



## The Quarterly Quality Report September 2007

### Quality and Customer Satisfaction in the Airline Industry

*The ASQ Quarterly Quality Report provides a detailed look at a variety of quality-related topics and issues. The report is developed by the American Society for Quality in keeping with its role as the steward of the quality profession—to promote the use of quality as a global priority, an organizational imperative, and a personal ethic, and to promote quality concepts, technology, and tools to make the world a better place.*

Much has been reported in the news recently about the troubles the airline industry is experiencing. For a number of reasons, flights across the board are delayed, canceled, and overbooked, and passengers are losing patience with all of it. Customer satisfaction with the airline industry is at its lowest level in seven years, and analysts predict that things are going to get worse before they get better.

For example, the American Customer Satisfaction Index (ACSI) score for the airline industry in the first quarter of 2007 was 3% lower than in 2006, with a score of 63 on a scale of 0-100. The ACSI is published by the University of Michigan, the American Society for Quality (ASQ), and the CFI Group.

The main reason for customer dissatisfaction with the airline industry—the number of delayed and canceled flights. Passengers simply want to get from Point A to Point B in a reasonable amount of time, but they feel they cannot rely on airlines to do this.

Seven major U.S. airlines were individually scored in the May 2007 ACSI index — Southwest Airlines Co., Continental Airlines, Inc., US Airways Group, Inc., Northwest Airlines Corporation, American Airlines, Delta Air Lines, Inc., and United Airlines. All other domestic airlines fall into the “All Others” category.

There is much finger-pointing and no one wants to take the blame for delayed flights. Weather, heavy traffic volume, maintenance problems, airport operations, late-arriving aircraft, and air traffic control problems are just a few examples of why flights are delayed or canceled. While all of these are valid and legitimate explanations, consumers are not cutting the airlines any slack.

### **SLIPPING QUALITY = ROCK-BOTTOM EXPECTATIONS**

John Goodman, ASQ member and vice chairman of TARP Worldwide, a customer experience research consultancy, has researched customer satisfaction in the airline industry. He has found that airlines have no incentive to improve the quality of their

operations, since each of them believe, “We’re no worse than anyone else.” When customers are dissatisfied with one airline, they’ll try a different airline the next time they fly. They will be disappointed again and will try a third airline. The cycle will continue until they realize all airlines treat them the same, and will eventually go back to the airlines they originally flew.

In most sectors, TARP research indicates a customer who complains and is satisfied is 30% more loyal than a noncomplainant and 50% more loyal than a dissatisfied complainant. But in general, customers are complaining less than they did 10 years ago when 50% of them would complain at least once. Today, complaint rates—even for serious problems with serious consequences—are often below 20%. Goodman said, “We’re now finding that number is probably cut in half for the general population, and for the airline environment, we’re finding that it’s significantly lower than that. In addition, less than 1% (often 1/5 of 1%) of consumers complain to regulators.”

Just because customers are no longer complaining, airlines cannot assume that the problems have gone away and customers are happier. As the ACSI report has shown, this couldn’t be further from the truth. Consumers are experiencing a state of trained hopelessness where they assume that complaining won’t do any good, so they do not bother. Their expectations have been lowered to the point that they don’t expect anything.

### **WHAT CAN BE DONE**

From a quality standpoint, airlines can improve their operations and customer service in a number of ways. It may take a bit longer to implement quality strategies to improve operations, but immediate changes can take place to improve customer service on the front line as behind-the-scenes improvements are taking place.

Airline employees who have direct contact with customers should empathize with customers. This is especially true of service channels or customer contact points designed to resolve customer complaints. In the context under discussion, empathy has the following ingredients:

- Being friendly
- Being aware of the customer’s feelings
- Caring about the customer’s feelings
- Caring about the customer and meeting his or her needs
- Affirming that the customer’s concern or feeling is valid, in the case of problem resolution
- Owning the problem

This is very different from the common practice of dealing with customers in the same way that a farm worker manages the movement of cattle. How can the company get its employees to have (and show) empathy? One method is to show employees videos of service experiences (actual or mock) in which empathy is and is not expressed. A video, as opposed to a written description, is needed because a substantial portion of communication (by both employees and customers) is nonverbal: eye contact, tone of voice, facial expressions, and body language.<sup>1</sup>

The manufacturing industry has identified consistency as one aspect of quality. Consistency is also important to airline passengers for several reasons. One is that what

is called “consistency” by the company is experienced as reliability by the customer. In the case of some attributes, a lack of reliability affects the customer’s trust in the company. This is an issue because trust is a necessary condition for customer loyalty.<sup>2</sup>

There are some bright spots, however. Passengers are not dissatisfied with all airlines. Southwest Airlines has consistently ranked the highest in customer satisfaction for years. For the first quarter of 2007, its ASCI score was 76—up nearly 3% from the previous year’s score of 74.

Jack West, industry analyst and past president of ASQ, said, “I find it very interesting that Southwest continues year after year to lead the pack. In their advertising and corporate persona, they kind of make fun of the fact that they don’t give you service. What they do is exactly what they say—get you there efficiently and on time, but with no frills.” Southwest Airlines has met one of the basic criteria for having a quality operation—consistently meeting expectations.

Southwest Airlines’ flights arrived on time nearly 80% of the time from February 2006 to February 2007, the best of any other airline ranked by the ACSI. Southwest is able to make sure its flights are getting to their destinations on time and without cancellations because of quality tools.

“Southwest uses the standard variability reduction methods that the quality sciences advocate. They have a very consistent structure and documented workloads. Their turnaround times are better than anyone else in the industry because they use standard work,” explained West. “They land the plane, turn around, and get it back in the air very quickly because they know the only way airlines make money is to have planes flying. Their planes are flying at a higher percentage of the time than anyone else. That’s the reason they are consistent in giving the customer what they expect. They set the expectations and they meet them.”

According to Goodman, airlines have been able to self-rationalize their problems to believe that everything is going smoothly. Airlines have a number of things they can blame, including weather and acts of God. Immense financial pressures, combined with rising fuel prices and competition in the low-fare market, lead airlines to believe they can not afford to put systems in place to solve their customer satisfaction problems.

The most cost effective way to improve the complaint handling process is to prevent the problem rather than trying to prevent the complaint. That’s because it’s better to hear the complaint than have the customer leave. The loyalty of customers who have experienced a problem tends to be 20% lower than those indicating they have not had any problems. This 20% reduction includes both noncomplainants and those who have used the complaint handling system.<sup>3</sup>

Preventing problems requires first understanding the cause of customer problems. TARP surveys find most companies believe if they have a dissatisfied customer, an employee caused the dissatisfaction by doing something wrong. But TARP’s analysis of complaint case data has found almost all employees come to work to do a good job, and no more than 20% of dissatisfaction is caused by employees doing something wrong or having a bad attitude. Most problems (40 to 60%) are due to defective processes, and the rest are due to customer error or misunderstanding the nature of the product or service purchased.<sup>4</sup>

## **SYSTEM AND PROCESS IMPROVEMENTS**

As was identified earlier, there are many areas in the airline industry where defective processes are leading to customer complaints and dissatisfaction. "There are some infrastructure problems, and there are definitely traffic congestion issues," said West, "but they affect Southwest just as they affect everyone else. So why is Southwest consistently better? They have designed their own business systems and their own operating procedures to operate within the constraints that they have."

With reasons other than weather accounting for an average of 13% of delayed flights, airlines must do something to improve their systems. "From a quality practitioner's perspective, there are two classic things airlines ought to be doing," commented West. "First, they need to make their systems robust for the environment in which they operate." Southwest, for example, "has designed its own business systems and its own operating procedures to operate within the constraints that it has." Airlines need to make the most of their own systems so they are operating in the most efficient and effective way possible given the conditions of the industry.

"Second, they ought to be exerting influence on the people who control the infrastructure. I think they are doing this, but they are not doing the former," West continued. "They are not spending much of their time, energy and effort on making their systems robust to the constraints under which they are forced to operate as much as they are moaning and groaning and trying to influence the people who control the infrastructure."

These thoughts were echoed by Michael Dreikorn, nominating chair of ASQ's Aviation, Space, and Defense Division and former FAA deputy division manager for Production and Airworthiness. "The model of airlines being self-governing to perform within their established system needs to actually embrace more quality systems. They need more measurements that are visual and have some relationship to the actual performance that they are engaged in."

It is critical for airlines to continually improve their processes and systems, just as it is in any other industry. What was maybe acceptable a few years ago barely passes customers' expectations today, and in many cases is below their expectations. The performance level of most processes tends to decrease over time unless something is done to maintain it. To maintain the current standards of performance, it is necessary to perform some degree of maintenance. To create improvement and renewal, efforts beyond pure maintenance are required.

## **WHEN IT RAINS IT POURS/IMPACT OF WEATHER**

Weather is one area that is beyond the airlines' control, and is indeed a major contributing factor to flight delays. However, it is a deceiving statistic on which to report because it is reflected in a number of categories in which airlines must provide the causes of their delay. Recognizing this, the Bureau of Transportation Statistics (BTS) compiled data on weather-caused delays, independent of the other categories.

Of the seven airlines noted specifically in the ACSI report, weather caused their flights to be delayed an average of 9.5% of the time during the 2006 calendar year. An average of 13% of the flights were delayed for reasons other than weather, including circumstances within the airlines' control (e.g. maintenance or crew problems, aircraft cleaning, baggage loading, fueling, etc.). Late arriving aircraft also played a role in delays, where a

previous flight with the same aircraft arrived late, causing the present flight to depart late. Additionally, delays could have been caused by non-extreme weather conditions, airport operations, heavy traffic volume, air traffic control, and more. Security delays cause less than 1% of delays.

### **COMMUNICATION BOOSTS CUSTOMER SATISFACTION**

Proactively communicating with passengers when problems occur is another way to improve satisfaction. In today's world of fast-moving technology and information, people are used to instant communication. Passengers want to be kept informed as to what is going on when their flights are delayed or canceled. According to Goodman, "You can't fix the weather, but you can give people better information."

US Airways and other airlines have improved their communication processes by cross-training and moving employees who aren't busy due to a flight cancellation (baggage handlers, porters, etc.) and putting them in areas where other employees are overwhelmed at the gate and ticket counters. Rather than having two gate agents handling 200 unhappy passengers, there are now 10-12 employees helping. Lines move faster, and people feel like they're making progress. "You're always going to have cancellations and weather problems, so how do you realign your work force so that you can lower the customers' anxiety level? You can do that with information, empathy, and assistance, even if you can't get them from Point A to Point B any faster," said Goodman.

Southwest Airlines tries to identify flights where customers experience an unusual inconvenience or disruption of their travel plan. When that happens, the airline will mail a letter to the passengers to explain the reason and apologize for the delay. Southwest wants to prevent its customers from feeling that they don't want to go back to Southwest.<sup>5</sup>

West acknowledges that improved customer service skills will help appease passengers, but only temporarily. "People are going to be angry that they are not getting where they are supposed to be going on time. Quality people talk about this as rework. Can you do rework better? Sure, but the objective is not to do rework in the first place. If you were running a factory, and you said you were going to dramatically improve the way you do rework, you'd find that is not a value-added process. You want to have friendly folks, and train them, but that is rework that you shouldn't have to do in the first place."

### **PROCESS IMPROVEMENT—NEW TECHNOLOGY PROMISES SOME RELIEF**

"Our nation's air transportation system has become a victim of its own success," according to Robert Sturgell, deputy administrator of the FAA. "The warning signs are everywhere. Flight delays and cancellations have reached unacceptable levels." Sturgell presented this testimony to the Senate Committee on Commerce, Science, and Transportation in March 2007.

Through its Global Navigation Satellite Systems Office, the FAA has been testing new satellite technologies to replace its out of date radar air traffic control (ATC) system. According to the FAA, the organization is working to overcome the deficiencies in today's air traffic infrastructure, and plans to implement GPS-based navigation capability throughout the United States to cover all phases of flights.

Airports are currently using radar to control traffic flow. Radar technology requires each plane to fly a minimum of five miles apart horizontally and about three miles on landing and approach. Planes equipped with GPS technology will be able to more efficiently use airspace, fly closer together, and take more direct routes. They'll even be able to take off and land in foggy weather and some other conditions that otherwise would have forced the flight to be canceled or the plane to be diverted. If airlines are willing to invest in this new process improvement, it will increase a single runway's capacity by 25%, handling a plane every 45 seconds.<sup>6</sup> Because it is a cost factor, it is not clear which, or how many, airlines will embrace the new technology once it's available. Airlines will wait until they are certain the new system will be fully adopted by the FAA.

Compounding the issue, more people are flying today on the same number of planes, making planes more crowded. According to news reports, the percentage of seats filled is the highest since 1978, leaving more people to be rescheduled to flights later in the day, with fewer seats available to begin with. As a result, airlines are holding flights where passengers coming from connecting flights are delayed. Airlines prefer to hold a flight and wait for connecting passengers rather than strand them, since they may not be able to get a seat on a later flight. Having additional passengers also means it takes longer to turn planes around between flights.

Making sure flights are successful is a shared responsibility between the airlines and the FAA, according to Dreikorn. "Airlines have the responsibility for meeting the rules, while the FAA makes the rules and enforces them. There's not enough manpower in the FAA to be very effective enforcers. It is really almost on an honor system, per se, with the airlines that once they have their systems approved, they comply with them and continually improve them. Frequently the airlines forget about the whole compliance part and they look for other cost-saving opportunities."

Process improvements with the FAA and air traffic control coupled with improvements at each airline are going to pave the way for a more successful flight system in the United States. Improved technology is necessary for air traffic control operations, but airlines will have to adopt that technology as well. Even with the new technology, airlines must be equipped with robust systems on the ground to handle passenger check-in, plane turnaround, baggage handling, and mechanical operations. No matter how efficient and effective the air traffic control systems are, airlines will continue to see delays and cancellations if they don't improve their internal systems.

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<sup>1</sup> "Managing the Customer Experience: A Measurement-Based Approach" by Morris Wilburn. ASQ Quality Press, Milwaukee. 2006.

<sup>2</sup> "Managing the Customer Experience: A Measurement-Based Approach" by Morris Wilburn. ASQ, Quality Press, Milwaukee, 2006.

<sup>3</sup> "Manage Complaints To Enhance Loyalty" by John Goodman. Quality Progress Magazine. February, 2006.

<sup>4</sup> "Manage Complaints To Enhance Loyalty" by John Goodman. Quality Progress Magazine. February, 2006.

<sup>5</sup> "Southwest Airlines' 'Chief Apology Officer'," BusinessWeek.com Podcast with Fred Taylor.

<sup>6</sup> "End of Flight Delays? FAA's GPS Fix Could Bust Sky Gridlock" by Barbara S. Peterson. [http://www.popularmechanics.com/science/air\\_space/4219569.html](http://www.popularmechanics.com/science/air_space/4219569.html)