

Overall Satisfaction in the Airline Industry Declines to a Three-Year Low Primarily Due to People Factors, Rather than High Prices

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Alaska Airlines, Continental Airlines and JetBlue Airways Rank Highest in Customer Satisfaction

Deteriorating levels of customer service provided by airline staff -- rather than high fares and additional charges for amenities -- have led to a significant decline in customer satisfaction with airline carriers, according to the J.D. Power and Associates 2008 North America Airline Satisfaction Study(SM) released today. Overall satisfaction for the airline industry has declined in 2008 to its lowest level in three years.

The study finds that satisfaction with "people" factors -- including knowledge, courtesy and helpfulness of reservation and gate agents, check-in staff and flight crew -- has declined dramatically since 2007, and is the leading contributing factor to the overall decline in customer satisfaction with airlines in 2008. The decrease in satisfaction with people factors is more than twice as large as the decline in satisfaction with price factors.

"Across the airline experience, from check-in, to the flight, to deplaning, passengers are being affected by the ramifications of carriers making staff cutbacks and have expressed that performance and attitudes of airline staff are suffering," said Sam Thanawalla, director of the global hospitality and travel practice at J.D. Power and Associates. "In this unstable industry environment, it is critical that airlines invest in their employees as a means to enhance the customer experience, as there is a strong connection between employee satisfaction and customer satisfaction. Those airlines that focus on keeping their employees informed and motivated will be better able to change negative consumer sentiment and truly differentiate themselves."

The study measures overall customer satisfaction based on performance in seven measures (in order of importance): cost and fees, flight crew, in-flight services, aircraft, boarding/deplaning/baggage, check-in and reservation. Carriers are ranked in two segments: low-cost and traditional network. Low-cost carriers are defined as airlines that operate single-cabin aircraft with typically lower fares, while traditional network carriers are defined as airlines that operate multicabin aircraft and use multiple airport hubs.

Low-Cost Carrier Rankings

For a fourth consecutive year, JetBlue Airways ranks highest overall and also ranks highest in the low-cost carrier segment for a third consecutive year. JetBlue performs particularly well in six of seven customer satisfaction measures: aircraft, boarding/deplaning/baggage, check-in, cost and fees, flight crew, and in-flight services.

Traditional Network Carrier Rankings

Alaska Airlines and Continental Airlines each rank highest in the traditional network carrier segment, in a tie. Continental ranks highest in the segment for a third consecutive year.

Alaska performs particularly well in five of seven measures: aircraft, boarding/deplaning/baggage, check-in, flight crew and reservation, while Continental performs well in the cost and fees measure.

"While nearly all of the carriers in both segments experience declines in satisfaction since 2007, Alaska Airlines has managed to improve, particularly in satisfaction with the overall check-in experience," said Thanawalla. "Alaska Airlines and Air Canada are the only two carriers that improve overall in 2008, which is a particularly impressive feat in the current volatile industry environment."

The study also finds the following key patterns:

The percentage of flight reservations made online has increased from 87 percent in 2007 to 92 percent in 2008. Among traditional network carriers, 51 percent of reservations were made on the airline Web site in 2007, compared with 66 percent in 2008. For low-cost carriers, 78 percent of reservations were made on the airline Web site in 2007, compared with 85 percent in 2008.

While complimentary meals are the most-desired amenity for Pre-Boomer, Baby Boomer and Generation X air travelers, in-flight movies are most desired by Generation Y passengers.

The percentage of travelers who say they chose a particular carrier because of its rewards program has increased to 22 percent in 2008 from 14 percent in 2007. Price is the most frequently reported reason for choosing a carrier in 2008 at 39 percent, down from 42 percent in 2007.

The 2008 North America Airline Satisfaction Study measures customer satisfaction of both business and leisure travelers with major North American carriers. The study is based on responses from 19,701 passengers who flew on a major North American airline between April 2007 and March 2008.

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