Airline Employer Branding: How to measure the Unmeasurable

Hans Nilsson | Global Sector Leader Aviation & Aerospace Partner

www.stantonchase.com
The global airline industry has changed significantly during the past decade, ushering in major mergers and expansions of existing carriers as well as introducing new players within the industry, most notably in the Middle East and Asia.

The establishment of new hubs in North America, Europe, and elsewhere has dramatically ramped up competition, especially among tech-savvy millennials intent on cheaper flights and instant access to daily offers, resulting in new traveling and buying patterns.

Airline loyalty programs and co-branded credit cards have increased the need for airlines to differentiate themselves from their competitors to establish and maintain strong customer-centric brands that encourage loyalty and, therefore, a healthy bottom line. At the same time, the new market entries of low cost carriers has added a new dimension to brand development, prompting many large established carriers to revisit their own offerings to compete effectively and successfully.

**Differentiating Variables**

In such a highly charged competitive business environment, what is it that sets a high performing airline apart from a low-performing competitor? Since most airlines operate with similar equipment and technology and are governed by the same regulations, these factors can be virtually eliminated when considering the key differentiators that set one airline “ahead of the pack.” Instead, the primary factors that drive revenue and brand success are softer variables—specifically, improvements in service delivery, productivity, and human resource management. As a service business, after all, the success of the airlines depends on stellar customer relations and top-notch customer experiences to establish preference and loyalty that can siphon off customers and revenue from other airlines competing in the same markets.

Unlike more concrete factors like legroom, in-flight services, and other attributes that can be directly measured and related to levels of customer satisfaction (and therefore revenue), the human variables that play an essential role in establishing and maintaining strong agile brands are more difficult to assess. Certainly, multiple studies and surveys have established the link between a strong employer brand (EB) and the ability to attract and retain top talent. But measuring the interrelationship among employer brand, existing talent, and the impact on an airline’s bottom line is not so straightforward. To remain competitive, ideally, airlines must identify and tease out key metrics that can be instrumental in determining how the impact of their EB trickles down to their customer base to make meaningful changes that can keep their brand on top and improve their own bottom line. With those metrics in hand, airlines can develop a much clearer picture of how their own EB is enhancing their performance and of what they can do to improve. To sum up, human resource managers must ask the questions: Can employer branding help companies enhance their overall financial performance, and what metrics can the HR team use to accurately measure the impact of EB on financial performance?
The Employer Brand

Every business has an employer brand or image; in top companies, the EB is a separate entity that’s actively managed, honed, revisited, and fine-tuned over the course of a company’s life in an effort to attract and retain top talented employees and more loyal customers and to increase their market share and financial performance. In less successful companies, the EB is not managed and prioritized, with the end result being far less than the ideal. Multiple case studies have demonstrated, time and time again, the vital importance of proactively grooming the EB to remain competitive and successful.

Many factors contribute to the notion of the employer brand and the employer value proposition (EVP), and among those factors, talent is of supreme importance. Studies show businesses whose brands are reflected in talent recruitment, onboarding, management, and engagement are poised for better performance, not just in terms of human capital but across the board. However, to date, the metrics used to measure the EB in terms of talent are restricted primarily to traditional measurements of efficiency, such as quality of applicants, lead-time of hiring, cost per hire, and retention. These metrics provide little data to support the notion of a relationship between the EB and the broader contexts, such as shareholder value and the development of organizational strategies—specifically, how a strong EB influences these critical factors.

Most experts and scholars agree, high employee engagement and brand alignment will produce greater customer satisfaction, which in turn improves the airline’s bottom line. The challenge is to deconstruct the soft factors that are influenced by a strong EB so they can be measured in terms of concrete financial outcomes. With an established set of metrics, the HR department will be better positioned to make more proactive and informed decisions on talent management that can in turn have a direct bearing on a company’s financial performance.
The Role of HR in EB Metrics and Measurement

HR executives play a key role in developing, managing, and growing the employer brand, especially with respect to talent. And in those objectives, executives face three primary challenges:

1. The first challenge is to identify which positions within the company stand to have the greatest impact on the airline’s revenue and bottom line. Within those positions, the HR team also must determine the core competencies that need to be honed and nurtured to maximize this impact, and the team must establish a plan for helping personnel develop these competencies.

2. The second challenge is to work closely with the airline’s marketing and management teams to develop a cohesive strategy that extends across the entire brand and takes a broader view of the EVP as a whole.

3. And, finally, the third challenge is to refocus the HR department on playing a more proactive role in supporting the EB and EVP by ensuring HR key players have access to the metrics, analytics, and strategic planning skills needed to forge and maintain a strong cohesive brand through better employee engagement and more robust hiring and retention processes.

Metrics for Success

Identifying optimal metrics for accurately assessing soft variables like employer branding and talent-related factors has proved problematic for many industries. Fortunately, the emergence of new analytic models may make the task easier. For HR executives, the task begins by decoupling talent acquisition and retention (two well-established impacts of a robust EB) from the brand values that increase employee engagement and performance—two drivers critical for improving an airline’s bottom line. Often, businesses consider the talent effect as a whole—that is, they consider the complete effect of the company’s EB on the talent pool without separating these two very distinct impacts. By decoupling acquisition and retention efforts from performance metrics, HR executives can arm themselves with two very disparate sets of relevant and actionable data that can help them in strategic planning, not just in terms of talent but in terms of overall performance and brand awareness. Moreover, separating quality of hire and employee engagement from the broader and more complex mosaic of brand-related factors makes measuring and managing the company’s EB and EVP simpler and more straightforward.

In addition, by teasing out these metrics from the broader context, the HR and marketing teams can work together to assess and measure the direct and indirect relationships between the employee hire metric and the metrics related to customer satisfaction, which in turn may be helpful in developing a long-term financial forecasting method that can drive future employee, customer, and overall brand initiatives and objectives.
Conclusion

While the impact of strong EBs and EVPs on talent acquisition and retention are well established, the effect on overall improvements in financial performance and competitiveness should not be underestimated, especially in the highly competitive and rapidly evolving airline industry, where even a small change in performance can provide a significant competitive edge and an increase in revenue. The key to capturing relevant metrics and harnessing their beneficial impacts is to understand the two primary talent related arenas affected by EB and EVP—namely, acquisition/retention and performance—so their disparate impacts can be more accurately measured with respect to the brand as a whole. The HR team can play an instrumental role in identifying and evaluating key metrics that can help airlines gain that competitive advantage, and today’s airlines can help themselves to a stronger financial future by ensuring their HR executive team is positioned to capitalize on emerging trends that can help their businesses soar to new heights.

The HR team can play an instrumental role in identifying and evaluating key metrics that can help airlines gain that competitive advantage,...

Contact

Hans Nilsson
Global Sector Leader
Aviation & Aerospace Partner
h.nilsson@stantonchase.com