

ANALYSIS OF THE FEEDBACK MECHANISMS IN AIRLINE INDUSTRY

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Abstract: *Airlines are operating in the volatile environment that is characterized with unpredictable external factors such as changes in fuel prices, increase of airport fees and increase in other service costs. This all is having a significant influence on prices and quality of service that airline is offering to passengers. In this situation, feedback from the passengers about the flight and service they experienced, is very important and useful. Airlines are using this information to align their pricing and commercial strategies and to improve their operations. Today's passengers expect transparent, personalized and high-quality service which could be delivered by omnichannel. Aim of this paper is to analyze the current feedback mechanisms available and used in the airline industry for the passengers to share their flight and service experience. After analyzing the current mechanisms, the second aim is to identify the potential areas for mechanisms improvement.*

Keywords: *Airline industry, feedback mechanisms, passenger, service quality.*

1. INTRODUCTION

Unpredictable and constantly changing environment is driving the way how airlines operate nowadays. The whole airline industry is under constant pressure of external factors such as changes in fuel prices, increase of airport fees and increase in other service costs. This all is significantly influencing on the changes in fares and prices, as well as the quality of the service that airline is providing to passengers. Following the business best practice established in all industries, carriers are also gathering feedback from the passengers about the flight and service they experienced. This information could be very important and useful, and airlines could use them to adjust and align pricing and commercial strategies and to improve current flight operations.

Carriers need to have a reliable way of collecting and analyzing feedback from passengers. On the other side, passengers are expecting transparent behavior of airline, personalized and high-quality service. Following the latest trends and complexity of services airlines are offering, there are a variety of areas in which passenger could be disappointed. Due to the presence of social networks, nowadays even one bad/wrong move of airline during the service delivery, could have a tremendous impact on business operations. One of the good examples of this could be found in [1] from the April 2017. What happened is that passenger was involuntary off boarded from the plain which upset other passengers that were on the plain, and some of them shared this behavior on social network. What was the final outcome? Airline CEO needed to apologize in public, offer compensation and eventually trigger the revision of the airline procedures.

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There are numerous possibilities and mechanisms how passenger could share feedback, but the issue is how airlines can motivate them to do this. When everything is ok, usually there is no feedback, but when there are some issues or troubles with the service part, complaints are filed. Aim of this paper is to analyze the current feedback mechanisms available and used in the airline industry for the passengers to share their flight and service experience. After analyzing the current mechanisms, the second aim is to identify the potential areas for mechanisms improvement. This paper is divided as follows. In the section 2, literature review is provided. Following that in section 3, analysis of the current mechanisms is performed and possible areas for the improvements are given in the section 4. At the end, concluding findings are presented in section 5.

2. LITERATURE REVIEW

As indicated and showed in [2], large companies are highly concerned with obtaining information on customer satisfaction. Loyalty of a customer, as explained by Lawfer [3], is reflected through the company's service. It is indicating that customer decided to continue to use services of the company and also, that the company is able to provide those services on regular basis. Not all received feedbacks are positive ones by default. What is one of the key drivers of the customer satisfaction and what is driving their decision to stay with an organization, is the handling of the complaints. A complaint definition could be found in many early researches and published papers, such is the one from 1988 by Fornell and Wernerfelt [4]. As stated by the authors, a complaint represents an expression of dissatisfaction that is communicated to a company, related to its products and/or services. Furthermore, if the customer is unsatisfied, he/she may choose to move to competitor and/or engage in a negative word of mouth communication [5].

When it comes to the airline industry, one comprehensive analysis of the feedback and customer complaint mechanism could be found in [6]. The research is addressing EgyptAir and its current feedback process. Authors managed to capture several issues related to the current feedback mechanisms: (i.) *A lack of top management commitment to effective handling of customer complaints*, (ii.) *A reactive approach to complaints handling* and (iii.) *Poor communication network reflected in a slow handling of complaints*. Another feedback mechanism example is described in [7]. Using the personal electronic devices, screens installed in airports or onboard in-flight entertainment, airlines are gathering feedback from the passengers. More precisely, this is the case with the Ryanair that introduced a Rate My Flight feature to the mobile app. This is enabling passengers to give the airline real time feedback. Another good, and publicly available portal for flight experience could be found on TripAdvisor website in the airline review section [8]. Following good and proactive approach, TripAdvisor is collecting information from multiple sources like user behavior, stated preferences of users from the sites if the user is logged. Furthermore, most service providers can remind user who stayed in specific hotel, or used specific airline, to post a feedback on a TripAdvisor.

3. ANALYSIS OF CURRENT MECHANISMS

For the purpose of this paper, feedback mechanism from two global providers were analyzed. First one is mechanism offered by TripAdvisor [8], which is widely used by passengers whose aim is to gain insight into travel tips. Second is mechanism offered under the Amadeus customer experience management service [9] which is used as an add-on to the Amadeus Passenger Service System and it is used by airlines. The aim of the analysis is not to compare the two

mechanism providers, but to highlight strengths and weaknesses, as well as to identify possible areas for improvement.

This analysis will be addressing next major characteristics:

- Mechanism type and orientation,
- Monetization type,
- Hosting/access type,
- User perspective, and
- Rewards perspective.

In regards to the *mechanism type and orientation*, TripAdvisor is basically a social media tool. It is open and used both by companies and travelers. All the feedback that is left on this service through form of the website or application is publicly available. It could be used both by companies and travelers to collect feedback. On the other side, Amadeus service is system used only by companies to gather insights from the passengers about their flight experience and preferences. But, at the same time, it is offering a profile management options and can provide passengers information about themselves which they didn't know and help them with easier future reservations.

Monetization type is differentiating the way how the feedback mechanism is available - free or charged. For the TripAdvisor, it is allowing free access to travelers, not only to post the feedback, but to look and review feedback from other travelers. The site is achieving revenue by offering affiliate program, sponsor placement, advertising and ownership optimization with tracking performance. For the Amadeus, it is totally different approach. It is a paid system, usually fees are calculated using the number of passengers boarded for some time period.

Hosting/access type determine the way how the solution is provided and available to the passengers. TripAdvisor is offering two ways of accessing the feedback mechanism and portal - through website and using the native app. When it comes to the Amadeus, the service is available through airline owned portals.

User perspective represents the look and feel, and detail level of the feedback form. For TripAdvisor, feedback form is having only several fields like: title of review, description, origin and destination, class of service and period of travel. The aim is that passenger can publish review in the shortest possible time, and everything is straightforward, without going into personal data. On the other side, Amadeus is offering personal approach, because that system is not exposed to the public. Thus, user can enter his or her nationality, personal details, document numbers, data of birth, frequent flyer number, communication preferences and etc.

Rewards perspective determine if the passenger is rewarded somehow for spending time and leaving the review about flight experience. For TripAdvisor, reward is like on any other social media stream, practically it is a feeling of satisfaction that your voice is heard and that you helped others with their travel decisions. Also, there are TripAdvisor points that are assigned to travelers after posting a review, but those points cannot be redeemed for anything and passengers are not earning any airline miles or any other benefits. Those points only determine the level of the badge for the person who is posting a review. When it comes to the Amadeus, it is offering a passenger to connect frequent flyer number with the profile and have statistic of flights such as: average flight distance, number of flight segments in the last year, history of flights and tier of the frequent flyer and what is the next level and under which conditions will be achieved.

4. POSSIBLE AREAS FOR IMPROVEMENT

Based on the conducted analysis, several areas for the improvement are formulated. It is not said that the current solutions are not delivering good results, but definitely, certain areas could be improved to provide even better results. As a part of this paper, two areas for the improvement are proposed, both with the aim to improve current mechanisms and boost rate of passengers who are providing feedback.

First improvement is related to the way how the mechanism is functioning. Right now, as indicated, current mechanisms are free, open and comments are publicly available in case of services such as TripAdvisor. This also stands for the airline feedback mechanisms, because airline have information about the passenger who sent review. Since this is not an anonymous service, one can also expect that the further analysis will be biased. Thus, what can be improved, especially with the usage of the latest technologies (such as blockchain), is the unbiased and anonymous dimensions of the service for the passenger reviews in airline industry.

Second improvement is related to the rewarding system. As also noted, current mechanisms are not offering a tempting and enough motivating rewards for passengers to provide feedback regarding the flight experience. TripAdvisor and similar services initiated something that could be similar like this, but still this reward in terms of a points and badges is not tangible enough for the passengers. Furthermore, airlines are not offering any tangible reward to the passengers who are providing feedback, but are exploiting the passenger data for driving the commercial strategies, special offers, promotions and etc. Thus, what can be improved, is the more tangible rewarding system for the passengers who are sharing the experience about the flight. Some of the examples for this could be: loyalty miles, better tier for discounts, contest for prizes or even some amount in virtual currency.

5. CONCLUSION

The whole aim of having proper passenger feedback is to know how to adjust and align service and commercial strategies (pricing, fares, fees), as well as to introduce a long-term customers loyalty. As presented in a book by authors Murphy and Murphy [10], in what is considered to be a service providing industry, just 2% increase in customer retention, has the same monetary value as decreasing costs of operations by 10%. In airline industry, carriers need a reliable way of gathering feedback from passengers. On the other side, passengers are expecting transparent, personalized and high-quality service to be provided by carrier. This highlights the importance of feedback mechanisms.

It is very hard nowadays for airlines to motivate passengers to share their feedback regarding the flight experience. Based on the current practice, if everything is ok, no feedback could be expected, but when there are some issues with the service, complaints are there. Aim of this paper was to analyze the current feedback mechanisms available and used in the airline industry for the passengers to share their flight and service experience. The focus was on the two types of mechanisms, one that is open for all and one that is used by airlines - TripAdvisor and Amadeus customer experience management service. The aim was not to compare these two types, but to highlight strengths and weaknesses, and identify possible areas for improvement. In order to accomplish this, next characteristics were addressed - *Mechanism type and orientation, Monetization type, Hosting/access type, User perspective and Rewards perspective*. Based on the findings, two improvement are identified and proposed - (1) development of unbiased and anonymous service using the latest technologies (such as blockchain) and (2)

development of the more tangible rewarding system for the passengers who are sharing the experience about the flight (loyalty miles, better tier for discounts, contest for prizes, etc.).

For further research direction, we are proposing a survey to be conducted about the feedback mechanisms to the wider audience. It should be free, anonymous and shared through social networks with the aim of gathering as much replies as possible. Responses that will be gathered will provide definitely better insight about feedback mechanisms and could lead to more justified conclusions.

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