

Supporting consumer confidence

EMERGING FROM THE COVID CRISIS

Context

The CAA Consumer Panel is a non-statutory critical friend, giving expert advice to the Civil Aviation Authority (CAA) as policy is being developed, and making sure the consumer interest is central. The Panel's objective is to champion the interest of consumers.

It is quite clear that the Covid-19 pandemic has far-reaching implications and significant impacts for aviation, and as the sector looks towards recovery and beyond, the Consumer Panel is considering consumer confidence to travel. Some consumers may have been prompted by the pandemic to consider alternatives to air travel which will produce longer-term changes in their behaviour. But for those who wish to fly again, anxiety about their safety should not be a barrier to travel. Ultimately if consumers do not have the confidence to travel there will be less spending on flying, resulting in fewer companies, higher prices and a reduction in consumer choice and standards of service. This would be to the detriment of all concerned. As the sector moves towards recovery, the Panel would like to ensure that the consumer voice is heard.

This paper considers:

- The background and context, along with data on current consumer sentiment and predictions around future travel;
- Practical issues underpinning consumer confidence;
- Actions the CAA could consider to strengthen confidence in air travel; and
- Areas where others might be best placed to act.

We describe three clear areas where consumer confidence could be supported as recovery takes place: physical confidence in health measures; the ability easily to find relevant, timely information; and financial security. Each area is explored in more detail below, and the CAA

has a role to play in each one. We are the CAA's specialist Consumer Panel and so our recommendations are targeted to what the CAA can do. However, we do recognise that in many cases the CAA will need to work collaboratively. Not all of the areas explored below fall within the CAA's remit, and in some instances others may be best placed to act or have a role to play, and we have highlighted where we believe this is the case.

Summary of Recommendations

The Panel's detailed views on each area are set out below. The main recommendations from the report are:

Health measures

Areas for the CAA to consider include:

- The CAA has published guidance for both passengers and commercial aviation which covers consumer law and air passenger rights.ⁱ However, this information does not include what to expect in terms of safety measures being taken in the airport and on board the plane. Furthermore, guidance has been given to airports by Public Health England and other authorities and public health bodies (as health is a devolved matter), but the CAA could summarise measures in a clear way to help passengers understand what is being done to protect public health and what they should expect in the airport. The CAA could have a role to play in ensuring that industry have implemented guidance effectively.
- The regulator is well placed to facilitate sharing good practice and helping to ensure broadly consistent hygiene and other measures are taken. The CAA may also be able to share information in its international capacity to increase consistency. Airlines following consistent safety practices and a worldwide set of safety standards scored highly as measures that would help passengers feel more confident about flying.ⁱⁱ
- As technology develops, the CAA should take an informed position that recognises that whilst many are likely to benefit, others may fall behind. Inclusion does not only apply to physical provision of services. It is also important to make sure that information provision does not create new barriers to accessing information for some groups, for example by increasing reliance on technology (which not everyone can or wants to use). The CAA must ensure that the aviation industry remains inclusive in terms of service provision.

- As traffic starts to increase it may be difficult for airports (and others such as the UK Border Force) to anticipate demand and ramp up staffing levels accordingly. There is a risk this could lead to knock-on effects on areas like queuing, slower baggage return, and accessibility services. This could mean some of the Covid security measures become less effective or less easy to enforce as passenger numbers increase. The CAA should monitor this, and ensure that delays in the passenger journey do not result in increased risks due to reduced social distancing and reduced opportunities for cleaning, and that poor customer service is identified and tackled. Without action being taken, media reports of poor customer experience, or from those consumers who do try to travel but have a bad experience, could further reduce consumer confidence in flying and slow the recovery.

Areas for others to consider include:

- We note the Global Travel Taskforce recommended “a system of assurance of air travel, led by the CAA, to evidence the aviation industry’s compliance with international guidance, helping increase consumer confidence and demonstrating the UK’s global leadership”.ⁱⁱⁱ This would be helpful but it is for the Government to consider, and if necessary to confer powers on the CAA.
- If passengers do not feel safe travelling to and from the airport on public transport, this will affect overall confidence to fly. We believe the journey should be considered holistically to help underpin confidence.

Information

Areas for the CAA to consider include:

- To help make sure everybody follows the rules, it is important that airlines and airports have clear and consistent policies and that these are made easily available to all passengers. We recognise that the CAA may not have the powers to enforce standardisation, but it should continue to work with industry and others (including via ICAO) to further develop clarity and understanding of the rules and make sure they are applied consistently. This includes ensuring clarity on issues such as when face masks should be worn and whether or not a doctor’s note is needed if the passenger cannot wear a mask.

- The CAA could develop a better understanding of the different consumer groups looking for information, what information they want, how they access that information, and who is best placed to provide it. Information might best be provided by the CAA or by others such as industry, consumer organisations, Public Health England or the FCDO. The CAA could both improve the way its own information is provided and facilitate better provision of information by others.

Areas for others to consider include:

- Airlines and airports should clearly advise passengers on the steps they are taking to underpin confidence.
- We note the work of the Global Travel Taskforce and Government plans for information and communication campaigns on public health and on UK industry's compliance with health standards.^{iv} Providing clear, easy to find, and simple information is key to restoring confidence.
- The Taskforce will also report to the Prime Minister on developing a framework to allow more international travel. Messaging around the recommendations coming from this work should be clear and consistent. Consumer representation should be included within the Taskforce.
- As with the Government's Roadmap out of Lockdown approach, it would benefit consumer confidence if rules about quarantine arrangements and which countries consumers can visit are planned and communicated as much as possible in advance. We recognise that the situation in different countries has at times changed rapidly and the Government has had to respond, but unpredictable changes to travel advice and quarantine rules undermines consumer confidence and will hamper the recovery. We would encourage the Government at a minimum to provide the criteria on which decisions will be based to enable consumers to plan, and as far as possible, provide a roadmap which will enable consumers to make holiday plans with some confidence that arrangements will not change from day to day. It would be helpful to have clearer instructions on what people who have booked travel but later fall under guidance on their movements (as opposed to legal restrictions) ought to do. Currently this is complicated and being dealt with on a case by case basis, which is understandable but is not helpful in the context of consumer confidence to book travel ahead, since those who decide to follow the guidance and not travel may lose their bookings.

Finances

Areas for the CAA to consider include:

- The CAA has been monitoring how well refunds are being processed, and should continue to do so, pushing for improvement where needed.
- The CAA could revisit previous work on clarity of airline charges, including more effective airline communication in a prominent place on websites about changes to bookings, waiving administration fees, cancellations, and refunds.
- The CAA should work to make it much easier for consumers to contact airlines and holiday companies in a variety of ways so consumers can understand the impact of any changes they may need to make to bookings in future.
- The CAA could also consider a trust building exercise to highlight consumer rights and the fact that all UK airlines are now paying refunds to consumers in a timely manner.

Areas for others to consider include:

- We support the CAA's call for improved enforcement powers and urge the Government to swiftly deliver these changes.
- Accurate consumer information on travel insurance is an area of concern and could helpfully be considered by the Financial Conduct Authority in the context of its broader work around Covid-19.^v
- Airlines and travel companies may wish to consider initiatives such as highlighting insurance which includes Covid-19 cover^{vi} or the ability to alter flights without extra charges. However such initiatives should be communicated to consumers in a fair and non-misleading manner and must do what they say they will.

Background

The Covid-19 pandemic has had far-reaching effects on all aspects of life in the UK and further afield since the first quarter of 2020. The start of the crisis saw a steep decline in flights in the UK coinciding with the first national lockdown. Traffic figures fell by as much as 90% in April 2020 when compared to the same period in 2019, while passenger numbers through UK Airports fell by 98% in April 2020 when compared to April 2019.^{vii} Airlines and airports furloughed staff and in many cases went on to make large numbers of staff redundant. Traffic figures climbed slightly over the summer, but a second national lockdown in November 2020 saw the figures decline sharply once again. In May 2020 just one in five people told a Consumers Association (*Which?*) survey of 2,000 people that they trusted airlines and holiday operators.^{viii} There is a variety of likely reasons for this lack of trust including fears over catching the virus, as well as poor communication from many of the airlines in relation to postponing travel and the length of time taken to process refunds, areas which are explored in more detail below.

Evidence is now beginning to emerge as to the impacts on consumers' day to day lives, their attitudes, and their intentions. Firstly, it is important to consider that people have experienced the events of 2020 in very different ways, with a great deal of variation between different segments of the population: for example, in November 2020 those over 65 said they were three times more likely to wait until there is a vaccine before flying again than those aged 25-34 (24% compared to 8%), while women are less confident than men throughout the entire passenger journey.^{ix} However, the deployment of vaccines appears to be having some impact on confidence: a BBC news report found that in January 2021 forward bookings were predominantly being made by those aged over 65,^x one of the first cohorts to be vaccinated in the UK, while Tui said that over 50% of its bookings was being made by this age group. Although pent up demand for travel may be released as vaccines continue to be rolled out across wider groups of the population, this appears to be very much interlinked with the easing of other restrictions and general consumer confidence – a YouGov poll on 25 February 2021 (after the announcement of the plan to ease lockdown measures) found that 79% of UK adults have not booked holidays, either in the UK or abroad.^{xi}

The immediate and catastrophic impacts on the aviation industry are clear, but there are also wider and deeper underlying changes which may affect consumer flying behaviour over the medium to longer term. Forecasts predict that demand for travel will rebound, although this may not be well underway until 2022, and with domestic travel likely to lead the recovery.^{xii} In addition, sustainability and environmental concerns are rising up the consumer agenda and focus on these is likely to become more important as recovery proceeds.

In June, as the UK emerged from the first national lockdown, around a quarter of adults said they planned to make big changes to their life after the country recovered from the pandemic – the most popular ones being changes to work, relationships or where they live. People also said they wanted to continue exercising more, and to travel more after the pandemic.^{xiii} But consumer finances have been impacted by loss of employment, pay cuts and other issues, which will squeeze spending and affect confidence in booking flights.

At the same time traveller preferences and behaviours have shifted toward the familiar, predictable, and trusted, with domestic and regional holidays, and particular focus on the outdoors.^{xiv} Alongside domestic travel, a likely first step for UK passengers is short haul European flights. These types of flights are likely to be cheaper than long haul as well as less lengthy, meaning less time wearing a face mask, sitting in close proximity to others, less need to use the on board toilets etc. Closer countries may have similar restrictions to those in the UK (for example the development of an EU-wide scheme to test and release or to demonstrate vaccinations) might have the same or similar requirements, which will increase ease and familiarity with the rules and requirements. Therefore, consistency in these rules and the passenger experience between UK and short haul destinations will be important.

Confidence: health measures

The effect of the pandemic has been absolutely enormous: 99% of passengers say that Covid-19 has affected their behaviour^{xv} and sources of concern are a mixture of personal safety and inconvenience. Inmarsat Aviation carried out a large-scale survey of nearly 10,000 people across 12 countries in October 2020. When asked what the main worries are preventing people from travelling abroad right now, 61% said catching the virus abroad, 60% said quarantining, while 55% said catching the virus at the airport or on the plane.^{xvi} Whilst the first two are outside the control of airlines and airports, the last is firmly within it. Different steps can and are being taken to both minimise the chances of contracting the virus and to do this visibly, so that passengers are reassured and can see that action is being taken. Research by