

Quality of service

Introduction

13.1. From paragraph 2.1 it can be seen that our reference is under section 11(1)(b) as well as section 11(1)(a) of the Competition Act 1980. It requires us to investigate and report on whether BAA in its commercial activities could 'improve its efficiency or reduce its costs or improve the service provided' (emphasis added), with particular reference *inter alia* to 'the monitoring and control by the Authority of the standard of services provided to passengers by concessionaires'.

13.2. In paragraph 5.9 we noted the ten 'essential policies' which support BAA's main objective. The 'essential policy' most relevant to quality of service is:

To improve, as far as its powers permit, the range and quality not only of services offered to its customers, but also those provided by other organisations and to have regard to the best practice of other airport authorities in the United Kingdom and abroad.

Other relevant policies are those which refer to meeting 'the needs of airport users for the provision of goods and services' and upholding 'a high standard of design in every aspect which is cost-effective and visually and functionally appropriate'.

13.3. Whether commercial service and commercial profit are complementary, or whether they have to be 'traded off' against each other, is important to our consideration of quality of service. BAA accepts that when allocating space amongst its main trading product areas—duty-free, tax-free, arrivals (for example, car rental, hotel booking, banking), duty-paid, catering and 'new products', it cannot be influenced exclusively by forecast revenue per square foot. Catering facilities and availability of 'distress purchases' in duty-paid shops are examples of required passenger services which do not necessarily produce the maximum profit. In the Trading Department's Marketing Plan Summary 1985 a distinction is made between passenger needs which it is 'necessary' and which it is 'profitable' to meet.

13.4. In its day-to-day activities BAA relies on several ways of monitoring the quality of service. BAA told us that turnover was 'in an overall sense a medium- to long-term reflection of good service'.

Methods of controlling and monitoring service

Service standards

13.5. In the planning of passenger terminals, 'service standards' are specified, mostly for non-commercial aspects of airport/terminal operation. These are concerned with the safety and convenience of passengers and with the speed with

which they can pass through the terminal. Service standards cover, for example, queueing time in immigration, baggage service times and space in waiting areas. A list of those used in planning is at Appendix 13.1.

13.6. Whereas service standards at present cover mostly non-commercial aspects of service, other means of monitoring and control cover both commercial and non-commercial matters.

Comment cards

13.7. Comment cards are available to passengers at all terminals. BAA analyses complaints, compliments and other comments. At each airport statistical summaries of comments are passed to the Passenger Services sub-Committee of the Airport Consultative Committee at monthly intervals, and a report on these is included in the Monthly Management Report to the BAA Board.

Passenger service improvement objectives

13.8. BAA is experimenting with 'passenger service improvement objectives'. Ten broad BAA targets agreed by the Board with the Managing Director in 1983 included two internal targets specific to passenger service, one concerning the level of complaints and the other the availability of 'passenger-sensitive' equipment (lifts, escalators, travellers, etc).

13.9. As at December 1984 the complaint-level target was that adverse card comments and other written complaints should not exceed 15 per 100,000 passengers. It had been the intention for some time, however, to supplement the comment card system with a more comprehensive system derived from the passenger opinion surveys (paragraph 13.11). From the categories covered by the opinion surveys, BAA picked three for which objectives would be set, trolley service (departures only), landside catering, and BAA uniformed staff (security, information, porters).

13.10. In December 1984 the Board decided that the objective for landside catering should be: 'In 1985-86 at least 78 per cent of departing passengers using landside catering facilities should express satisfaction.' (The 'current performance' was 75.7 per cent of passengers surveyed.)

Passenger opinion surveys

13.11. BAA's continuous research programme into passenger opinions began in the summer of 1983. Previously, BAA attitudinal surveys had been conducted only intermittently and had concentrated on the summer traffic peaks. They were less easily linked with target-setting in the area of service standards.

13.12. BAA's stated objective for its passenger opinion surveys is 'to establish, in a reasonably scientific manner, the views of passengers at the BAA's airports about various aspects of the services provided at each airport'.

13.13. In the first year of the continuous research a total of some 20,000 departing passengers were interviewed at BAA's airports at a cost for fieldwork of £46,000.

13.14. The items covered by the surveys were:

*Facilities, services and conditions included in
passenger opinion survey*

Facilities

Road access by private car
On-airport car parks

Porters
Trolleys
Left-luggage

Travellers

Lifts
Escalators

Departure TV screens
Departure boards
BAA information desk

Telephones
Toilets
Seating

Bank/bureau de change
Landside shops

Landside catering (by specified outlets)

Security

Loudspeaker announcements

Conditions

Crowding (at check-in, in
eating areas, elsewhere)

Walking distances

General airport appearance

Ease of finding one's way

Passenger service monitoring

13.15. Associated with but distinct from passenger opinions surveys is the monitoring of passenger service. Following pilot surveys approved by the Board in May 1983, the Board decided in February 1984 that routine monitoring should be carried out in 1984 on three aspects of service:

- (a) check-in queueing times;
- (b) departure lounge occupancies; and
- (c) time to reach arrivals concourse.

13.16. Based on this research, the Board decided in April 1985 that routine passenger service monitoring for 1985 should be carried out only for the total time to reach the arrivals concourse. It was also decided to investigate further the connection between airlines' procedures and the length of check-in queues, and to monitor passengers' views on the subject. A separate research exercise is also being carried out in 1985 to develop a system for measuring automatically the occupancies of departure lounges.

Performance targets and indicators

13.17. Several performance indicators are reported to the Board at quarterly intervals. The indicators most relevant to commercial activities are:

duty- and tax-free income per international departing passenger (IDP); other concession income per passenger; gross property income; and complaints per 100,000 passengers.

Other Trading research

13.18. BAA told us that it undertakes specific market research in all major areas of its retailing activity, and investigates customer attitudes both to the goods and services which are currently provided and to those which might be introduced. It also interviews non-purchasers in order to investigate their reasons for not buying, and undertakes research into pricing issues by examining, for example, passengers' awareness of duty- and tax-free prices. BAA has also commissioned outside consultants to develop a price information system to permit the monitoring of prices of BAA's primary duty- and tax-free products in relation to BAA's most important competitors: airlines, other airports, domestic and international 'High Streets' and a cross-channel ferry. This complements BAA's existing six-monthly price surveys which are the basis for determining prices in duty- and tax-free shops. A list of the High Street shops covered by these surveys is displayed at or near the entrance to each duty-free shop. Price tags on some products state the saving on the High Street price.

Service standards built into concession terms

13.19. BAA is committed to encouraging improvements in service standards offered to its customers by its trading concessionaires. As far as the Authority thinks possible, the standards of service required from concessionaires are specified in concession contracts. In retail contracts, for example, the concessionaire is required to stock specified brand leaders, to operate in such a way as to maximise turnover, to open at set hours dictated by passenger traffic and to staff at a level that does not cause the public undue waiting. Tenders for concessions have to include details of staff training programmes. For catering similar service and price level provisions are made. In addition, product specifications for many 'core' products are included in the contract (for example, tea, coffee, pastries, sandwiches, alcohol and soft drinks).

Monitoring of standards built into concession agreements

13.20. Individual Product Managers in the Trading Department monitor some aspects of the standard of service, for example range of goods, price control, quality control of catering products and marketing activities.

13.21. Terminal Management staff at the individual airports, on behalf of the Trading Department, carry out day-to-day monitoring of standards of service on such matters as specified opening hours, cleaning, numbers and quality of uniformed staff; they also check levels of stock and other matters. Inspections at each shop are usually made once or twice per Duty Manager shift.

¹BAA Annual Report and Accounts, 1984-85, page 62, paragraph 34.

Staff campaigns

13.22. BAA has mounted 'Please the Passenger' and similar staff campaigns, both for BAA and, in collaboration with concessionaires, for concession staff. A total of some 3,400 BAA staff have attended the two and half hour Phase I session of the 'Please the Passenger' programme. In the period October 1984 to March 1985, more than 1,000 staff attended the two-day 'Face to Face' programme. To date some 2,000 staff have seen the video programme 'Points of View'. BAA intends that by the end of 1985 all BAA staff will have seen the video.

Signposting

13.23. Signposting at airports has recently been reviewed by BAA with the intention of simplifying the standard system by separating directional and commercial signs, so reducing the number of main direction signs. At Heathrow's Terminal 3, for example, arriving international passengers are at present faced by 237 signs. (BAA told us that this number includes signs with a wide variety of purposes: 'No entry', exit signs, facilities signs on doors, statutory notices, escape route signs, mandatory signs, and commercial and fascia signs.) We understand that BAA's signposting policy will continue to be based on the BAA Signs Manual as amended by the 1985 review, the principles of which were set by the Executive.

13.24. In its 'Please the Passenger' campaign for staff, BAA refers to the stress suffered by passengers at airports. We understand, however, that BAA has made no formal study of this subject. Judgment is necessarily subjective as to whether or to what extent passengers are under stress, or whether the provision of particular commercial facilities tends to increase or reduce this.

Trading journal

13.25. The free publication *Trading Post* is intended to increase staff awareness of the need for service to the public. Thirteen thousand copies are printed each month. Ten thousand copies are distributed with *Airport News* to the airports. Three thousand copies are taken by Trading Department.

Airport Consultative Committees

13.26. Under section 2 of the Airports Authority Act 1975 BAA is required to provide adequate consultation facilities for, *inter alia*, the users and nearby residents of its seven airports. At each airport there is a Consultative Committee whose roles include:

- (a) the provision of a means for BAA to consult airport users and others;
- (b) the promotion of the airport; and
- (c) the provision of an alternative channel for passenger comments and complaints.

The last role is the particular responsibility at each airport of the Passenger Services sub-Committee or Group.

13.27. The airport Consultative Committees were established by BAA, which appoints the chairmen and pays them honoraria. Secretariat staff and facilities

may be paid for by BAA or by local authorities. As noted in paragraph 13.7 the Passenger Services sub-Committee at each airport receives a monthly summary of comments on Comment Cards. Results of passenger opinion surveys are not reported to the Committees.

13.28. For BAA as a whole there is a Consultation Co-ordinating Council to facilitate consultation between BAA and airlines. It meets twice a year.

Results of service monitoring

Complaints

13.29. Each Monthly Management Report to the BAA Board contains an analysis of comments received for the month in question, a comparison with the same month in the previous year and a longer-term trend. Twice yearly there is also a more detailed breakdown of comments by specific categories. The Monthly Management Report for December 1984, tabled at the meeting of the Board in February 1985, summarised complaints/compliments at each airport in December 1983 and December 1984:

	<i>December 1983</i>		<i>December 1984</i>	
	<i>Complaints</i>	<i>Compliments</i>	<i>Complaints</i>	<i>Compliments</i>
Heathrow	194	46	164	45
Gatwick	35	41	56	47
Stansted	2	10	3	2
Glasgow	15	4	18	9
Edinburgh	9	9	14	7
Prestwick	1	1	2	2
Aberdeen	3	0	4	2

The main causes of the increase from 35 to 56 complaints at Gatwick were Left Luggage (from 1 to 8), Facilities—seating and decor (from 2 to 6) and Other Facilities (from 6 to 13). Between December 1983 and December 1984 the number of passengers increased by 9 per cent at Heathrow, by 12 per cent at Gatwick, and by 21 per cent at Edinburgh. Complaints per 100,000 passengers averaged eight over the first nine months of 1984–85 compared with a targeted maximum of 15.

Performance indicators

13.30. Other performance indicators in the December 1984 Monthly Management Report covered duty- and tax-free income per IDP, other concession income per passenger, and gross property income. For 1984–85 the final results showed an increase in duty- and tax-free income per IDP of 5.7 per cent compared with a target of 7.5 per cent. For other concession income per passenger the target of 3.5 per cent was exactly met. Property income increased by 16 per cent compared with a target of 10 per cent.

Service standards

13.31. At its meeting in April 1985 the Board noted the following check-in queuing times at Heathrow (all three terminals), Gatwick and Glasgow revealed by surveys undertaken in busy periods during June to September 1984:

	<i>Check-in queuing times</i>		
	<i>Average</i>	<i>95% queuing time*</i>	<i>Maximum</i>
Heathrow Terminal 1	4.3	13	44
Heathrow Terminal 2	5.4	17	47
Heathrow Terminal 3	7.4	24	55
Gatwick	6.5	23	70
Glasgow	5.7	20	47

* 95 per cent queuing times indicate that 5 per cent of passengers experienced longer times.

During the busy periods surveyed the lowest average queuing time was at Heathrow Terminal 1 (4.3 minutes) and the highest average at Heathrow Terminal 3 (7.4 minutes); five per cent of the passengers at Heathrow Terminal 1 queued for longer than 13 minutes, and five per cent of the passengers at Heathrow Terminal 3 had to wait longer than 24 minutes. BAA told us that this has led to the further research in this area outlined in paragraph 13.16.

Passenger opinion surveys

13.32. From the first quarter's results of continuous monitoring BAA concluded that only a small percentage of passengers using facilities and services expressed dissatisfaction with them. Baggage trolleys and catering created the highest volume of dissatisfaction. At all locations except Stansted the level of dissatisfied users of catering was between 17 per cent and 33 per cent. (At Stansted the relatively small proportion of passengers using the landside bar/buffet made no complaints.) Most satisfactory to passengers were the speed and thoroughness of security checks, general airport appearance, and the 'ease of finding one's way'.

13.33. The survey of duty-free shopping July 1983 to June 1984 produced detailed results for each of Heathrow's three terminals and each of the other six BAA airports. The figures for usage and 'never buy duty-free' at Heathrow Terminal 1, for example, were as follows:

	<i>Usage (passengers buying duty-free)</i>	<i>Passengers who never buy duty-free</i>
Heathrow Terminal 1	41-48% (range over four quarters)	9%

13.34. The January 1985 catering survey was conducted at Heathrow, Gatwick, Glasgow, Edinburgh and Aberdeen:

Proportion of respondents who used catering

	January 1984	July 1984	January 1985	per cent
Heathrow Terminal 1	62	63	59	
Heathrow Terminal 2	65	65	69	
Heathrow Terminal 3	64	67	70	
Gatwick	65	69	66	
Aberdeen	63	68	64	
Glasgow	69	68	57	
Edinburgh	58	61	50	

The heading which attracted most complaint from respondents at all terminals was 'value for money'; 33 per cent at Edinburgh and Gatwick thought the range of food could be increased; and at Edinburgh 39 per cent thought prices were too high while 22 per cent criticised the quality of food.

13.35. The March 1985 survey of duty-paid shops showed that:

- (a) 53 per cent of the total sample had bought or intended to buy from the Skyshop or other duty-paid shop, with the most frequent purchases being:

	%
Newspapers	50
Magazines	25
Confectionery	24
Paperback books	17

- (b) Passengers were asked to give a mark (1 being 'very poor', 3 'average' and 5 'very good'); the average of responses was:

Cleanliness	4.23
Friendliness of staff	3.70
Speed of service	3.77
Range of goods	3.75
Range of shops	3.56
Prices	3.55

Conclusions

13.36. BAA considers that in the medium to long term the maintenance or increase of commercial revenue is an indication of satisfactory commercial service. We accept that where increases in commercial revenue do not result from higher prices (in real terms), but from an increase in the goods and services bought per passenger, that is one indication that passengers are finding those goods and services attractive.

13.37. Underlying the figures for commercial revenue as a whole, however, there may be significant differences in the quality of service associated with various commercial activities. BAA must therefore continue to look separately at the individual performance of specific activities.

13.38. BAA is placing increasing emphasis, in its monitoring of commercial services, on passenger opinion surveys. The results of these should be made available, as a matter of routine, to the Passenger Services sub-Committee at each airport.

13.39. Provision should continue to be made for the representation of passengers' interests by such Passenger Services sub-Committees. Given the variety of roles which an airport Consultative Committee as a whole is required to play, including acting as a means for BAA to consult the residents of areas near the airport, and the promotion of the airport, consideration should be given to increasing the independence of the Passenger Services sub-Committees by separating their funding and the appointment of their members from those of the Consultative Committees.