

And To All a Good Flight

If airline service is so bad, why are more people than ever flying?

Yes, airlines are vital to the world's economy. But that's not what you're most likely to read in the newspaper or see on TV. For many journalists, airlines are instead typecast as villains—ravenous corporations who lose your bags, spoil your holidays, trap you on airplanes, take away your personal space, compromise your safety, charge you unfairly and serve you awful food.

But is airline customer service really that bad? And has it really gotten worse over time, as many headlines suggest?

To a traveler that last got on a plane three decades ago, the flying experience today might seem shockingly inferior. Planes and airports are far more crowded, airlines are under far more pressure to cut costs and the romance of air travel once glorified in Hollywood seems long gone. True, far more people can afford to travel today, which is a good thing, but not without costing the public its ability to enjoy a pleasant flight.

Or so the story goes. In reality, air travel today

is indeed different today than it was a generation ago, but often for the better. Entertainment systems provide endless movies, music and games. Seats are designed more ergonomically. Planes are quieter and offer cleaner cabin air. Many newer planes offer in-seat power ports for laptops and other devices. Some airlines offer inflight satellite television, Wi-Fi and mobile phone services—all this even in economy class.

For the premium class traveler, the improvements are even more dramatic. Even in the so-called glory days of air travel, no one took showers at 30,000 feet as some can do today. Even as carriers incessantly cut costs, many remain engaged in an arms race to provide the most comfortable lie-flat beds, the best tasting meals and the most attentive cabin crews. Some first class travelers now have their own personal suites, not unlike a mini-hotel room. Many of the world's fastest growing airlines, moreover—the Gulf carriers, for example—are investing huge amounts of money in service enhancements.

Relax and enjoy your pre-flight

An airline's product, though, is more than what it offers aboard the airplane. On short flights especially, the product they offer on the ground can be even more important. So how do airlines score in this area? Unfortunately, much of the ground experience is beyond their direct control, and there's not a whole lot an airline can do about the fact that most airports are much more crowded today as traffic growth outpaces infrastructure expansion. Some airports are pleasant to use and well liked by passengers, with ample space, comfortable waiting areas and good shopping and dining. Others are not, and that's sometimes just tough luck for the airline. Airport security has unquestionably become more time-consuming and irksome today than in years past, again due to events beyond an airline's control.

Still, progress on the ground is evident. Lounges are scaling up in quality just as onboard

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What Do Customers Really Want?

Don't listen to what people say. Watch what they do.

That's what economists say, doubting the value of asking consumers about their preferences, only to discover later from their actions that they really want something different.

It's hard to find an industry where that's more applicable than the airline world. People—especially those in the fortunate minority that could even afford to fly at all decades ago—often complain about what they see as declining service levels. And yet by the most objective measure of all, airline service has never been better: notwithstanding the temporarily recessionary decline in passenger volumes, more people than ever in the world are traveling, which must mean that airlines are providing more total value—safety, connectivity, reasonable punctuality and low fares—than ever before.

Ultra LCC Spirit says “the price is the product”—in other words, fly it cheaply and they will come—a sentiment often echoed in less printable terms by Ryanair, as well as by other similarly cost-oriented carriers. Most major legacy carriers and more-frills LCCs have to lesser extents also unbundled their products to provide the lowest possible base fares while charging for extras that some customers want: meals, better seats and sometimes entertainment.

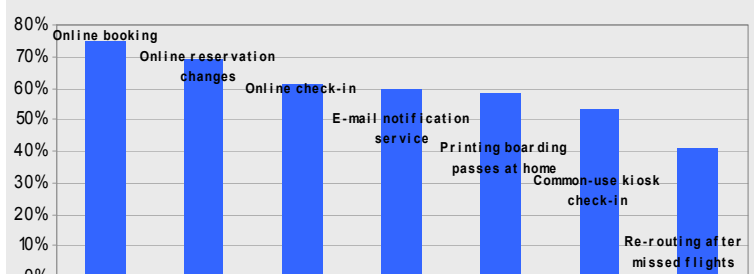
For all the things customers say they want—whether or not they really do if it means a higher base fare—one area that's most understandable, and one where many airlines could improve most, is consistency. Some product offerings will understandably never be totally consistent: as mentioned in our cover story, a premium passenger connecting from longhaul to shorthaul will never get a lie-flat bed on the

shorthaul flight to Lyon. But with the proliferation of buy-on-board meals, for example, what can be most irksome is not so much having to pay for a meal, but not even knowing what will be offered—or if enough will be stocked that a sandwich will still be available by the time flight attendants get to you in 26B. Airlines could do more to ensure that customers don't go hungry. And in turn, working with

suppliers who can facilitate pre-booked meals might mean more meal sales: no need to scarf down a burger at an airport restaurant during a quick connection if a sandwich for which you've already paid will be waiting for you on your next flight. That's just one example: similar opportunities abound to improve service along with the bottom line. ○

Accepting the Outsourcing: Corporate Travelers

Airlines asking their customers to do more of the work; what they're most willing to do:



Source: IATA Corporate Air Travel Survey 2007

iPads and IFE: Can They Both Have a Future?

While the shortest haul, most cost focused carriers cut their service offerings to a bare minimum—safety and reliability in most cases, yes, but not much more—many longhaul-oriented carriers are engaged in an “arms race,” as referenced in our cover story, to provide the best inflight products. Sleeper suites are reserved for the highest paying customers, but one area—inflight entertainment—is particularly democratized. A passenger in the middle seat of the last row of economy on an Emirates A380 has a world of entertainment options that a first-class passenger couldn’t have imagined 15 years ago—or, for that matter, that a first-class passenger on a not-yet-updated aircraft today would envy.

On the other hand, a passenger on Ryanair might have equally exciting entertainment options, not because the airline offers a new-generation IFE system—it doesn’t offer any entertainment at all—but because the passenger has one of a new generation of personal devices, such as an iPad. Music and now movies... more and more, passengers can supply their own entertainment.

Which begs the question: Is it possible that airlines are collectively investing billions of dollars in the latest and greatest entertainment options just as they’re about to matter less to passengers?

The arguments in favor of that notion are obvious: the days when passengers were at the mercy of

whatever airlines provided—be it, at best, a movie on an overhead screen viewed at an uncomfortable angle with audio delivered through pneumatic headphones—are obviously long gone. Certainly it’s tempting to think this is a whole new world, and indeed it might be.


But be wary whenever someone speaks of an entirely new paradigm—whether it’s the idea that property or internet stock values can only go up, or the one that airline IFE will no longer matter.

For starters, although yes consumer devices are far more sophisticated than ever, passengers have long been able to entertain themselves—not just with books and magazines, but with earlier personal devices like portable cassette players by the early 1980s. And yet Walkman-carrying passengers were happy to stop draining their batteries for a bit to crane their necks and watch the one film that was offered overhead on their flights.

For another equally important reason why airlines aren’t about to stop investing in IFE, don’t overlook that detail about the Walkman batteries. One thing personal device-reliant passengers value ever more is power, whether to watch movies or finish touching up that presentation for the morning meeting. And an inflight services executive at one airline explained to *Airline Weekly* that running AC power—which is now viewed as essential, especially but not only in premium cabins—is actually

the most expensive part of the whole offering, not to mention that it adds the most weight to the plane. So, he continued, once an airline is committed to inflight power, it almost might as well use that same current to power a state-of-the-art IFE system.

In addition to power, passengers are totally reliant on airlines for something else they will increasingly value: internet connectivity. Whether onboard Wi-Fi connections will be a big moneymaker in their own right (they haven’t been thus far) remains to be seen. But it’s hard to imagine airlines won’t feel compelled to offer them. And like power, airlines might find that Wi-Fi is offered most efficiently alongside other IFE products, hence partnerships like the one between IFE supplier Panasonic and mobile connectivity provider Aeromobile.

As with other aspects of customer service, it’s possible an IFE dichotomy will emerge between longhaul and shorthaul service. Passengers might care less about being entertained on short flights, and their portable device batteries won’t run out. Or maybe it’s not a yes-and-no question: US Airways scrapped video on shorthaul (but not longhaul) but is rolling out Wi-Fi, focusing on an offering that can generate direct revenue, while some of its competitors have fancy shorthaul IFE offerings. No, Ryanair won’t soon be doing that. But it’s equally hard to imagine that Emirates will ever leave its passengers un-entertained. 

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To All a Good Flight? Airline service trends improving in many respects—no kidding

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premium class products are. Check-in has been revolutionized through the use of the internet and automated airport kiosks, eliminating long queues. Many carriers now offer priority boarding to their best customers and to those who pay a fee. A few airlines even offer entirely separate terminals for their premium customers. Luggage losses are down and will drop further with new technologies like radio frequency ID tags. And even with security, carriers now offer expedited lanes for their top customers.

Airline customer service also has relevance before a trip begins, at the point of sale and up to the day of travel. Today, telephone help desks may be fewer, but information is more widespread than ever thanks to the internet. Airline websites continue to add functionality too, in many cases enabling not just booking and ticketing but also frequent flier redemption, itinerary changes and re-funds. To be sure, those very best of airline customers—the elite fliers—still have their dedicated help desks to call too.

It's the punctuality, stupid

But what about punctuality, perhaps the most important element of customer service for business travelers, who equate time with money? The record here is mixed. The recession certainly

cleared the skies of many aircraft, de-clogging airports and airways in the process. Ironically, high oil prices indirectly contribute to better on-time performance because airlines are more likely to use new airplanes rather than older ones prone to mechanical delays. On the other hand, airport and especially air navigation infrastructure can be woefully outdated. Naturally, some cities and airports are more prone to flight delays than others.

Frequent flier programs, another element of airline customer service, have also grown more numerous and more rewarding, occasional fee

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hikes and rule tightening notwithstanding. There aren't even many LCCs around anymore that don't offer frequent flier plans, testament to how effective and lucrative they are for airlines. Carriers work hard to ensure that their elite status programs are competitive. And more reciprocity partnerships mean more opportunities to earn and burn miles.

Speaking of which, alliances have also offered

expanded frequent flier benefits, not to mention ticketing seamlessness, when traveling to all corners of the earth. Alliances haven't quite achieved service or policy seamlessness across their many member carriers, but they are moving in that direction. They have, moreover, standardized certain things like elite status recognition. Travelers, importantly, haven't seen the end of this story. More alliance standardization, coordination and integration are coming to an airport near you.

When the jet age arrived, passenger comfort rose to a whole new level. In recent years, changes in aircraft technology have been less abrupt or dramatic but similarly progressive. Each new generation of aircraft is quieter than the last, while next-generation planes like the B787 promise better cabin air, larger windows and more overhead—not to mention better on-time performance thanks to fewer expected maintenance problems. And importantly, newer aircraft offer greater range, reducing the time travelers have to spend making connections at hubs. The resplendent A380 is already commanding a yield premium for passengers who often go out of their way to experience it. And yes, things are getting better at the lower end of the globetrotting scale too: even turboprops have

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Making the Flight Right: Is airline customer service really as bad as some people say?

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grown far quieter and more comfortable.

Pleasing procurement

For one group of important airline customers—ones who don't even board the airplane themselves—service is improving in some ways and worsening in others. Travel buyers from corporations surely appreciate improved inflight and ground products for their employees, more functional websites and booking tools, full content deals with key distributors and (sometimes) joint alliance contracting. On the other hand, they're not always happy with the way airlines work with travel agencies and global distribution systems, sometimes making these companies more expensive or difficult to use. Nor are they satisfied with efforts to decouple services and products from the base fare, which can complicate fare shopping and expense reporting.

Many corporate buyers clearly welcome the recent proliferation of premium economy class cabins, a trend that's appeared on longhaul sectors throughout the world. This addresses the often large gap in fares and service between business class and economy class, providing an offering that both travelers and their employers can live with. Among the carriers now offering a premium economy longhaul product: Air France/KLM, Air New Zealand, All Nippon, British Airways, EVA, Icelandair, Japan Airlines, Qantas, SAS, Thai Airways and Virgin Atlantic. And one of the biggest decisions the new United will have to make after United and Continental merge is whether to keep United's Economy Plus seating, a low-end premium economy offering (with extra legroom but not extra seat width or any on-board service differentiation). If recent global trends are any indication, don't be surprised if they do keep it or even upgrade it a bit.

Travelers corporate and otherwise are also seeing what some view as another revolution in consumer control. Just as the internet wrested fare search and booking away from third-party travel agencies and put it into the hands of travelers themselves, smart phones and other mobile devices are eliminating reliance on airline staff for check-in, boarding, flight information, frequent flier inquiries and other aspects of the journey. Airlines are increasingly offering services, and in some cases even booking capability, through popular social media sites like Facebook and Twitter. And when customers aren't happy, they can more easily let the whole world know about their displeasure using these same services—which, in turn, also pressures airlines to please customers and to respond promptly when they don't.

Nice job. Can you do it again?

Some airlines, naturally, are better than others. Aerolineas Argentinas ain't Singapore Airlines and probably never will be. But all airlines face a common challenge, sometimes one that's unmet even by the industry's top performers. That challenge is

consistency.

Any airline (well, almost any airline) can get it right once in a while. But offering good service time and again can be extremely difficult in the airline business—and there are specific reasons why.

One reason is that airlines simply can't offer their best planes on all flights all the time. As good as Qantas' service might be, it's probably better on an A380 than an older plane that hasn't yet been outfitted with the newest inflight products. Retrofitting an entire fleet can take years. This means passengers never can be sure what exactly they're going to get: a brand new plane with the latest IFE system or the aging plane that offers three audio channels, two of them broken. Will this flight have a premium economy cabin? Will that one have lie-flat seats? Inconsistent inflight offerings are exacerbated by the practice of leasing aircraft for short durations, such as during Europe's peak summer season or during a major sporting event or holiday period.

Because most airlines operate both shorthaul and longhaul networks, offering a consistent product to someone connecting from a short flight to a long flight isn't easy. Most carriers feel pressured to cut their service offerings on shorthaul flights, where competition can be intense. But if Lufthansa becomes too much like Ryanair on its narrowbodies, will the traveler flying from Milan to Frankfurt and then to Beijing feel well served?

The proliferation of alliances and partnerships makes it even harder for airlines to provide consistent customer care. Is the service really seamless when you're getting off the Air France A380 in Paris and connecting to an Alitalia MD-80?

Rapid growth can complicate matters too. The need to quickly hire new staff, particularly when labor markets are tight, can undermine the consistent delivery of helpful and friendly service by front-line staff, particularly airport agents and flight attendants. Outsourcing front-line staff can also create service inconsistencies, sometimes resulting in dichotomies in quality between hubs and remote outstations. That's not to say outsourcing always equates to worse service: are company employees at fortress hubs always friendlier than outsourced staff without the same job protections elsewhere?

Sometimes passengers don't even know if they're getting a complimentary meal on a given flight and, if not, whether one will be available for sale. Air Canada, for one, provides the opportunity to pre-book meals on its website at the point of sale, a good solution to this problem. But others

more dependent on booking through global distribution systems don't have this option, at least not yet.

There's an even more basic reason airlines find it so hard to provide consistently good service: so much of a traveler's flight experience depends on simply how full the flight is, particularly (though not only) in economy class. Sitting in a middle seat in the back of a packed plane for ten hours, even on the greatest airline the world has ever known, is arguably at least as bad as sitting in an aisle with nobody else around you on an airline with bad food and mean flight attendants.

Why offer good service anyway?

The big question: does airline customer service even matter? Are the airlines that succeed simply the ones that have planes that go where people want to go? Or the ones that have the lowest costs or—perish the thought—spend the least money on service? Guess which airline was the most profitable in the world last quarter, based on operating margins? That's right: Ryanair, whose CEO tells passengers to get lost when they ask for a refund and now runs around telling gullible journalists about his plans to install inflight pay toilets.

But even Ryanair provides good service on some level: new planes, good punctuality and the peace of mind knowing that your holiday won't be spoiled because your airline ran out of cash. More importantly, Ryanair's practices run contrary to trends witnessed elsewhere in the industry. Most LCCs are upgrading their inflight amenities and other service offerings, in some cases exceeding those provided by legacy incumbents. That's clearly the case for JetBlue or Virgin Blue. In the longhaul space, competing for international premium travelers undoubtedly requires heavy service investment, which is exactly what carriers in this space are undertaking. Frequent flier elites are similarly enjoying more perks than ever, and they're insulated from the new wave of ancillary fees carriers now collect.

Airline customer service can be difficult to deliver consistently. But it isn't quite as bad as what you read in the newspapers or see on TV—especially not if you're traveling in longhaul premium class or hold a platinum card with your local airline. Remember that next time you watch a news story about bad airline service—on your inflight satellite television. ○

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