
Jeremy's World: Learnings from a pandemic

By **Jeremy Clark** on April, 13 2020 | Jeremy's World



What a difference a short quarter of a year can make. When I last speculated about the relentless march of [Temasek Holdings](#) into the airline provisioning sector in the [PAX International WTCE 2020](#) issue, neither I – nor they – would have guessed what was coming. For now, we'll continue to receive information day-by-day. In the meantime, the industry and indeed the world as we knew it is changed forever.

Airlines adjust customer service policies

During the early stages of this pandemic it was as if we were bystanders in a spectacle far away that had nothing to do with us. Now, every single business associated with the hospitality travel sector is severely damaged. The question is – what lessons do we take from this?

In the beginning, airlines were struggling with the concept of changing their customer service policies to cope with the tidal wave of cancellations, re-bookings and demands from passengers for flexibility. But things change quickly when they have to.

In March, a tedious conversation with [SWISS](#) to get a ticket [of mine] changed to next year resulted in an error as they mistook April 2021 for 2020. When trying to correct *their error*, they insisted on investigating the telephone recording before admitting anything. That quickly changed to “just cancel your flights – will give you the value in re-bookings whenever you want. No fee” as they came to realize they just could not cope with the deluge of requested changes.

Airlines are suddenly throwing away the rule books and agreeing to just about anything so long as they retain passenger loyalty and future bookings. Wouldn't it have been nice if customer service was always that accommodating? This is what happens when customer service policy is not dictated by a focus on squeezing ancillary revenue or upselling something that has already been purchased.

Who will make it in Asia?

Here in Asia more than 1,000 planes are grounded. The jury is out as to who will survive but my money is on the legacy carriers.

Here's why: the governments of Asia still have “National Carrier” pride so it is highly unlikely we shall see [Thai Airways](#), [Singapore Airlines](#) or [Korean Air](#) go away. For [Malaysia Airlines](#) it's another story. The Malaysian government said it will preserve the airline. Back in November, there was talk of a tie up between Singapore Airlines and Malaysia Airlines. This seems highly questionable – the rivalry between the two airlines is legendary and with one in [oneworld](#) and the other in [Star Alliance](#) there are many issues. Plus, there is no way Malaysia would stomach Singapore absorbing its national carrier.

A very recent bid of US\$2.5 billion for Malaysia Airlines by little-known equity house [Golden Skies Ventures](#) now also looks dubious – especially by Malaysia's government wealth fund who owns the debt. Meanwhile Singapore's state investor Temasek Holdings (remember them?) will inject a massive

US\$13.3 billion into Singapore Airlines in the world's single biggest rescue of an airline. So, hang on to those KrisFlyer miles.

Thailand is the perfect example of why legacy carriers win out. As recently as November 2019, [Forbes](#) predicted that Thai Airways could go under. Meanwhile [Bloomberg](#) reported on March 28, 2020 that seven Thai airlines are begging the Finance Ministry for a US\$491 million bailout. A paltry sum compared to the bailout for Singapore Airlines. None of these are the national carrier. They are all normally profitable businesses:

- [Thai AirAsia](#)
- Thai AirAsiaX,
- [Thai Lion Air](#)
- [Nok Air](#)
- [Bangkok Airways](#)
- [Thai Smile](#)
- [Thai Vietjet Air](#)

A day or two before this, the government had promised stricken Thai Airways an undisclosed bailout figure to keep it afloat. No wonder the private carriers feel left out!

Air Asia, according to its founder Tony Fernandes, will survive the crisis, ironically with maybe a loan or two thrown in (not a bailout) from the federal government whom he didn't back during the last Big Change election in 2018.

[Cathay Pacific](#) has its own set of problems. Already damaged by the civil unrest in Hong Kong, it faces a very hostile neighbor. The Chinese Government won't lose any sleep over Cathay's woes. It wants Hong Kong's airlines to be dominated by its domestic carriers and own flag bearers. The [Airport Authority Hong Kong](#) has purchased half a million tickets as parts of a HK\$4.6 billion package to help keep Cathay Pacific going. And, whilst the Hong Kong Airlines government pays lip service to support virus-hit businesses, Cathay Pacific will need more.

But let's not get too animated about Asian government support for failing legacy carriers. Just watch what lifelines European and US governments will throw to their aviation industry. Will we see that old Chapter 11 strategy re-deployed to keep ailing carriers going? And EU rules on state aid to airlines – they will be conveniently forgotten. [Alitalia](#) WILL survive!

What are the lessons?

What customer service lessons will airlines take away from this? In the provisioning sectors it will be tough. Like, 9/11 tough. Provisioning is one of the easiest areas to make cuts so they'll go for the low hanging fruit. Expect to see all the gains of recent years in onboard service slashed.

On the PaxEx and ticketing side, I hope real lessons are learned. Some are impervious. Case in point: [Ryanair](#) is refusing to issue refunds for cancelled flights saying it can't process cash refunds due to not having staff to process the payments. Not only is this against EU rules, but it's unfathomable because it is just the reversal of an automated system designed to suck money out of unsuspecting customers with no human intervention whatsoever.

Meanwhile, Singapore Airlines is offering all passengers with cancelled flights a full value rebooking with up to S\$500 in value thrown in for goodwill to get passengers back on board. This is the kind of service that passengers not only appreciate and value but use as a reason to return. Some airlines lost sight of this in the relentless hunt for the extra dollar. It costs them very little and is repaid many

times over through repeat customers and loyalty. The problem is that it is not easy to correlate, so accountants who understand little of customer service tend not to trust it.

It's time now to loosen the rules – for good.

It was about 20 years ago that I stood at the desk of a JFK Admirals Club seeking help to get on an earlier London flight. I had a potential nine hour wait for my booked flight. Armed only with a completely inflexible, non-transferable economy APEX ticket and an Executive Platinum card, I politely asked if there was any way to switch... I was even prepared to pay.

The woman at the desk (Irene, I'll never forget her) tapped away at the keyboard for a solid five minutes before handing me a boarding pass for a flight leaving in 30 minutes. "There you go - I've also upgraded you to business but it's an aisle. I hope that's okay. No charge."

I could scarcely believe it and thanked her profusely. Before leaving, I turned and asked her how precisely she'd been able to achieve this.

"Sir," she said "You have that card, and I have a key on this keyboard. When I press it, all the rules just drop away."

Now that's the lesson I'm hoping we've learned.