



Demonstrators at O'Hare International Airport protesting against United Airlines, which forcibly removed a passenger from an overbooked flight on Sunday. The writer says contingency procedures need to be in place in any service organisation before circumstances spiral out of control. PHOTO: AGENCE FRANCE-PRESSE

A bum deal for airline passengers

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For The Straits Times

Anyone who has flown domestic in the United States recently knows that the experience is not one you would choose for the sheer pleasure of it.

Long gone are the days of onboard economy-class piano lounges (Google it – they really did exist, on American Airlines in the carefree days of the early 1970s). Instead, with a few exceptions, flying domestic in the US today is mostly a utilitarian chore that makes even Asia's budget airlines seem welcoming and luxurious.

But for an airline that for decades has urged passengers to "Come fly the friendly skies", the experience of one United Airlines passenger this week marks a spectacular new low. For United Airlines, the public-relations disaster wrought by viral videos showing a bloodied and upset passenger, Dr David Dao, being forcibly removed by armed security staff from one of its aircraft is obvious. This came after he reportedly turned down compensation offers to leave the aircraft to make room for United Airlines staff.

The worldwide vitriol aimed at the airline on social media will also be costly, though in time that will pass. Likewise, the millions wiped from United Airlines' share price

will doubtless recover.

But there is something else on show in Sunday's incident that should worry any service organisation – a spectacular failure of service culture. This, I think, is the bigger, more enduring, story. And it need not have happened.

BUMS ON SEATS

Aviation is a cut-throat and hugely costly business with fixed assets – aircraft – that need to be kept as full as possible, as often as possible, to pay for themselves. Business is about getting bums on seats. A seat without a bum on it is a loss.

To get around this, airlines sell tickets to more bums than they actually have seats to accommodate. Every day, some bums simply do not show up for their flight and, so, no one will be too upset. Most of the time, this system of overbooking works well. Data modelling shows airlines the margins they can comfortably operate within, and passengers generally get where they want to go when they want to.

Inevitably, though, from time to time, things go wrong and overbooking means some bums need to be, well, bumped – as apparently happened on Sunday's United Airlines flight.

DESIGN, TRAIN AND EMPOWER

In my MBA marketing classes, we use airline overbooking scenarios, such as this, as a great way to explore the concept of "service

recovery" – essentially lessening the impact when something goes wrong by acting professionally and proactively.

There are many ways to do this. Airlines can pre-emptively offload passengers the day before, for example, before they have even travelled to the airport, by calling to tell them the flight is overbooked and offering them compensation.

Or, they could be offloaded and compensated at the check-in counters with cash, vouchers and upgrades to sweeten the deal. A backpacker, say, would likely happily take a few hundred dollars to get bumped onto the next day's flight – and the airline might even gain some good word-of-mouth PR to boot.

The key lesson for any service organisation is that contingency procedures need to be in place before circumstances spiral out of control – the three essential words being design, train and empower.

This is not something an organisation should expect their staff to improvise. These procedures need to be carefully designed, trained for and frontline staff must be empowered to put them into action.

I was, fortunately, not on the aircraft involved but, as a distant observer, it is plain to see that there were no procedures in place that applied to this instance.

Consequently, staff had no idea how to manage a situation where none of the passengers were willing

to give up their seat – despite an arguably attractive compensation – and they were not empowered (or willing) to offer a higher compensation until someone was willing to give up his seat.

SERIOUS FAILINGS

For any organisation, a situation like this is damaging and hard to defend. For an established, global business employing thousands and with a turnover of billions of dollars, it shows serious failings on the part of senior management.

Certainly, Sunday's incident demonstrated incompetent handling of customers, laid bare to the world through the power of Facebook.

But it will also impact staff morale and the quality of future recruitment. If you were a friendly, service-oriented individual in the market for a job, would you be looking to join United Airlines?

At a broader level, it also raises questions over the capabilities of senior management as stewards of the business. After some cringeworthy initial statements, United Airlines chief executive Oscar Munoz finally mouthed the right words, describing it as "truly horrific" and promising the company would "fix what's broken".

But Sunday's extraordinary scenes at Chicago airport were more than about one passenger being forcibly evicted from his seat. It shows what can happen when a service business loses focus on its service culture.

Such a downward spiral is very hard to reverse – recovery will need strong leadership to address fundamental organisational failures.

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