

## Intended Consequences



**M**Y APPETIZER OF MAINE LOBSTER with pickled fennel and chervil mascarpone was followed by a salad of seasonal greens and then by the entrée selection—Szechuan king snapper with wok-fried asparagus and jasmine rice—all accompanied by a fine Riesling served refreshingly chilled.

The night air was bracing at 40 degrees below zero on the Fahrenheit scale, but that's not particularly unusual at an altitude of 30,000 feet. Besides, the flight attendant nearby was ready to provide a blanket and pillow, if my needs required it.

Ah, now this is how flying should be!

Alas, for millions of air travelers, recent memories run more toward long lines, uncomfortable seats, lost luggage, and missed connections. Hit by the rising cost of oil, terrorism-related security requirements, and an overloaded air traffic control system, the airline industry has certainly faced stiff winds.

But some of the airline industry's current practices—randomized pricing, retrofitting for maximum discomfort, harsh penalties for itinerary changes, and a menu of annoyance fees—seem as if they were specifically designed to contradict textbook management principles.

And maybe they were. Maybe these are, in fact, cutting-edge practices that are pointing the way to a new management theory with rules something like these:

**Rule 1: Treat your customers like commodities.**

Is the airline industry's purpose to help travelers get from one place to another as conveniently and efficiently as possible? Or is it to see how many people it can squeeze into an oblong metal shape at the lowest possible cost?

Harvard professor Rohit Deshpande exemplifies the old-school view when he explains that Singapore Airlines "has been able to offer complimentary espresso on

flights when others are charging for luggage and taking away in-flight movies because they have stayed out of the loser's game of competing for customers on price and treating them like commodities" ([www.conversationstarter.hbsp.com](http://www.conversationstarter.hbsp.com)).

But how customized is the service at McDonald's or Sam's Club, two very successful franchises? Maybe the flying-bus philosophy is a better model than the cruise ship in the sky.

**Rule 2: Don't delight your customers; challenge them.**

Anyone who has booked a flight online knows the frustration of dealing with what seems to be randomized pricing. How shifting your departure time by an hour or two can cost you significantly more or less. How a flight going from Point A to Point B can cost more than a flight going from Point C to Point A to Point B.

Whether true or not, there is the perception that unless you are willing to invest sweat equity into booking your flights, you may wind up paying a premium for your ticket.

Before judging the industry too hastily, though, we might do well to consider the findings of Gail McGovern and Youngme Moon. In their June 2007 *Harvard Business Review* article "Companies and the Customers Who Hate Them," the authors note that "companies have found that confused and ill-informed customers, who often end up making poor purchasing decisions, can be highly profitable indeed."

So, have the airlines simply lost their way, or are they just sly as foxes?

**Rule 3: Ignore the Total Customer Experience.**

Some might argue that the flight experience doesn't begin and end at the aircraft

entry door. It also includes airport parking, check-in, security clearance, and baggage claim. If any one of these steps goes awry, the traveler's entire experience can be compromised.

But should airlines really have to worry about those extraneous factors and pesky supply-chain issues, or should they focus all of their energies on squeezing commoditized passengers (with their hard-won, discounted fares) into those winged machines?

**Consumer-Testing**

If these practices are to gain wider acceptance, they need to be tested in a variety of industries. Here are just a few examples of possible applications:

Country clubs could squeeze three in a cart, play sixsomes to lengthen playing time, and charge players for excess putts (i.e., more than two) on any green.

Restaurants could introduce dynamic pricing so that the cost of an entrée fluctuates wildly based on what others are ordering. If diners don't hit the "order button" at the right moment, let the cost of that seafood Newburg jump to \$60.

Grocery-store owners might try putting sale items on the highest shelves in the most obscure locations, and, for heaven's sake, why not charge for those shopping carts?

And if you happen to own a coffee shop, how about creating a dizzying array of options from those basic ingredients of coffee, milk, and sweetener in hopes that your bewildered customers will pay you \$5 or more for drinks with names like latte mochochitto or café bandito?

For any business in need of a reversal of fortune, maybe a dose of this twisted logic is just what the CFO ordered. And for the rest of us, the next time that customer experience falls short of providing "total satisfaction," maybe, just maybe, that's the way it was intended to be.

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