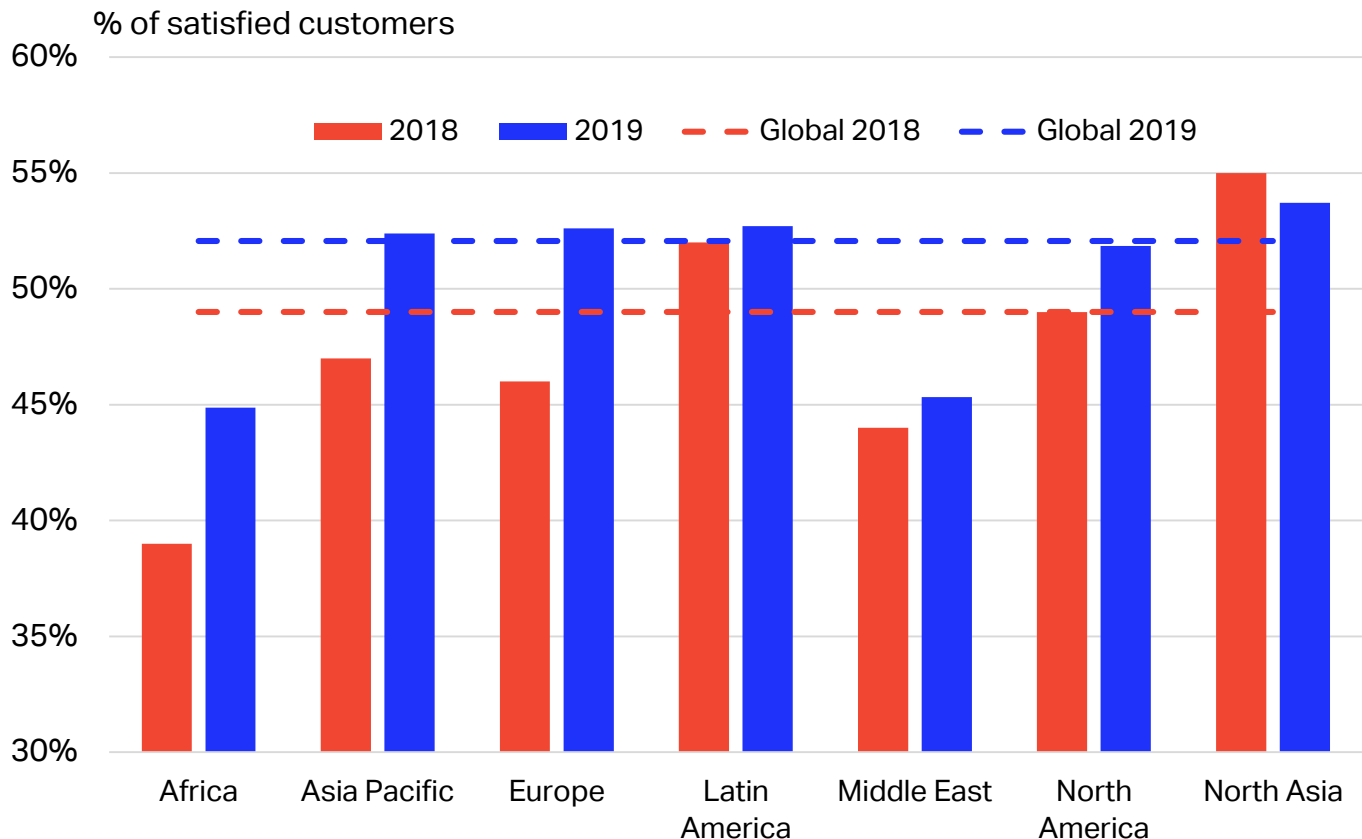




IATA Economics' Chart of the Week

18 October 2019

Customer satisfaction becomes key for airlines as demand softens



Source: IATA Global Passenger Survey 2019

- Today's chart looks at recent developments in customer satisfaction, taken from IATA's recently released 2019 [Global Passenger Survey](#). The good news is that at the global level, more passengers were satisfied with their air travel experience in 2019 compared with 2018, at 52% vs 49%. (It is worth noting that only 11% were 'dissatisfied' this year (and 12% last year), with the balance being considered 'neither satisfied nor dissatisfied'). As usual, the global aggregate masks a diverse performance across regions.
- The industry-wide increase in customer satisfaction comes at a time where air passenger demand has been softening, against a backdrop of slower global economic activity, falling world trade and heightened geopolitical uncertainty. RPK growth has eased from an annualized rate of around 8.5% to 4% over the past year. Airlines have responded to this slowdown in various ways, most notably by reducing capacity growth, which is now running at a modest 3.5% year-on-year.
- However, the improvement in customer satisfaction – as airlines better deliver what their customers want – is also an important development, particularly in the current business environment. For any airline, improvements in customer satisfaction are likely to translate into stronger customer loyalty. In a highly competitive industry – such as air transport – customer loyalty is a source of competitive advantage which, in turn, will help to support financial performance. While this year's survey results are a step in the right direction, airlines still have work to do to convert the majority of customers who are currently ambivalent to being 'satisfied' about their travel experience.

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