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Quality, Performance, and Consumer Perceptions: A National Study of US Airlines

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Quality, Performance, and Consumer Perceptions: A National Study of U.S. Airlines

Abstract

Previous research on perceptions, satisfaction, and attitudes regarding major commercial air carriers in the U.S. provided little more than a “snapshot” of the average air traveler. Building upon 28 years of work with the National Airline Quality Rating (AQR), the present study attempts to move beyond basic descriptive information of air travelers to identify attitudinal patterns and relationships in the way consumers view the commercial air industry. Development of such a qualitative model allows improved understanding of passenger perceptions and behavior. This study will exemplify the connectivity between subjective measures and the formula driven weighted average that constitutes the AQR.

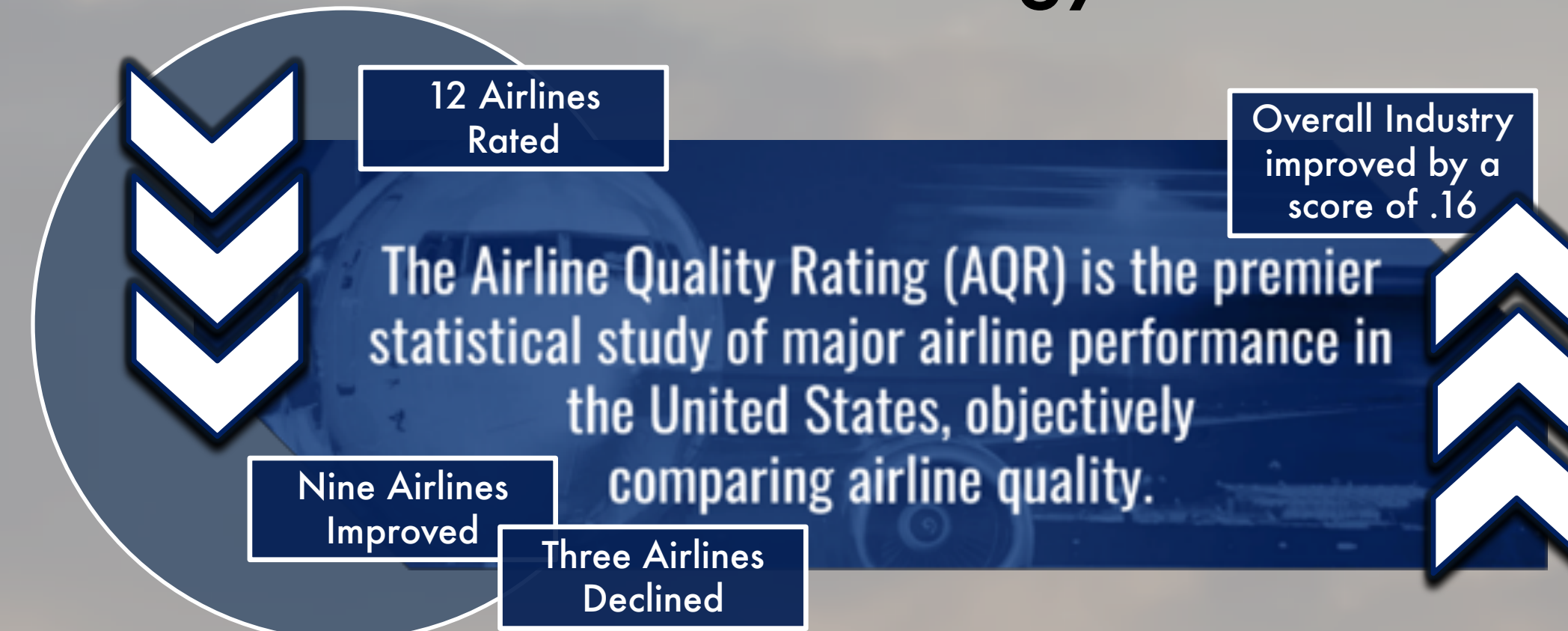
Background

The AQR was developed and announced in 1991 as an objective method for assessing airline quality. A multi-factor, weighted average approach utilizing published, publicly available data from the DOT Air Travel Consumer Report, was introduced that had not previously been used in the industry. The AQR sets the industry standard by providing consumers and industry watchers with objective performance-based data which results in a rating system with interval scale properties that is comparable across airlines and across time periods.

AQR Formula

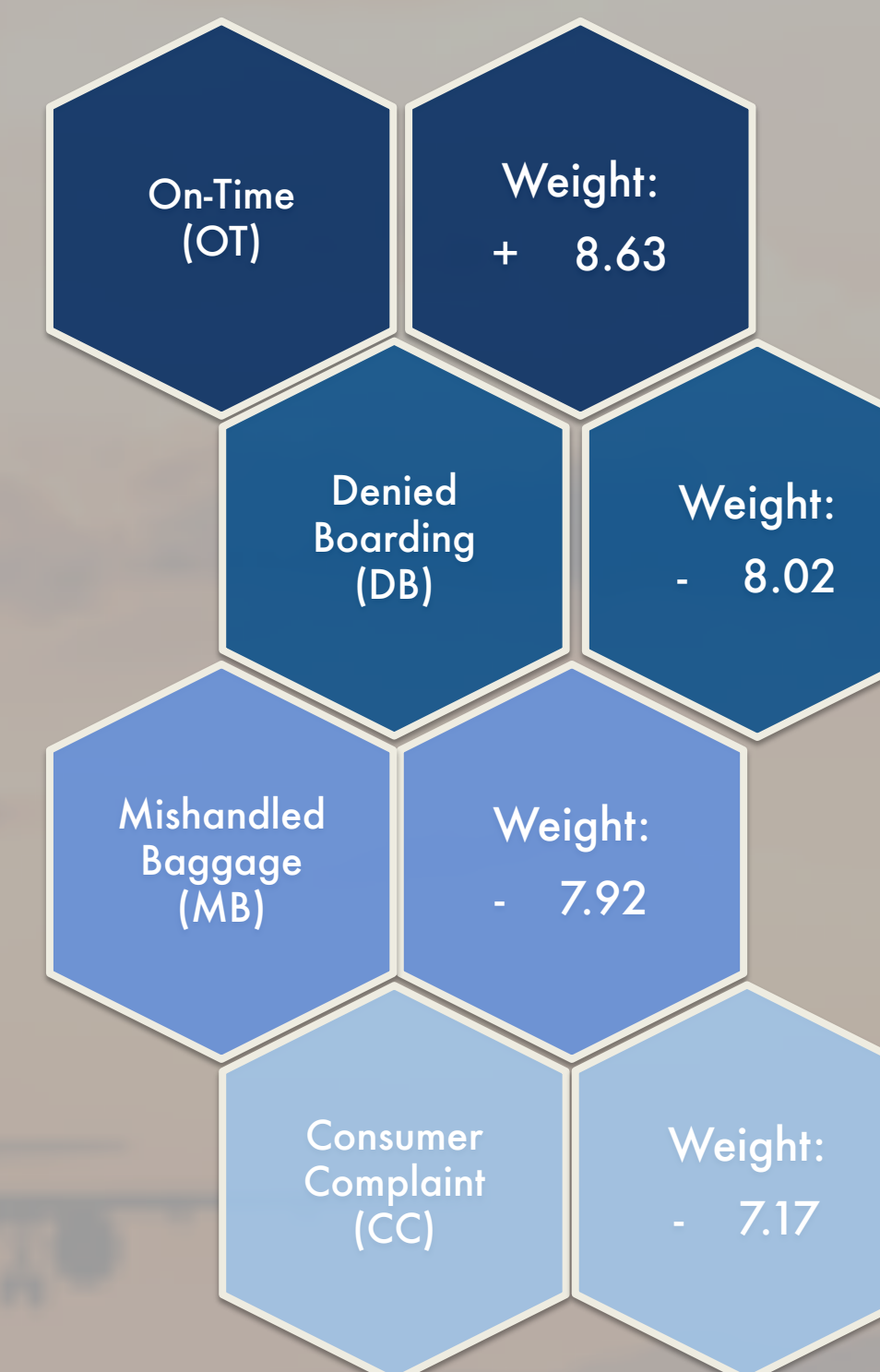
$$AQR = \frac{(+8.63 \times OT) + (-8.03 \times DB) + (-7.92 \times MB) + (-7.17 \times CC)}{(8.63 + 8.03 + 7.92 + 7.17)}$$

Methodology

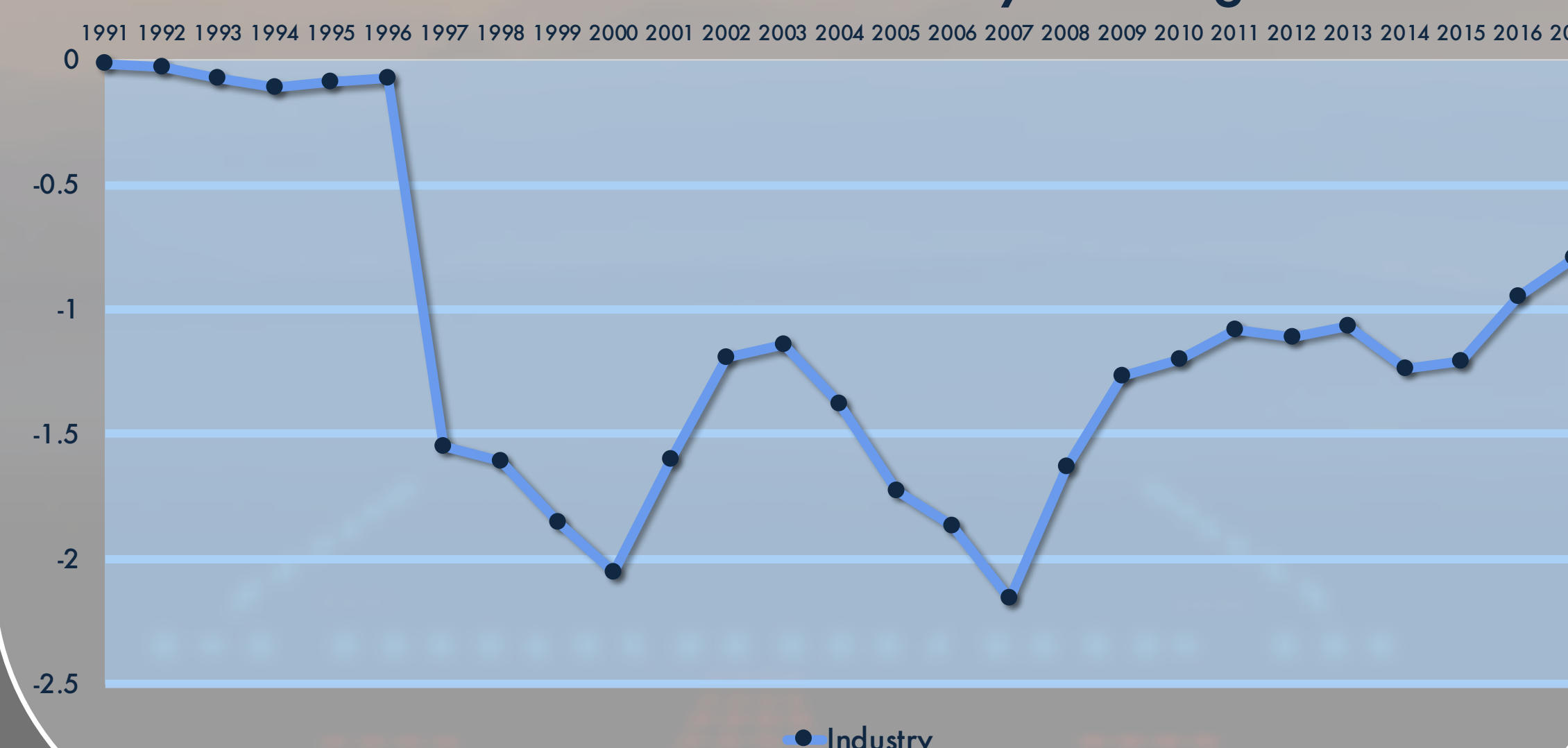


This research utilizes comparative trend analysis methodology by analyzing data since the first AQR in 1991. The methodology provides a means to track airlines' progressions and regressions in operational performance and allows for the development of theories in data shifts and trends.

The AQR is a summary of monthly quality ratings where comparative performance is reported using a rating system of four weighted averages areas:



AQR 1991-2017 Industry Average



Results

The 2017 Airline Quality Rating industry score improved in overall performance quality from a level of -0.95 (2016) to -0.79 (2017). The 2017 score is the best in the 28-year history of the AQR and the industry score has improved each year for the past three years. Improved performance was seen in 3 of the 4 areas tracked.

- 2018 Airline Rankings:
 - Alaska Airlines
 - Delta Air Lines
 - JetBlue
 - Hawaiian Airlines
 - Southwest Airlines
 - SkyWest Airlines
 - Virgin America
 - United Airlines
 - American Airlines
 - ExpressJet
 - Frontier Airlines
 - Spirit Airlines

Nine Airlines improved their scores in 2017.

- American, ExpressJet, Frontier, Hawaiian, JetBlue, SkyWest, Southwest, Spirit, and United (Frontier had the largest improvement)

Three Airlines' scores declined in 2017.

- Alaska, Delta, and Virgin America (Virgin America had the largest decline)

Improvement in industry performance is a positive sign for consumers and airlines alike. The 10% decrease in the rate of consumer complaints in 2017 suggests that improved performance in important areas has been noticed by consumers.

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