

SOURCE: BUREAU OF INFRASTRUCTURE, TRANSPORT AND REGIONAL ECONOMICS

Performance outranks price

THE AUSTRALIAN BUSINESS traveller is regularly confronted with decisions regarding timing vs. price. The price-conscious traveller will typically purchase cheap, inflexible domestic tickets and will juggle the appointment diary to fit in with flights. All of this is based on the assumption that airlines will depart and arrive pretty much on time.

The question needs to be asked: if flights are chosen on the basis of price and business meetings are set around the presumption that airlines arrive on schedule, how do delays and cancellations affect the bottom line? Apart from anecdotal information, how much do we really know about airline on-time performance in Australia?

In the USA, on-time performance is viewed as key airline data and strong measures are in place to ensure that this is properly recorded and disseminated. The Department of Transport (DOT) requires

that all carriers disclose the on-time performance of any flight to any consumer who asks for it “during the course of a reservation enquiry” so that consumers are able to make educated decisions about their purchases. Jet Blue recently paid a fine of \$30,000 after random tests conducted by DOT found that sales staff failed to provide information on on-time performance on “numerous occasions”.

In the USA, further consumer protection is provided by the Aviation Consumer Protections Division of the Department of Transport. Quite a mouthful, but its mandate is to publish monthly reports on “flight delays, mishandled baggage, oversales, consumer complaints, customer service reports to the transportation security administration, and airline reports of the loss, injury, or death of animals during air transportation”. By the way, “oversales” are instances where a passenger holds a

firm reservation and they are “bumped” for reasons other than cancelled, delayed or diverted flights. The latest statistic is 1.36 passengers per 10,000 (an improvement from last year at 1.46).

Recognising that delays are a real problem, a National Task Force has been established in the USA “to develop model contingency plans to deal with lengthy airline on-board delays”. The task force meets regularly with about 70 attendees representing airlines, DOT, airports, Customs, FAA and a host of human rights associations. The task force is expected to complete its mandate by January 2009. It is no surprise that their meetings last eight hours, much of which seems to be taken up with member introductions, housekeeping and explanations from the chairman regarding the task force charter.

Getting back to Australia, we believe that on-time performance expectations

are largely taken for granted by business travellers. Whilst the local airlines and the Bureau of Infrastructure, Transport and Regional Economics (BITRE) provide monthly statistics, very little filters through to the general media, travel press or consumers. Airservices Australia is predicting a doubling of passenger numbers over the next 20 years to about 228 million. With airports struggling to cope, airlines facing increasing costs and air traffic controllers demanding wage increases of between 32% and 63%, if we have a problem now, it's surely set to worsen.

BITRE's reports are subject to internal audit by participating airlines, but there appears to be no independent verification

of the data supplied by airlines and there is certainly no pressure on airlines to keep the travelling public informed. Should you care to wade through the statistics, you will find that on-time performance of all domestic carriers dropped from 89.6% in January '07 to 84.1% in January '08. The chart maps the performance of all domestic airlines across all ports in Australia for the 2007 calendar year. The trend line is self evident. Individual carrier performance makes more interesting reading.

In Australia we don't have the congestion that occurs in the USA or the competitive tension with a large number of carriers. The weather here rarely impacts, unlike the snow and storms which they have to cope with in

the US and Europe. There is absolutely no reason that the local carriers should not be producing world class statistics.

The Association of Travel Management Companies is of the view that poor airline on-time performance is becoming a significant impediment to business travel. Accurate and verifiable data needs to be collected from the airlines and published in the media as an ongoing KPI. With the problem worsening, business travellers will be well advised to consult this important data or factor in possible delays before purchasing their airline tickets.

Alan Wolf

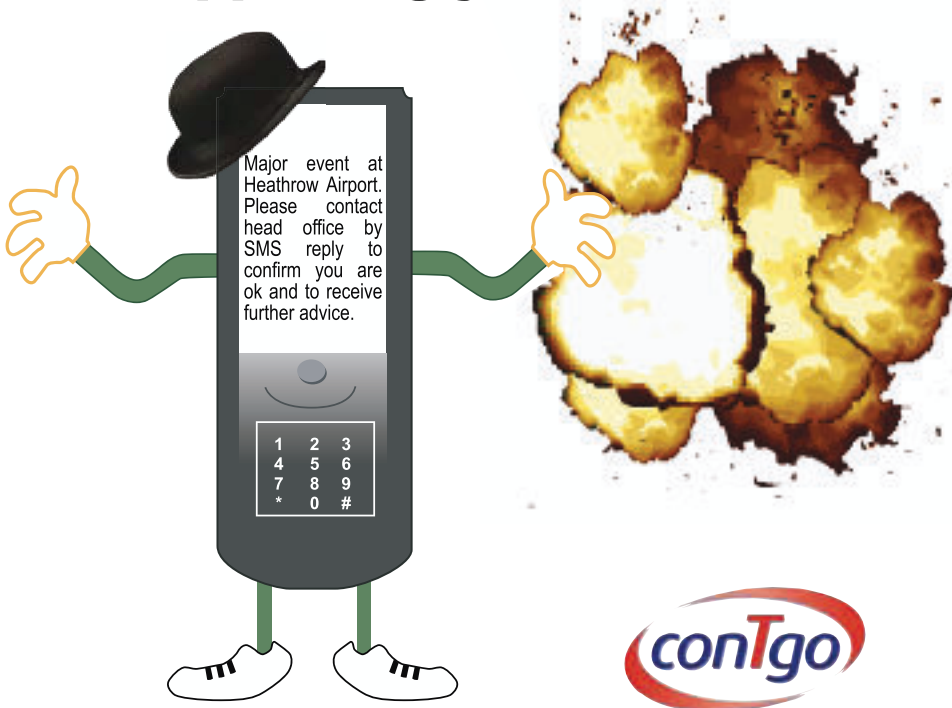
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