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Taking Dispute Resolution to New Heights.

Proposal to Apply ODR to Airline Customer Service

Abstract

Dispute resolution practices are peaceful and cost-cutting alternatives to arbitration and litigation. Online Dispute Resolution practices are quite common and highly desirable in many services. This paper proposes a format of implementation of ODR services into airline customer service practices by following existing models of dispute resolution and stressing incentives of such process, such as provision of efficient service, fostering of customer loyalty, and potential of building trust in airline customer relations.

Introduction

As modern society continues to get “wired in,” potential for communication becomes more diverse, more cross-cultural, less geographically and time limited, and, as a result, more complex. The limitless possibilities of internet-based interactions create new challenges in communication, resulting in issues for more boundless disputes among parties. This paper will review current practices of dispute resolution and propose an implementation of ODR into the customer service of major airline markets. The question of whether or not this is an effective way to resolve disputes in the airline customer service is certainly open to debate, and it is my hope that this paper starts that conversation with attempt to enrich the future of ODR and customer service.

Dispute Resolution in the Digital Age

Advancements in the field of information technology, internet, and computer-mediated communication have been monumental to the development of Alternative Dispute Resolution (ADR) field, which has flourished for over 30 years. As more and more people got “wired” to the World Wide Web, the connections and communication became more culturally diverse and less geographically bound. Traditional litigation became a costly (and, at times, merely impossible) way to resolve disputes among parties involved. Subsequently, the field of ADR began to expand and offer more convenient tools to achieve satisfaction among disputants. Katsh and Rifkin (2001) state that compared to litigation, ADR has the advantage of being cheaper, faster, more flexible, less adversarial, more informal, solution rather than blame oriented, and private. Particularly significant to this paper, Online Dispute Resolution (ODR) uses technology to facilitate resolution of disputes between parties. In addition to the benefits mentioned above, ODR also offers the opportunity for disputants to not have to meet FtF. This is especially

important in cases where there is a limitation to geography of the involved parties (such as cross-border disputes), or a history of physical or emotional (or any combination of thereof) abuse (such as family disputes). Significantly, ODR is geographically limitless, so parties can meet on their own time, from anywhere in the world. Finally, many negotiation support systems are programmed with wide variety of solutions to meet disputants' need, which provides flexibility in reaching a useful range of outcomes and gives parties the power to decide what is best or most acceptable for them. With that, ODR is widely used in a variety of areas, helping efficiently resolve disputes in government, workplace, insurance industry, business-to-consumer, business-to-business, family communication, education, advertising, construction, and class actions, to name a few (Rule, 2002).

ODR and Customer Service

ODR is certainly an effective and appropriate tool to resolve disputes about a variety of issues, including government, family, workplace, and business areas. With that, customer service is definitely at the forefront of this practice. A number of businesses have accepted ODR as a way to provide quality customer service and ensure client satisfaction. According to Rule (2002), "businesses that understand this need and proactively address it by integrating online dispute resolution services into their websites will benefit from increased customer loyalty, higher transaction volumes, and significantly greater profits" (p. 90). Therefore, it is only appropriate that more businesses that rely on customer satisfaction to flourish implement ODR services into their everyday service.

As of December 30, 2009, Aviation Consumer Protection Division of The US Department of Transportation (2010) requires all airlines to adopt and enforce customer service plans that include the following:

(1) offering the lowest fare available; (2) notifying consumers of known delays, cancellations, and diversions; (3) delivering baggage on time; (4) allowing reservations to be held or cancelled without penalty for a defined amount of time; (5) providing prompt ticket refunds; (6) properly accommodating disabled and special-needs passengers, including during tarmac delays; (7) meeting customers' essential needs during lengthy on-board delays; (8) handling "bumped" passengers in the case of oversales with fairness and consistency; (9) disclosing travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration; (10) ensuring good customer service from code-share partners; (11) ensuring responsiveness to customer complaints; and (12) identifying the services they provide to mitigate passenger inconveniences resulting from flight cancellations and misconnections (p.16).

Appropriately enough, ODR practices can be offered to address disputes that arise as a result of majority of these areas. Airline industry is no stranger to dispute resolution. According to McGee (2009) an arbitration program provides a quick and fair alternative to judicial litigation which since its establishment has successfully utilized ADR principles in a number of industry-wide areas, including the involvement of the US National Mediation Board to help facilitate labor negotiations with airline unions (Katsh, Osterweil, Sondheimer, & Rainey, 2005) and resolving disputes between travel agents and airlines (McGee, 2002). Thus, it may be time to begin ODR practices in the customer service area of the business, as the newest requirements for providing and monitoring good customer service seem to set up a perfect time for implementation of such practice.

As it stands right now, customers who have issues with airlines have a limited amount of options to express their concerns. Such may include posting complaints to online sites, such as

www.airlinecomplaints.com, or filing them directly with the airlines. The option of posting concerns online is not very useful, as it may be quite challenging for customers to find their way to an online site that hosts such complaints, and the purpose of simply “venting” may not be enough to satisfy a disgruntled traveler. Another option is to either call to speak with customer service agents (which rarely yields any significant results, as these agents do not have the power or the authority to grant satisfactory options), or send an e-mail to the Customer Relations of the airline. The latter option provides for a lot of hassle. Zoglin (2009) shares his experience of completing such an e-mail by explaining that his only option to express his concerns was to fill out a form and send it via e-mail. In his words, he “spent half an hour filling out the online form, sent off an e-mail and got this response: ‘We are sorry but this service is unavailable at this time. Please try again later.’” As it stands, filing complaints online via e-mail results in lengthy waits, and rarely yields manageable solutions. Furthermore, it has been also my experience that the “best option” in the airline’s eyes as a response to an e-mailed complaint is to offer the customer some airline frequent flier miles to be added to the complainant’s account to resolve the concern. While it may sound like a good option, customers who do not have frequent flier accounts, those who do not travel as frequently as business customers, or those who experience issues with international or occasional flights may not benefit from this option.

Thus, this paper explores the possibility of an ODR-based system to be added to the service provided by airlines in an attempt to address these concerns. Many businesses and organizations already utilize services of live chats to allow parties the opportunity to talk live with customer service representatives – the service is not a novelty. It is, then, possible to provide customers of the airlines with an opportunity to take active role in dispute resolution by offering solutions that will be most beneficial or acceptable to them, and, if necessary, connect

them with mediators who may help address the issues that travelers may have experienced. Such service will increase the favorability of airlines in the eyes of customers, and provide airlines with an outside mediator service that will help take the burden of dispute resolution off at times powerless customer service agents.

When selecting appropriate tools it is necessary to assess the context in which disputes occur, and make selections that will be most efficient in addressing disputes that occur. Additionally, such practice should maintain “openness, transparency, and accountability [in order to provide] the basis for collaborative processes... [and] develop mutual respect and high quality dialogue that lead to outcomes” (Collaborative values and principles, 2002, p.2). According to Rule (2002) each dispute is individual in nature, so it is ideal to provide a system that is based on resolution-focused mindset and is tailored specifically to the disputes common in its area. It is also necessary to consider financial limitations of customers in such a system. It is apparent that in a litigation dispute a large business has access to a higher level of attorneys, thus leaving that customer at a disadvantage. Keeping in mind that it is the customer and frequent flying travelers who keep airlines in business in the first place provides a perspective of interdependency. Thus, ODR can provide an economical alternative to litigation for all sides, creating fair justice access and developing faith in the industry’s customer-focused orientation.

Finally, it is important to take into consideration one of the most important factors for ODR practices. While technology may certainly be advanced enough to attempt utilizing it in the ODR process as a component, it is highly discouraged to incorporate it in this particular process. According to Rule (2002), people should be in control of ODR, and resolution of any dispute should certainly come from a human-powered service (p. 229). It is imperative that the process of dispute resolution in this area is people-oriented and people-powered. Since people are the

ones using airline service, and people are the ones who, ultimately, cause the dispute arousal, it is imperative that humans are also the ones who are involved in mediating and resolving these disputes.

Following the example of eBay dispute resolution service, this process will offer parties the opportunities to state their case and mediate their disputes using an impartial outside intermediary. Such service will also be effective and useful to customers who experienced issues while traveling to another country, thus, eliminating the limitations of bordered disputes. A customer who lives in Korea and traveled to Egypt via American airline service will now have the opportunity to address his/her disputes with the airline he may not use frequently. The next section of this paper will review a proposed process of resolving such disputes.

Proposal of Applying ODR to an Airline Dispute

Following the standards of practice for ODR (Online dispute resolution standards of practice, 2009) it is imperative that such a system is accessible to all users regardless of geographical or language barriers. Considering that airlines service people from all over the world, attention to this is especially necessary. As importantly, internet use should not become a determining factor in the speed of dispute resolution; therefore, airlines should offer an alternative way to submit a dispute to those users who are technologically or accessibly limited. However, involvement of technology in the ODR process will certainly help expedite and implement decision-making process, and such service should be provided at no cost to the consumer.

Process of ODR in airline disputes will follow a sequential order: parties will first describe the issue, parties will then discuss the dispute and clarify any specific areas of concern, and, finally, they will resolve the dispute (Rainey & Jadallah, 2006). A customer will contact an

Airline Dispute Resolution Service and open a case. He/she will first be offered to choose among the types of concerns associated with the dispute. According to Air Travel Consumer Report (2010), common complaints fall in the following areas: flight delays, mishandled baggage, oversales, consumer complaints, TSA issues (security screenings), missed flights, and disability accommodations. The customer will be offered an opportunity to select one of the areas within which the dispute falls. The next step will be the explanation of the dispute/issue that arose during travel. A customer should be given the opportunity to write out his/her complaint indicating in detail what happened that resulted in the issue. The final step will be giving the customer the option of selecting a number of choices available that may satisfy him/her in the dispute resolution process. For example, a customer may select from a variety of choices (he/she should not be limited to just one option), such as (1) a cash refund of the ticket, (2) a voucher for future travel (full cost of the ticket), a voucher for future travel (partial cost of the ticket), (3) frequent flyer miles deposited to his frequent flyer account, (4) a voucher for reimbursed luggage costs, (5) or Other. The “Other” option may offer the customer an opportunity to offer his/her own solution by filling in the resolution desired, as well as afford the airline the opportunity to consider the customer’s request. After following these steps and submitting an explanation of the dispute the customer will be provided with an estimated response time to give the airline time to address the issue. It is recommended that the airline has 3-5 business days to respond. Longer periods of wait may result in customer’s further dissatisfaction with the service.

Once the case has been opened, the Airline Dispute Resolution service will be contacted and given the opportunity to respond. Such step will provide the airline with a chance to address the situation at hand by resolving the dispute without inclusion of the third party. If the airline assumes the responsibility for the customer’s dissatisfaction, it will have a number of consumer’s

pre-selected choices to consider in resolving the dispute. Since the customer has identified a list of options that will satisfy him/her in the resolution of this issue, the airline has the opportunity to meet that expectation by selecting an option most convenient/favorable to its business. In this case both parties will have reached the solution acceptable to both sides and the dispute will be resolved without any further steps.

If the airline dispute resolution service does not feel that the options selected by the customer can be met, it can reflect on the issue by providing its own offer in resolution of the dispute. In such case the customer has a choice of considering the offer, or declining it, which, in turn, will escalate the dispute to the mediation stage. At the same token, if the airline feels that a customer's request is entirely unrealistic (for example, if a customer selected only one option for dispute resolution (for example, full cash refund of the airline ticket), and the airline is not willing to meet that expectation as it may think that the issue does not meet the requirements for such action (for example, if the customer was unhappy with the way he/she was treated by the flight attendant), it may also choose to escalate the issue to the mediation stage. Ideally, both sides have the opportunity to consider the options and collaborate in mutual resolution of the dispute, prior to involving a mediator.

Furthermore, if one or both sides continue to disagree, the mediator's presence will be requested. Involvement of an outside mediator will serve a variety of purposes, including offering impartiality, privacy, security and cost-savings. Since mediator will act as an independent party decision rendered should be timely and binding, safeguarding both sides from further escalation of the issue. A mediator will review the case (including communication between both sides up to the point of mediator's involvement), and propose a solution that is most efficient and most appropriate for both parties involved. If the airline is at fault, options

selected by the customer will provide a mediator with an opportunity to choose most convenient selection as identified by the customer and advise the airline to meet that option in an effort to avoid further escalation of the dispute. This will allow for a fast resolution of the issue in which case both parties will receive benefits of a satisfactory dispute resolution. If the customer is found to be at fault (or found to be requesting an unrealistic reward), the mediator on the case will be able to reflect on the issue based on the arguments from both sides and offer a possible resolution scenarios to the customer. It is predicted that an unbiased party will be more favored in dispute resolution than direct customer service agents of the airlines, thus, it is possible that the customer will be more likely to accept the resolution offers presented by the mediator.

The ultimate goal for implementation of ODR practices in resolving customer disputes is not just to keep the consumers happy, but to provide an efficient service that will attract future clients and allow the airlines the opportunity to meet the needs of constantly-changing demands of society. Providing travelers with a private and secure dispute resolution service that assures impartiality and fast resolution will engender feelings of fairness in consumers. Such satisfaction will ultimately lead to increased trust in business relationships between the clients and the airline. It takes a long time to build trust, yet a single incident has a potential of breaking it and forever damaging a built relationship. Negative experiences can quantify and easily spread to those who have not been affected. A word of mouth can prevent potential customers from selecting an airline for future travels, just as it can attract them with similar strength. Wired world makes it even more possible. If such service takes off, the potential for building trust in the service becomes unlimited, and customers who know that their disputes will be resolved with their best interest in mind will be more likely to choose the service of an airline that is willing to do so.

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