soaring to New Heights With Analytics

With the right analytics, Lufthansa can overcome economic, competitive, and quality challenges to achieve new levels of excellence. The data warehouse breaks down various brand silos to integrate data from all of the airlines that fall under the Lufthansa Group, then make that data available to all stakeholders. This leads to better management of all brands, uncovers efficiencies across the business, and provides access to the competitive information that encourages strategic thinking.

Analytics have been instrumental in keeping plane seats filled while effectively reducing costs. Striving for continued operational efficiencies through data analysis will help the airline identify additional, sustainable cost savings while strengthening its financial stability.

As new distribution channels emerge for airlines, displacing traditional booking and reservations systems, anyone can check the Internet for the best price and flight details before booking a ticket. To provide value beyond the ticket price, Lufthansa will increasingly need data analytics to create offers that meet customers' individual needs, including engaging customers on social networks, while continuing to maximize profitability.

Connecting Europe While Keeping a Customer-Centric Business

Lufthansa Group integrates different types of data from multiple airlines and airline services. The data is analyzed to help the company achieve operational excellence and measure critical KPIs. **Click here to watch the video.**

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