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A Tale of Two Airlines: A Comparative Case Study of High-Road versus Low-Road Strategies in Customer Service and Reputation Management

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A TALE OF TWO AIRLINES


A Comparative Case Study of High-Road
versus Low-Road Strategies in Customer Service
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IT WAS THE BEST OF TIMES . . .

- ▶ Southwest Airlines - "The Somebody Else Up There Who Loves You"


IT WAS THE WORST OF TIMES . . .

- ▶ Ryanair director of customer service, Caroline Green, cheerfully admits, "we're the airline everyone loves to hate".
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IT WAS THE BEST OF TIMES . . .

- ▶ "Best attitude and prompt response ever experienced with a big corporation. Thank you for treating me like family!" (Southwest Passenger)

IT WAS THE WORST OF TIMES . . .

- ▶ "Always looking for a new way to con passengers into falling foul of a regulation so they can extort money to bring their cheap fares in to line with the proper airlines." (Ryanair Passenger)
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Heart sets us apart

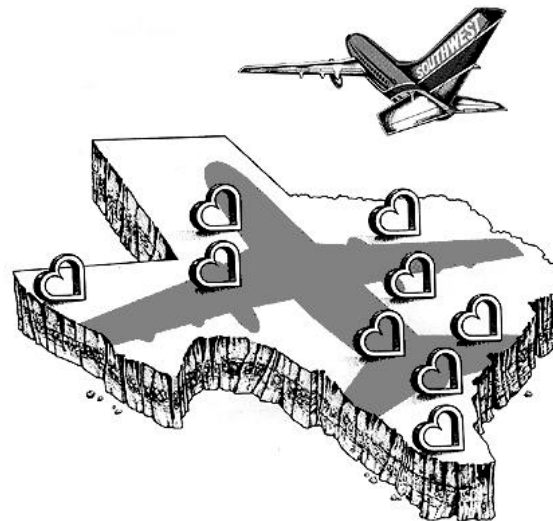
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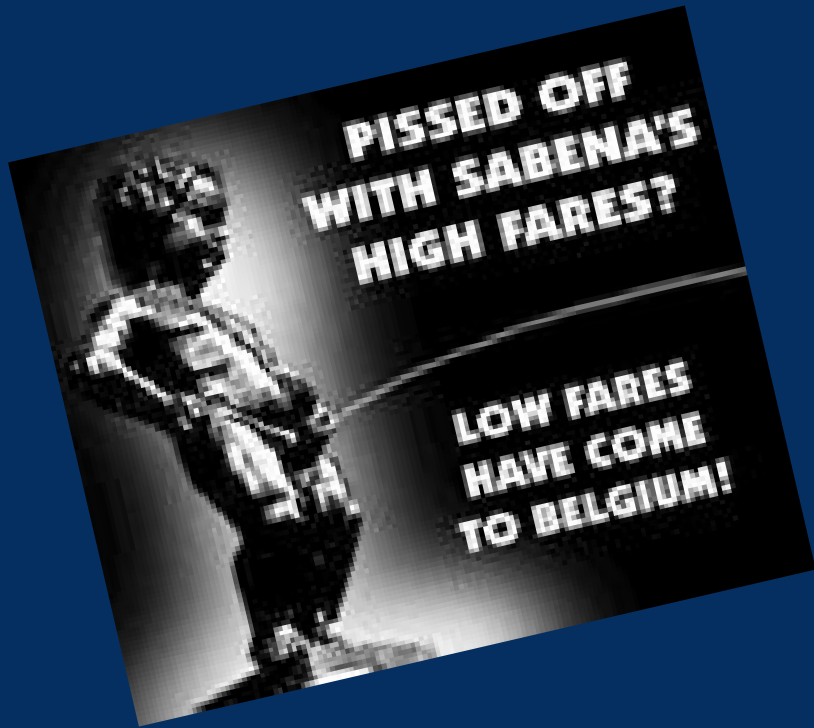


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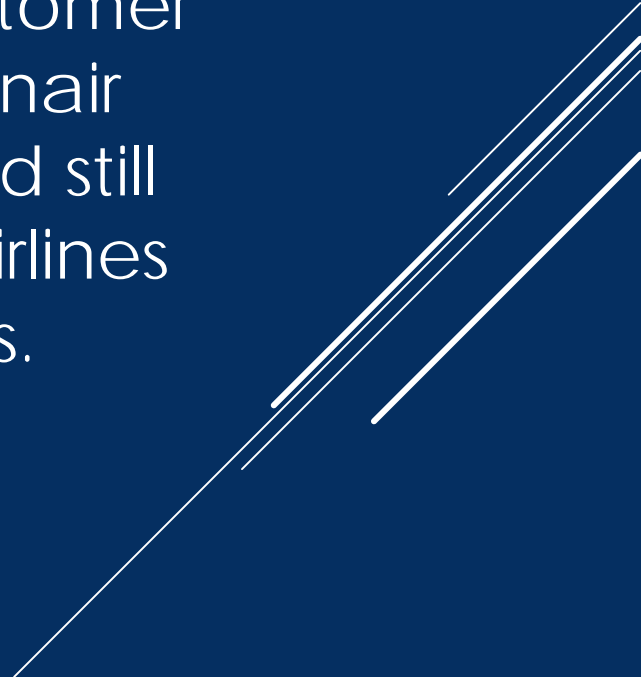
IT WAS THE BEST OF TIMES . . .

- ▶ Ryanair is the most lucrative European budget airline, profiting \$679 million dollars (€503 million) in 2012.


IT WAS THE WORST OF TIMES . . .

- ▶ Southwest Airline's profit was \$421 million dollars, \$258 million (or 40%) less than Ryanair.
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PROBLEM TO BE ADDRESSED

- ▶ Notwithstanding all of the empirical and anecdotal evidence supporting the relationship between customer satisfaction and commercial business success, Ryanair adopts an antagonistic attitude with customers and still enjoys unprecedented success, while Southwest Airlines lags behind despite their consistent customer focus.
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HYPOTHESES

- ▶ Ha1: Customers will award Southwest Airlines a significantly higher “overall ranking” than Ryanair.
 - ▶ Ha2: Customers will rate Southwest Airlines significantly higher than Ryanair with regard to seat comfort, cabin service, food and value.
 - ▶ Ha3: A greater proportion of customers will recommend Southwest Airlines than Ryanair
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METHODS

- ▶ This study used a survey research design to examine customer perception of two different airlines, Ryanair and Southwest Airlines.
 - ▶ Skytrax has continuously measured customer perceptions on airline and airport quality since 1989.
 - ▶ The organization is “dedicated to improving quality of the customer experience for airlines and airports across the world” (Skytrax, 2017a, para. 1).
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SURVEY INSTRUMENT

- ▶ The online survey instrument asked customers to state what airline they flew and give an overall ranking (1-poor to 10-outstanding).
- ▶ The next four questions asked customers to rate their perception of customer services in the following areas: seat comfort, cabin service, food and value from 1 star (poor) to 5 stars (excellent).
- ▶ The last multiple choice question customers answered was if they would recommend the airline and were given two options, a red x (would not recommend) and a green checkmark (would recommend).
- ▶ Survey respondents were then given an open ended comment area in which to give the basis for their perceptions (Skytrax2017b & Skytrax2017 c).

DATA EXAMINED

- ▶ The survey responses examined were from the Skytrax database for both Ryanair (2017b) and Southwest (2017c) for the period of Jan 2012 to December 2013.
 - ▶ This timeframe was chosen because of the different approaches used by Ryanair (low level of customer service –low expectation of service) and Southwest (high level of customer service –high expectation of service).
 - ▶ Both airlines are low cost airlines, however, their different approaches to customer service is well known
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RESULTS – ALL NULL HYPOTHESES WERE REJECTED

Overall Airline Ranking

	Median Rank 1-10	Value	p-value
Ryanair (n=126)	8		
Southwest (n=123)	9	14985	.0228*

Note. Data taken from Skytrack survey on Ryanair (2017b) and Southwest (2017c) survey for inclusive dates of Jan 2012-Dec 2013. Analyzed with Mann-Whitney U $\alpha=.05$ using Pearson Statcrunch software (2017).

Southwest Airlines had a higher median rank than Ryanair with regard to overall airline ranking and that difference was statistically significant. These results support rejection of the null hypothesis of no difference in customer perception between the two carriers with regard to overall ranking on a 1 to 10 scale.

Ratings for Seat Comfort, Cabin/Staff Service, Food and Value (1-5 stars)

	Airline	Median Rank	Value	p-value
Seat Comfort	Ryanair (n=160)	3		
	Southwest (n=143)	4	21072	<0.0001*
Cabin/Staff Service	Ryanair (n=160)	3		
	Southwest (n=145)	4	20660	<0.0001*
Food	Ryanair (n=108)	3		
	Southwest (n=124)	4	10229	<0.0001*
Value	Ryanair (n=160)	3		
	Southwest (n=146)	4.5	21924	0.0004*

Note. Data taken from Skytrack survey on Ryanair (2017b) and Southwest (2017c) survey for inclusive dates of Jan 2012-Dec 2013. Evaluated with Mann-Whitney U $\alpha=.05$ using Pearson Statcrunch software (2017).

Customers rated Southwest Airlines significantly higher than Ryanair in the areas of seat comfort, cabin/staff service, food and value. These results support rejection of the null hypothesis of no difference in customer perception between the two carriers in all four categories.

Results for “Would you recommend this airline?”

	Yes	No	Total	Value	Chi Square
Ryanair	71	94	165		
Southwest	93	56	149		
Totals	164	150	314	11.3972	0.0006*

Note. Data taken from Skytrack survey on Ryanair (2017b) and Southwest (2017c) survey for inclusive dates of Jan 2012-Dec 2013. Analyzed with Chi Square contingency table, $\alpha=.05$ using StatDisk (Triola, 2013).

Customers rated Southwest Airlines significantly differently (higher) than Ryanair on the question “would you recommend this airline?” Slightly more than 62% of Southwest customers indicated they would recommend Southwest. Only 43% of Ryanair customers would recommend using Ryanair. The results shown in Table 3 support rejection of the null hypothesis of no difference in customer perception between the two airlines on this question. |

Overview of Ryanair and Southwest Airline Customer Themes Ranked by Percentage of Comments


Ryanair		Southwest Airlines	
Theme	No.	Theme	No.
Customer Service - Poor	195 (53%)	Customer Service –Poor	94 (29%)
- Inefficient or Unwelcome Processes 121 (33%)		- Inefficient or Unwelcome Processes 71 (22%)	
- Discourteous or Unfriendly Service 74 (20%)		- Discourteous or Unfriendly Service 23 (7%)	
Customer Service - Good	48 (13%)	Customer Service - Good	86 (26%)
Efficient	40 (11%)	Efficient	54 (16%)
Value	39 (11%)	Cabin Configuration and Cleanliness - Good	39 (12%)
Cabin Configuration and Cleanliness - Poor	24 (7%)	Value	38 (12%)
Cabin Configuration and Cleanliness - Good	21 (6%)	Cabin Configuration and Cleanliness - Poor	17 (5%)

Note. Data taken from Skytrack survey on Ryanair (2017b) and Southwest (2017c) survey for inclusive dates of Jan 2012-Dec 2013. Data were coded into NVivo software Version 11 (2017). Percentages are expressed in parentheses under the actual number of coded responses indicating number of comments in a specific theme or sub-theme divided by the total number of coded comments for the airline.

CONCLUSIONS

- ▶ Southwest customers rated **significantly higher** ($\alpha=.05$) than Ryanair customers on:
 - ▶ Overall rating
 - ▶ More willing to recommend airline to a friend
 - ▶ Seat comfort
 - ▶ Cabin /Staff service
 - ▶ Food
 - ▶ Overall value
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CONCLUSIONS

- ▶ Price is a big factor for customers.
 - ▶ Low prices and low expectations of customer service offered by Ryanair did not result in positive customer perceptions.
 - ▶ Customers expected fair treatment and fair processes that were not “mean spirited.”
 - ▶ Customer service programs add value and are important to customers.
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