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Michael Plasmeier

362 Memorial Drive

Cambridge, MA 0129

(610) 513 - 0390

plaz@theplaz.com

Plaz

Last summer I worked at Deutsche Bahn, the national railway company of Germany. Although Deutsche Bahn currently faces not direct competition in the long-distance rail sector, it faces indirect competition with automobiles and airplanes. The company currently has a loyalty program bahn.bonus where customers can accumulate points by riding the train and using a DB-branded credit card. I worked on the “Touch&Travel” project, which allowed users to pay for ad-hoc train travel using their mobile phone.

Although Deutsche Bahn currently has no plans to build loyalty and reward components into Touch&Travel; these components could enhance usage of the Touch&Travel ticketing program and train ridership.

I propose that DB run an experiment where it spontaneously and unpredictably upgrades certain customers to first class, if extra seats are available. An alert could be sent to their mobile phone that they have been upgraded. First DB should identify, from past usage of the application, frequent customers who usually do not purchase first class tickets. Half of these users (identified as the Treatment group) would be eligible for an upgrade.

Deutsche Bahn should then monitor the customers’ ridership, through the app, after the free upgrade. Does the customer purchase first class tickets on their own accord afterwards? Do they take the train more? Does the program actually poison first class sales?

Deutsche Bahn could also extend the program to offer free drinks or snacks from the on-board catering operation. The company should explore if offering spontaneous free items would introduce customers to the on-board restaurant. The company should explore if these customers become repeat purchasers of on-board items. DB should be careful that the free items do not become expected, because then it would be difficult to scale back or terminate the program.

–Michael Plasmeier