Sustainable Customer Service as Success Factor in the Airline Sector

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Abstract

Lufthansa have announced that they plan to stop offering most flights inside Germany and Europe under the name Lufthansa and would instead offer them via its subsidiary German wings. When that happens, the service offered to passengers changes from what Lufthansa provides to what German wings provides: no longer does everyone get a free newspaper, two free drinks and a snack, and passengers must now pay for one piece of luggage. On German wings flights, these will be options the customer can book in advance and for which they will need to pay extra. This leads us to a major criticism of airlines: that they have created a bundle of services and options in order to apparently give the customer more flexibility, but that what this means in practice is that once several options are actually booked, a flight becomes more expensive than the highly visible price shown on the home page of airline websites. People complain about feeling lost when booking a flight because of hidden costs and unclear price structures. Sometimes they do not understand why paying for one option means getting a different one for free, even if the latter is not interesting for them.

Booking a ticket is a service offered by an airline. In a digitalized world, where you can send and receive an email in a minute, where everybody can place a complaint on a blog and reach millions in a minute, customer service has become more important and even harder. Customers' power to influence a company's success has as a consequence increased, which makes the area of service especially vital. So the question is: what can an airline do in these times to guarantee sustainable customer service?

This paper analyses what customers perceive as a good quality service of airlines in the long-term--therefore sustainable – and why they would rather stick with one company rather than with a different one. What do airlines need to be aware of when they create business concepts for online bookers, where the customer has a great choice and relatively easy access to information about all possible offers? And learning about the preferences – how can airlines transform that knowledge into a success strategy?

Keywords: Sustainable customer; Airline sector; Survey; Statistics

Theoretical Introduction

Sustainable customer service

In order to clarify what this paper refers to as "sustainable customer service", it is important to clearly define the term "sustainable" in this context. We follow Belz et al. [1], who refer to sustainable products and services as "offerings that satisfy customer needs and significantly improve the social and environmental performance along the whole life cycle in comparison to conventional or competing offers". In this paper, we focus on a set of priorities that are related to services in the airline industry. Based on Belz et al. [1], these priorities include:

- Customer satisfaction
- A dual focus on both ecological and social issues
- Life-cycle orientation
- Significant improvement
- Continuous improvement
- Competitive offerings

Service options and prices

As mentioned in above, one of the more significant decisions in the aviation sector was Lufthansa's decision to transfer the majority of flights within Europe to its sub-company German wings in summer 2014. Only the major airports Frankfurt and Munich were not be affected by that change [2].

In Lufthansa's case the change is occurring as part of the cost-cutting programme "Score" and is showing its first results: Lufthansa published positive numbers for the first time in five years for flight activities within Europe. Therefore, the German wings concept – and the concept many other airlines have been adapting during the last years – appears to be a good decision from the company side and demonstrates the advantage to airline companies of offering many
options to customers. Next we review some of these options that are the basis for our questionnaire.

**Seat booking:** Apart from German wings, Lufthansa itself has begun to charge extra fees for seats next to the emergency exits. On flights within Europe, such a seat is priced at €20, increasing to €60 for intercontinental flights. German wings offers three price packages and every package includes a price for seat bookings. The package "Basic-Tarif" offers a seat at row eleven for €10. A seat with more space for legs in the rows four to ten costs €18, including a snack and beverage. In the next and more expensive package category, the "Smart-Tarif", a seat in rows four to ten is included, as is a seat in the rows one to three in the top category "Best-Tarif" \[3\].

The airline Air Berlin charges €11.99 for normal seat bookings on short hauls and €16.99 on long hauls. XL-seats with more space cost €20 on short hauls and €60 on long hauls, similar to the Lufthansa concept. Ryanair charges €10 for every seat \[2\].

**Luggage:** Differences also arise concerning the costs for luggage. Lufthansa tickets include one piece of hand luggage (maximum 8 kg) as well as one regular suitcase at 23 kg. At German wings, one piece of hand luggage (also maximum 8 kg) is free in every category. One piece of regular luggage (23 kg) in the cheapest category costs €12.

Air Berlin has a similar model: one piece of hand luggage is free, a 23 kg suitcase costs €15, but €70 if it is checked-in at the airport and booked previously online.

Ryanair allows hand luggage to 10 kg. A suitcase up to 15 kg costs €15 during the off-season and €25 in the peak season. 20 kg luggage costs €25 (off-season) or €35 (peak season). If the luggage is checked-in at the airport without booking it online before-hand, passengers had to pay €60 until January 2014, when the price was lowered to €30.

**Food:** At Lufthansa, food and beverages are still included in the ticket price. German wings offers one drink and one snack in the cheapest category for €6. If a seat is booked at a price of €18, this option is also included. The other two categories offer this service for free. Air Berlin offers its passenger drinks and a snack for free, whilst Ryanair charges for snacks and drinks individually during the flight \[3\].

### Methodology

#### Data collection and sampling method

The focus of this empirical research airplane passengers and the customer service aspects of flying with an airline, because, as noted above, customer satisfaction is one of the most important success factors for sustainable success in the aviation branch. For this reason we gathered data from passengers flying because for private and for business reasons, with the goal of discovering what might be key elements of optimal customer service.

Three hypotheses were developed:

- **Hypothesis 1:** Airline passengers view positively the ability to build their own ticketing packages in the booking process.
- **Hypothesis 2:** Airline passengers prefer airlines with offers for more sustainability.
- **Hypothesis 3:** Airline passengers appreciate individual and natural friendly communication during the flight more than anything else (for example, a free on-board magazine to collect data on airline passengers and their attitude on different forms of customer service a survey for online and offline use was conducted. The online survey instrument was administered using the online survey software Lime Survey. Using an online survey has many advantages. It is cost-efficient in creating and distributing. Furthermore, distribution is possible on a large scale. Also people feel mostly more confident to answer an online survey as they feel it more anonymous than a paper questionnaire they fill in with pencil close to the people who evaluate the questionnaires later \[4\].

The disadvantages, on the other hand, include a lack of control over distribution ways and participants. Nor do participants have the possibility of asking questions about unclear parts in the survey \[4\]. In addition, the online survey was available in English and German only. Respondents must have been relatively fluent in one of the two languages in order to be able to take the survey. Linguistic and cultural misunderstandings might have occurred. However, as we concentrated on the German market, including people with migration background and people from other countries, this is a relatively minor limitation.

To also include airline passengers who prefer the paper and pencil method, we went to the airports in Berlin and Frankfurt a. M. and asked passengers to fill in the questionnaire and return it to us. We chose these cities as Berlin is the airport of the capital city and Frankfurt is one of the most important and busiest airports in Europe.

Convenience and snowball sampling methods were used for the online survey, and for the offline part airline passengers were contacted directly in the entrance hall of the airport. To ensure that political, economic and other factors were the same for both survey types, we contacted the airline passengers when the online survey was active.

The online survey was distributed via social media, blogs, personal messages and groups. The link to the online survey was active for a period of one week, as in the pre-test period the participants advised us to go for such a short period of time. Their argument was that people receiving a link with a longer duration period often plan to fill in the questionnaire later, but then forget about doing it.

The questionnaire included 18 questions in total covering 8 dimensions:

- **Statistical Data**
  - Age
  - Gender
  - Current career status

- **Flying habits**
  - Year of first flight
  - Last travel by airplane
  - Normal frequency travelling by airplane
  - Duration of flights
  - Reasons to take the airplane
  - Flying normally alone or with others
  - Normal activities during a flight

- **Valuation of services when traveling by airplane**
Sustainability and CSR make a special difference. Then we wanted to get as much useful data as possible.

After the flight: Rating of services offered when the flight is ending or has ended

Socio-demographic variables included age, gender and current career status as control variables, to see whether they play a significant role for the preferred customer service and for the background behind. The age structure in and division were used follows a survey on behalf of the German Ministry for Economy and Technology. It divides passenger in youth and young adults (14 to 29 years old), adults (30 to 59 years old) and seniors (60 plus years old) [5].

We asked about respondents’ flying habits in order to help with our analysis. We prepared this part in a more detailed way to be able to measure, for example, if a frequent business traveller expects and prefers different customer service compared to a person who only flies a few times a year when going on holiday. The pre-test group also suggested adding a question about the things you do during your flight as it might change the value of a drink, food or magazine offered if you want to use the flight for preparing some things for your job. For the evaluation of the frequency of flying we used the scale of the survey on the attitudes of Europeans towards tourism for the European Commission from 2009. For the average duration of flights we refer to Eaves [6].

Going deeper in the area of the evaluation of services when travelling by airplane we asked about the bundle system that more and more aviation companies have introduced and about the preferences of the passengers in general. We were also interested in whether sustainability and CSR make a special difference. Then we wanted to know which airlines were felt to offer the best service. Related to this, there were several questions where we wanted to participants of the survey to say more about their habits and needs. In the question about the rating of special airlines we put together a list of the 15 biggest airlines of the world, the top 5 German airlines in 2011 regarding the number of passengers and the most popular airlines on Facebook ranked by the number of fans in 2012.1

The last three sections concentrated on the phase before, during and after the flight. For each we asked the participants to rate the services offered in this phase. The services asked about were determined by internet research and the comments from the pre-test group.

Overall, the survey was structured in a way to keep it simple and interesting for the respondents. The mixture and change between different types of questions had the purpose of keeping effort and time spent to an acceptable level for respondents, but at the same time to get as much useful data as possible.

Data analysis methods

Quantitative data: For the quantitative data analysis the survey results are summarized and illustrated in graphs and tables. They give an overview of the survey results. The data results are limited to descriptive statistics. Testing possible correlations or conducting regression analysis is not considered useful here, as the sample size is too small to obtain significant results.

Qualitative content analysis: To analyse this part adequately, a qualitative content analysis was carried out. As it is highly interpretative, the danger of misinterpretation when using content analysis is a given. Analysing a survey response by its written content only is difficult because follow-up questions to clarify a response or to get a more in-depth answer are not possible. Nevertheless, when using qualitative content analysis only selected aspects of the data are focused on, often set by the research question. This has the advantage that the rich data is narrowed down to the aspects relevant to the research question [7]. This is achieved by first developing a coding frame which includes so-called main categories and subcategories [7]. It acts as a filter that emphasizes the data covered by the categories, ignoring the irrelevant parts.

Our main goal was to get a picture of the customer service aspects and elements the participants evaluate as the most important. Based on the research focus and a first review of the responses, the relevant topics mentioned in the responses were noted down and clustered [7]. This is a combination of concept-driven (deductive) and data-driven (inductive) determination of codes.

Results of the Survey

105 complete surveys were handed in, these are the results of the surveys conducted both online and offline. No specific tendency has been diagnosed regarding age, gender or career status, which is why the perspective on the survey results is an overall one [8-16].

Statistical data

The majority of participants are aged between 30 and 59 years shown in the Figure 1.

Regarding the gender, the survey benefits from a balanced mixture of both female and male participants shown in the Figure 2.

Most of the survey participants were employees or entrepreneurs shown in the Figure 3.

1 www.statista.com; www.airlinerslides.com/2013/02/18/das-sind-die-wichtigsten-fluggesellschaften-in-deutschland/
Corresponding to the most represented age group (15-39 years), the majority of the participants flew for the first time during the years 1981–1990. This finding allows the conclusion to be drawn that most of the participants have experienced flying over a period of years shown in the Figure 4 and will therefore be able to answer the questions adequately as well as to compare former business concepts with current ones [17-25].
The survey reveals that most participants flew recently, which in combination with the finding about the first flying experience suggests a fair knowledge about flying procedures shown in the Figure 5.

Most of the survey participants are frequent flyers, since they travel more than 10 times per year shown in the Figure 6.

Most of the flights caught by the participants are short haul flights shown in the Figure 7.

The age group, flight duration and flying frequency already implied this, but here it is confirmed that most of the survey participants do fly for business reasons shown in the Figure 8.

Again, it is not surprising that the most common activity during the flight is working, bearing in mind that most of the survey participants are flying for business reasons (Figure 9). Nevertheless, other activities such as reading (yet also possibly being related to work) or eating and listening to music are among the most popular answers.

### The valuation of services when travelling by airplane

This is one of the most important findings of the survey: 81 of the participants do favour the new bundle systems offered by airlines compared to the former fixed economy and business prices shown in the Figure 10.
Regarding the preferences before, during and after the flight, the survey participants independently named one major criterion within each category. In the pre-sales phase, 92 participants agreed on an easy and/or user-friendly booking procedure being the most important factor (Figure 11). During the flight, the crucial element is a friendly cabin crew (also 92 answers). As for the time after the flight, most participants perceive a problem-free and fast check-out as most important service (91 answers) [26-32].

Although this paper focuses on sustainability in terms of the overall services provided by an airline, one goal was to find out how passengers perceive aspects of sustainability as criteria for the airline’s quality of services (Figure 12). Clearly, only 14 participants did not see a connection between high-quality services and sustainability issues. Among those who did, 46 thought of using fair trade products on board was a sign of high quality service, followed by 39 who chose recyclable packaging.

The ranking of known airlines shows Lufthansa being the favourite airline of the participants. It is important to stress that the participants were asked to rank the airline only if they had travelled with the company (Figure 13). Since the survey was mainly sent to persons within Europe, Lufthansa might have won the ranking because of its popularity within Germany and Europe. Still, airlines like Emirates and Etihad also made it to the top 5, leaving international players like Air France and low budget airline Ryanair behind them.
Figure 15: Ranking of pre-sales services by average grade, 0 being "not important", 4 being "necessary".

Among the ranking of pre-sales services, there is not one clear favourite service (Figures 14 and 15). The flexibility to change flight details or cancel flights is very important to the participants of the survey, but so is receiving information about any changes occurring or being able to bring (extra) luggage. The booking of seats is considered important as well, whereas sitting in the front row is not a major criterion.

During the flight

During the flight, passengers are especially keen on having a friendly and attentive cabin crew as well as a clean airplane (Figures 16 and 17). Beverages are more important that snacks and the entertainment program of an aircraft is rather perceived as a "nice to have" than a "must have". Least important are the airline’s onboard magazine and duty free shopping opportunity.

Figure 16: Evaluating the services during the flight.

Figure 17: Ranking the services during the flights by average grade-0 being "not important", 4 being "necessary".

After the flight

Figure 18: Evaluating the services after the flight.

Figure 19: Ranking the services after the flight by average grade-0 being "not important", 4 being "necessary".
When leaving the aircraft, passengers do not care so much about receiving a gift, but rather about being able to get as quickly and problem-free as possible to their terminal, retrieve their luggage and leave the airport (Figures 18 and 19). The need for information, but receiving a gift, but rather about being able to get as quickly and conveniently as possible. The most relevant aspect was the ability to modify or cancel your flight, which shows a high need for flexibility. Being at the mercy of an airline or feeling helpless in situations when unforeseen events complicate the trip is one of non-business travellers' biggest fears, given that meetings and deadlines might be shifted more easily than a private vacation.

During the flight, passengers consider cleanliness a prerequisite, more than an actual service. The service component predominantly lies within the friendly service of the cabin crew, which emphasizes the high relevance of soft skills within the airline industry. The classic friendly cabin crew member therefore cannot be replaced by or compensated for by modern extras such as movies, music or even Internet access. Together with the availability of beverages and space for legs, this service is the one where airlines should focus on.

After the flight, passengers no longer require friendly service personnel. Here the main thought is efficient deboarding off the aircraft. For business travelers, leaving the aircraft as soon possible is of particular interest. Participants do not want to have to wait a long time for their (undamaged of course) luggage. Where service still is needed and appreciated is regarding connecting flights, or when necessary, for disabled people.

Which airline wins?

Although low budget airlines with the bundle system have entered the race, the winning airlines are those who have not (yet) changed their business model completely to the bundle system. They are those who have been sticking with higher standards regarding personnel and an attentive customer service during the flight.

It has to be stressed that the winning airline in this paper’s ranking (Lufthansa) is at most certainty the one that the majority of the participants associate quality with. The socio-demographic profile of the participants is European or German business traveller aged between 15 and 59, automatically having been exposed to Lufthansa’s airline history during the past 30 years.

Asian airlines have the reputation of a very high standard regarding customer service. Therefore it would be interesting to analyze how Asian airlines would rank if they were better known in Europe. Some participants have named for example Singapore Airlines as their favorite one, but of course, when talking about short haul business flights within Europe, Asian airlines will not be used frequently, if at all.

The question about sustainability showed that sustainable behavior is also considered a part of an airline’s service quality. Overall though, how the customer is treated is the most significant factor.

The success of the new bundle system

As mentioned before, the new bundle systems generally increase costs for passengers rather than lowering them. And it has become obvious in the media that customers have been complaining about too complex service structures, confusion, the loss of certain privileges and yet having to pay more for services they do not even need. Then, why do 81 out of 105 survey participants do state that they prefer the new bundle system?

There are several possible reasons. First, since the participants were mainly business travellers, they have a different emotional approach towards flying than private travellers. To the former, flying is part of the job and not considered something that has to be an exquisite experience. The flight is normally paid for by the company and lasts no longer than 3 hours. The flying experience is something regular, even boring-a routine. Therefore, the bundle system offers only the chance to select a flight option such as more leg room. The flight is either booked by an assistant who knows his/her way around online booking or by the employee himself, who also does this on a regular basis. The fear of making a mistake in this “jungle” of services is relatively low, and is not a factor compared to the savings of a cheap flight.

Another reason for being in favor of the bundle system is the degree of flexibility and transparency. As explained in section two, the issue of trust and interactivity influences the online consumer. When people decide to book a flight, they usually ask themselves what are they actually paying for. They don’t want to feel cheated on by fixed prices whose exact structure they do not know. The bundle system allows them to understand why they are paying Extra. Furthermore, for some customers (especially young employees or students), getting the opportunity to pay for just the flight without any further service is a chance to save money, even if the quality of a flight decreases somewhat.

Last but not least, some airlines have succeeded in combining a relatively low price with a set of services that meets customers’ expectations. Especially having shown that a friendly cabin crew is one of the major criteria for high-quality service on board, many airlines try to keep up the standard of friendly personnel. It is something that a price tag can only be put on with great difficulty. So even if the food is not as good or the aircraft is not that comfortable – as long as the cabin crew is just as friendly as with other airlines, passenger might choose that company due to its lower prices. We conclude then, that sustainable customer service is a key success factor for the airline industry – without it, passengers will choose other airlines.

References

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