

mini-case 1-430-474
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Delta Corporate Accounts: Measuring Customer Value

You were recently hired by Delta Air Lines to help manage corporate accounts for the state of Michigan. Detroit Wayne County Airport (DTW) is Michigan's major airport and one of Delta's main hubs. With the strong economic growth across Michigan, especially in the western region of the state, plus the recent upswing in the economy of Detroit, your new boss is certain that corporate accounts could become even more profitable. Until today, Delta has focused on two major corporate accounts: healthcare and automotive (see **Table 1**). Last year, however, your boss began wondering if consulting firms might also be a good focus, after she noted the number of consultants who were shuttling into DTW on their way to Lansing (government and not-for-profit practice), to their automotive and healthcare clients, or indeed as part of the restructuring of Detroit.

Table 1
Corporate Accounts

Corporate Accounts		
Account	Revenue	Profit
Healthcare	\$1.2B	6%
Automotive	\$1.0B	5%

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It is estimated that consulting firms could add 20% points per year to the revenue base, however, is forecast to be much lower, at 25%, as the restructuring of Detroit winds down and automotive clients begin to manage on their own. The average ticket price is about \$1,000, with cost of goods sold around 50% of ticket price. Acquisition costs for a corporate account can vary, but the typical "courting" can run up to \$500,000.

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