

REAL WORLD CASE 2

Delta and Northwest Airlines: The Business Value of Customer Self-Service Kiosks

For travelers, the best trips are fast and hassle-free, with limited time spent at the airport. That's why Atlanta-based Delta Air Lines Inc. (www.delta.com) teamed up with its technology subsidiary, Delta Technology Inc., to deploy hundreds of self-service check-in kiosks at airports across the country, with a goal of speeding travelers to their destinations.

Mike Childress, senior vice president of development at Delta Technology and the project's leader, says there are now 449 kiosks installed at airports in 81 U.S. cities. The kiosks had been part of Delta's multiyear business plan, but when airports increased security in the wake of the Sept. 11 terrorist attacks—and the amount of time customers spent waiting in line grew longer—the airline decided to accelerate the project. Delta acknowledges that it had been trailing some other carriers' kiosk initiatives before Sept. 11.

For example, Northwest Airlines (www.nwa.com) had embraced self-service airport kiosks in a big way before Delta. Northwest had over 650 e-Service Center check-in kiosks in over 150 airports, more than any other airline, and will have added over 100 more kiosks by the end of 2003. In fact, more of Northwest's customers are using self-service check-ins by checking in online on the Web at nwa.com, or through one of their e-Service Center check-in kiosks, than through traditional check-in methods.

Thus, more than half of eligible customers now choose one of Northwest's self-service check-in options, a record high. At the carrier's Detroit World Gateway and Minneapolis/St. Paul airport hubs, usage has averaged 70 percent. Systemwide usage has continued to soar over the last three years. "On May 1, our Minneapolis/St. Paul hub achieved a record 74 percent of check-in transactions performed through one of our convenient self-service check-in options," said Al Lenza, vice president of e-commerce and distribution. "With the rapid growth we are experiencing, by the end of the year we expect that at least 70 percent of our customers, systemwide, will be choosing nwa.com online check-in or an e-Service Center kiosk for their check-in needs," said Lanza.

Rob Maruster, Delta Air Lines' director of airport strategy and service, says the kiosks help customers shave 5 to 15 minutes off the time they have to stand in line. Passengers can use the kiosks to check in for their flights, get boarding passes for originating or connecting flights, select or change seats, request to stand by for an upgrade, check baggage, change flights, and initiate multiparty check-ins.

Delta plans to add more than 400 kiosks and enhance functionality to include international check-in and fee collection. With this change, Delta will offer customers more than 800 kiosks in airports nationwide. "From the business side, the kiosks are the cornerstone of a broader airport strategy to offer customers more control," Maruster says.

Since the project was launched in November 2001, the airline has spent \$5 million to \$7 million on customer-service initiatives, including the kiosks, he says. Maruster says the payback has been enormous, but he declines to give financial details. Delta checked in approximately 1 million travelers via the kiosks in October and 1.4 million in January. "For 2002, our goal was to check in 5 million customers, but we actually checked in 7.4 million, and we're on track to check in 13 million to 14 million people this year," Maruster says.

Delta Technology purchased the self-service check-in kiosks from Kinetics USA (www.kineticsusa.com), the dominant supplier of self-service kiosks in the airline industry, with six of the top ten airlines in the world using Kinetics self-service technology. The self-service kiosks are really networked special-purpose microcomputer terminals, featuring video touch screens as the primary user interface, a built-in high-speed thermal printer for printing flight itineraries and boarding passes, and a magnetic stripe card reader to read customers' airline and credit cards.

Childress says an internal application-development team integrated the kiosk functionality with Delta's Digital Nervous System, the network that communicates with every part of the Delta organization. "Last year we deployed over 300 kiosks in 81 cities," Childress says. "From start to finish, it took six months, and we were checking in half a million people per month. We wouldn't have been able to do it without the infrastructure." Childress says he learned how important it is to have the application and business teams work together. "Having a team that knows what they want to achieve from a strategy and business perspective enables the technology team to drive a solution as soon as possible."

Case Study Questions

1. What computer system technologies and functions are included in self-service kiosks? What other technologies should be provided? Why? Visit the Kinetics USA website for more details.
2. What is the customer value of self-service kiosks for airline check-ins? What other services should be provided? Take the demo tour of the Delta check-in kiosk at www.delta.com/travel/trav_serv/kiosk to help you answer.
3. What is the business value of self-service kiosks in the airline industry? Do self-service kiosks give airlines a competitive advantage? Why or why not?

Source: Adapted from Linda Rosencrance, "Self-Service Check-In Kiosks Give Travelers More Control," *Computerworld*, February 24, 2003, p. 48; and Kinetics Inc., "Touch Your World," www.kinetics.tv, August 25, 2003.