Customer satisfaction becomes key for airlines as demand softens

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.

Source: IATA Global Passenger Survey 2019

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