IATA ECONOMICS’ CHART OF THE WEEK

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AIRLINE LOYALTY – WHAT MATTERS MOST?

Knowing your customer is an integral element of delivering a successful product or service. Companies which understand their customers and meet (or exceed!) their expectations generate customer loyalty and are more likely than their peers to deliver a better financial performance. The highly competitive and dynamic air transport industry is no different in this regard.

Today we take a look at the key factors influencing a passenger’s loyalty towards an airline. The chart is taken from IATA’s 2016 Global Passenger Survey (GPS), unveiled at this week’s World Passenger Symposium in Dubai. The Top 3 factors that impact airline loyalty are ticket prices (37%), flight schedule (17%) and onboard comfort (16%).

Of course, digging deeper, within the detail of the survey, highlights variations in what matters most for loyalty between different types of customers (eg business vs leisure travelers) as well as differences from region to region.

From an airline perspective, these differences help to explain the wide range of different business models and product offerings that have evolved over recent years. As we have discussed previously, there is no single business model or strategy that will deliver guaranteed profitability in such a challenging industry. The ‘right’ business model and product is that which is most appropriate for the market and the target customer. Any evidence-based insights into customer preferences and priorities, such as those provided in the GPS, are a valuable input into strategic decision-making.

Background: Since 2012, IATA’s Global Passenger Survey has been tracking passengers’ evolving preferences. Based on 6,920 responses from around the globe, the 2016 survey provides a comprehensive insight into what passengers want from and value most about their air travel experience. Further information on this product, including how to obtain a copy, can be found here.

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