



By Sam Ward, USA TODAY

# Will fliers ever smile or are U.S. airlines destined to disappoint?

Cuts in costs and labor blamed for poor customer service, but passengers also are tough to please

By Dan Reed  
USA TODAY

Maybe all the hubbub about flight delays and shoddy service is beginning to register with the USA's big airlines.

After cutting costs in Chapter 11 bankruptcy, Northwest Airlines CEO Doug Steenland now says low operating costs are just "the opening ante" for air carriers to compete successfully. "Customer focus is going to define the winners in the years ahead," he says.

No. 1 American Airlines said recently

it will pass up potential revenue by not selling in advance many of its middle seats during the peak Thanksgiving travel season. That allows American to more easily accommodate travelers knocked off their travel plans by bad weather. And, in the last two years, most big U.S. carriers have created executive-level positions to address the problem of widespread customer dissatisfaction.

So, are good times for travelers just around the corner? Don't bet on it, say skeptical travelers, industry insiders

and customer-service experts who say the peculiarities of the airline business will forever leave the industry below average in satisfying travelers. It's just not a business that's wired for pleasing customers in the way that, for example, retailer Nordstrom is.

## Cover story

The vagaries of weather are just part of it. Among other factors: a business culture in which the costs of fuel and labor are viewed as more important than happy customers in determining profitability, recent cuts that may go too deep to ever deliver exceptional service, and

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# Cost cuts trim ability to satisfy fliers

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customer attitudes that discount the value of good service from airlines even when they get it.

"It is unlikely that airlines will ever rank at the average, and certainly not above the average, in customer satisfaction because of some of the intrinsic factors ... that will never change," says David Grizzle, a longtime executive at Continental Airlines. Since December 2005, Grizzle has been senior vice president of customer experience.

University of Michigan research shows that airline passengers consistently have been among the least-satisfied consumers in the USA for the past 13 years. Even the U.S. Postal Service, once the poster child for bad customer service, now swamps most airlines with a respectable 73 on the 100-point American Customer Satisfaction index. The airlines scored an abysmal 63 in the annual ratings issued earlier this year.

The ratings included one airline industry bright spot: Discount giant Southwest scored 76, 1 point above the average for all companies whose customers were surveyed.

The airline industry score is low enough, says Michigan business professor Claes Fornell, the ACSI's creator, that most carriers would be in danger of failing if their customers had travel options.

"The company that provides lousy service performance is normally punished by consumers, who will go elsewhere," says Fornell. "But airlines are different. In most cases, the consumers really don't have anywhere else go."

## Skeptics abound

Given the airlines' long history of poor customer service, and past failures to live up to promises to improve, skeptics about the industry's new push to improve service abound. Among them is Ron Stagner, a regional sales manager for a dancewear company from Kansas City, who travels about 40 weeks a year.

Airline executives from "the CEO on down, should fly their planes like any other customer," Stagner says, figuring that if the bosses had to endure what the masses do, changes would happen faster.

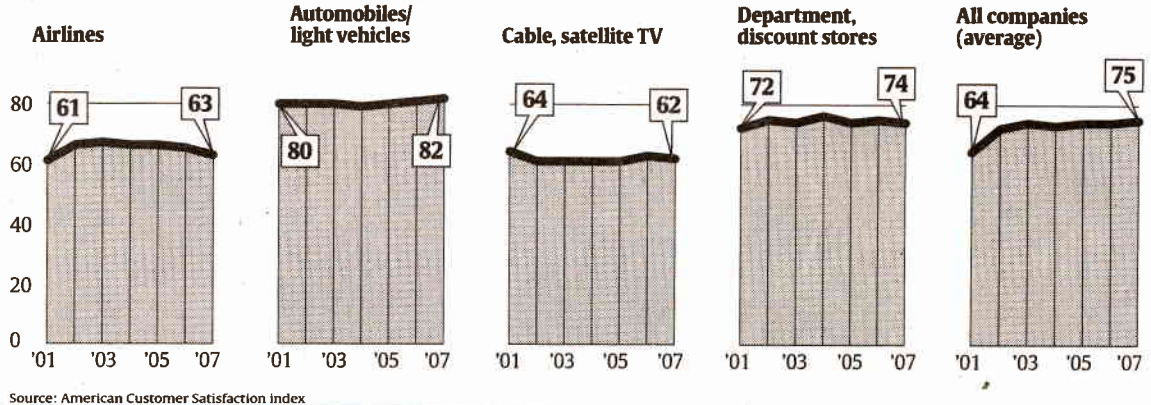
Michigan businessman David Ollila, too, is skeptical. "They're all bad," he says. He let the rest of the nation get a taste of what it was like to be caught in one of those extra-long flight delays. He videotaped much of an extended delay on a June 21 flight from New York John F. Kennedy, and parts of the tape were aired by at least one TV network.

Ollila documented his fellow fliers awaiting takeoff for Detroit in sweltering heat without food for four hours. A vomiting young traveler had to be removed from the plane by paramedics, and a crying infant added to the misery.

The flight, operated by Delta's Comair unit, was canceled, but only after all the customer-service workers had gone home. Most of the passengers went hungry and slept in the empty terminal. Delta spokeswoman Betsy Talton said

## Keeping customers satisfied

U.S. airlines generally fare poorly on the University of Michigan's American Customer Satisfaction index. Here's how airlines have matched up in recent years on the 100-point scale, vs. other industries and the national average:



By Adrienne Lewis, USA TODAY

bad weather that day caused the delay. After the customer-care system broke down for the fliers aboard Ollila's Flight 5637, Talton says, Delta's customer-care team tried to reach passengers to offer compensation and apologies.

As transport companies, airlines are subject to unpredictable weather, heightened security measures, tight monitoring of their safety and mechanical operations, and the limitations of moving millions of travelers a year through the USA's aging air traffic control system.

Even accounting for airlines' unique challenges as transport companies, a variety of factors limit their ability to produce service that inspires customer affection and loyalty.

Among them:

► **Deep cuts made to stay in business.** Tony Polito, an associate professor of marketing and supply chain management at East Carolina University, says carriers have focused so much on cutting costs that they no longer seem to have the human or technical resources necessary to improve customer service.

"I'm not just talking about delays," he says. "The seating isn't comfortable. The food, if available, isn't good. Employees aren't happy, and that filters through to the customer."

Industry consultant Ira Gershkoff frets that carriers' focus on financial survival has made them blind to today's higher standards for satisfying customers. They don't seem to understand, he says, that U.S. consumers have been trained by customer-oriented retailers to expect prompt — sometimes even over-the-top — efforts to make them happy. Airlines "typically don't do that," he says. "Something goes wrong, (and) it's your problem."

► **The questionable link between happy customers and profits.** Shannon Anderson, a management professor at Rice University whose research focuses on customer satisfaction, says airlines aren't convinced that money spent improving customer service will lead to bigger profits.

There's "little hard evidence" that spending more to improve customer service will have a significant positive

impact on profits, she says.

Ollila, the traveler who videotaped the JFK delay, approaches it from a less-academic angle: "Their attitude is, 'Fine, go try another airline. You'll be back because they're just as bad as we are.'"

But the airlines' view may be changing, says Roland Rust, executive director of the Center for Excellence in Service at the University of Maryland. Airlines have been losing high-end customers to corporate jets steadily over the past 30 years, he says, because airlines' schedules don't meet their needs, and because many such travelers judge airline service, even in first and business class, to be a poor bargain relative to flying by corporate jet.

Now, Rust adds, the advent of "very light jets" providing on-demand air-taxi service at prices close to unrestricted coach fares represents another threat to airline revenue because those new services are aimed at business travelers who can't or won't pay for corporate-jet travel. "There's a lot of revenue that airlines have left on the table because they haven't invested properly in ... great customer service," he says.

► **Passengers' no-win allocation of credit and blame.** Rice's Anderson says that lots of factors figure into airlines' customer-satisfaction scores, but nothing drags those scores down more than flight delays. She says passengers typically give the airlines little or no credit for arriving on time. That's a basic expectation. But when a plane is late, timeliness becomes a big deal, she says.

On-time passengers typically list their interaction with gate agents and flight attendants, seating comfort and the in-flight experience as the key factors in their level of satisfaction with an airline's performance, she says. But when their plane is late, timeliness jumps to or near the top of the list.

And heaven help the carrier that is perceived to have caused the delay, or even to have dealt poorly with a situation beyond its control. "If I perceive that it's your fault, or that you didn't do all you could have done to help me ... I'm far more likely to be angry, to file a complaint and to tell others about my bad experience," Anderson says.

Many in government seem unwilling to wait for the airlines to improve customer service. Congress, the Department of Transportation, the Federal Aviation Administration and even President Bush are pushing the airlines to act. One proposal that seems to have strong support in Washington is forcing — or at least jawboning — the carriers to cut back their schedules, especially at peak times at the nation's most-congested airports. Their reasoning: Fewer flights equal reduced delays. Bush has given the DOT, FAA and airlines until the end of the year to come up with a plan.

## Maybe it's not so bad after all?

If the medicine for flight delays is a reduction in flights, many travelers might prefer to have the disease, airlines warn. Cutting back schedules at a time of record demand and full flights could lead to even more crowded planes and higher fares because demand from travelers would be likely to exceed flying capacity in some markets.

"If airlines were to cut back to a level where we could assure that we wouldn't have many of the problems we have today, there would be so few seats relative to demand that you'd never be able to get a seat to go see Grandma," says Continental's Grizzle. "There would be a huge uproar."

Still, Gershkoff, the consultant, says the airlines should be doing more to reduce the number, length and severity of delays. His consulting firm develops software to help airlines better manage their way through massively complicated operational problems that crop up, for example, when storms force a carrier to shut down a major hub.

Carriers spare no expense in developing software that will allow them to better manipulate the price of their seats to squeeze out more revenue, he says, but they've been reluctant to spend much on systems that could help reduce delays and other customer-service problems: "No airline I know of is doing anywhere near enough to fix the operational control problems in a way that ultimately will benefit the customers."