How Alaska Airlines Became the Best Airline in the U.S.


Why Little Alaska Airlines Has the Happiest Customers in the Sky

The Western-U.S.-based airline has one of the most valuable loyalty programs in the business. Now it’s expanding routes across the continent.

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It practically goes without saying: American airlines have a public-relations crisis on their hands.

Almost every week since a passenger was bloodied and dragged off a United Airlines Inc. flight in early April, another outrage has swept the internet. Families kicked off planes because of birthday cake. Girls in leggings denied boarding. Heated confrontations about strollers. All-out brawls amid tighter-than-ever seats.

But in what feels like a parallel universe, one airline is racking up nearly every industry accolade. So far this year, Alaska Airlines has been recognized by SmarterTravel, the Points Guy, and FlyerTalk—three authoritative aviation websites—along with U.S. News & World Report, as either being the best U.S. airline of 2017 or having the best rewards program. In some cases it claimed both titles. It has the No. 1 on-time performance record seven years running, according to FlightStats. And this month it earned J.D. Power’s highest customer satisfaction rating among traditional (nonbudget) airlines in North America—for the 10th year in a row.

To those who frequent the airline, Alaska’s success is no surprise. In the Pacific Northwest, where the company is based, Alaska Airlines is considered a homegrown hero of sorts; locals are as loyal to the airline as they are to the record-breaking star quarterback of the Seattle Seahawks, Russell Wilson, who happens to be Alaska’s celebrity spokesman. (His official title is “Alaska Airlines chief football officer.”)

To everyone else, Alaska can sneak up like a sleeper hit from the indie film festival circuit—one nobody had heard about until Oscar season. But that will change: Parent company Alaska Air Group Inc. recently acquired Virgin America Inc. and is engaged in aggressive cross-country expansion. It’s not just for West Coast-based commuters anymore.

Compared with Delta Air Lines Inc., which operates more than 15,000 daily flights across its network, Alaska is still small-scale, with 1,200 flights per day. But it’s the only major U.S.
carrier that’s seen an uptick in mainline passenger revenue (from nonpartner flights) in the last full year, and in 2015 the airline experienced a net income surge of 40 percent. Carrying capacity is growing 20 percent year-over-year (not including the Virgin America acquisition), and in 2017, Alaska and Virgin America will jointly launch in more than 40 new markets.

Why It’s So Great

The J.D. Power survey for airlines ranks carriers according to several factors: Costs and fees, in-flight services, and aircraft quality are the most significant. Then come less-weighted factors such as boarding, deplaning, and baggage handling; flight crew; check-in experience; and user-friendliness in the booking process.

According to Michael Taylor, travel practice lead at J.D. Power, Alaska performs well—or wins—in every category. In-flight services are one exception: Alaska keeps up with aircraft models and onboard technology but doesn’t push these envelopes. (This is expected to change as the carrier inherits Virgin America’s tricked-out fleet.) But cost is a selling point. Flight crew get praise. And the airline wins by its widest margins in the boarding, deplaning, and baggage handling category.

“This [category] represents access,” explains Taylor. “The courtesy of the gate staff, timely flight information, and the time it takes to get on and off the plane.” In his mind, how you’re treated and how quickly you board are related: It takes smart, intuitive crew members, both behind the scenes and in the front of the house, to make the process seamless. It’s about making customers feel less like cattle, he says, and more like individuals. How does Alaska do that? “It’s not a mystery at all,” says Taylor. “They’re just very people-oriented. They empower their employees.”

A Loyalty Program That’s Still Worthwhile

One selling point not covered by the J.D. Power survey is Alaska’s standout loyalty program. While competitors are devaluing their frequent-flier programs, Alaska’s keeps getting better. “Alaska is one of the only holdouts awarding miles based on how far you fly, no matter what you pay for the ticket,” says Brian Kelly, founder of the Points Guy. This makes it far easier for customers to climb the ranks—and score the perks—of a loyalty program.

What’s more, the carrier is what Kelly calls a “free agent,” thanks to its partnerships with multiple airlines, from American to Emirates to Fiji, and most recently, Finnair. That means you’re not stuck redeeming Alaska miles; you can use them to fly all over the world, with top-tier international airlines.

Even though Kelly flies the airline only a few times a year—mostly to TED events in Vancouver—he puts serious stock in his Alaska miles. They’re often redeemed at more valuable rates than those of other airlines, he says, to the point that booking an Emirates flight is often
cheaper with Alaska miles than with Emirates miles. The carrier also sells miles cheaply, for less than 2¢ apiece. (Other carriers sell them for 3¢ or 4¢.) “All this makes it one of the most valuable programs out there,” Kelly says.

Maintaining reward status is also easier with Alaska than with other airlines. “Even in a down year, Alaska will grandfather you into your normal level of status,” says David Fowler, chief privacy officer for an online marketing company. That was an informal perk until recently: Earlier this month the airline launched a “parental leave” policy that lets new parents (or others with significant life changes) put their loyalty status on hold for a year.

For Amy Daly-Donovan, an organization development consultant, little things like upgrade reliability, free cocktails, and end-of-year thank-you gifts (like tins of cookies) allow Alaska to stand out. “They truly seem appreciative of their highest-level frequent fliers and have the best frequent perks—no change fees!” she says.

Corporate Culture Is Everything

In conversations I had with more than a dozen Alaska Airlines frequent fliers, employees, and aviation experts, the notion of “empowered employees” was a recurring theme. That’s no accident. The airline’s president and chief operating officer, Ben Minicucci, makes employee empowerment a pillar of his corporate strategy.

“Airlines are bound by government regulations and federal regulations and all these policies,” Minicucci told Bloomberg. “It’s easy to become bound to them.” He recognizes, however, that most airlines’ tendencies to follow rules to the letter are what get them in hot water. Cue the dragged-off doctor on United: His flight attendants were blindly following protocol at every turn. “You do need strong structure and policies in the airline business, but you also need to blend it with empowerment,” according to Minicucci. “We double down on that.”

Cushioning the Blows of Airline Travel

Every employee at Alaska—from flight crew to baggage handlers to customer service reps—is given an “empowerment toolkit” as part of training. It includes a series of incentives that employees can dole out to resolve customer complaints: miles, money, restaurant vouchers, fee waivers, and so on. It’s up to employees to “find the story and create a personal connection” with customers, and then decide—based on a series of loose guidelines—the appropriate reparation strategy.

A delay of two hours or more, for instance, almost always warrants a $50 voucher for airport restaurants. Longer delays may also be counterbalanced with free Wi-Fi pass codes or waived flight-change fees. And it doesn’t take complaints to trigger these rewards, either: A flight attendant who notices a couple of passengers are celebrating their 10th wedding anniversary is equally empowered to offer them a round of cocktails on the house, no questions asked. “Do what you think is right,” Minicucci tells his employees. “We trust you. You’ll never get in trouble for making a decision. And we don’t want you to call the supervisor.”
In fact, Alaska maintains a generous per-passenger comp budget and mobile technology platform so that employees can always respond to passengers’ needs on the spot. Then the airline collects stories of its employees “doing the right thing” and hands out monthly and annual bonuses accordingly.

J.D. Power’s Taylor agrees that this is a secret formula for success. Investing in empowerment, he says, simultaneously builds good morale and strong customer loyalty. “We see this in top-performing companies across industries, be it hotels or utilities or telephone companies,” he says. “If you want to win friends and influence people, you have to treat them right.”

Empowered Employees

Michael, a customer service representative with the airline who offered only his first name so he could speak candidly about his employer, told me he has more tools at his direct disposal to help customers than he had at other businesses where he’s worked. “Alaska empowers the agents to take care of problems then and there, whereas in my previous jobs, you give customers a website to file a complaint or request a refund.” He says other airlines are very “black and white” in a way that makes both customers and employees go home angry.

Plus, Michael says, “I never received any incentives or acknowledgement at my previous job,” which was at a legacy U.S. airline. At Alaska, he says, he has a stock purchase plan that gets him directly invested in the company’s success—which may be a factor in the airline’s excellent on-time performance and baggage handling records. Benefits are better overall, he says. “The morale at Alaska is significantly higher than other airlines where I’ve worked before.”

The difference is palpable. On a 10-point scale, Michael says, working at Alaska is a 9 or 9.5; the other major carrier he worked at would score a 6.5 or 7 “at best.”

A Happy Face

This comes across to consumers. Chris Corry, a top-tier Alaska frequent flier who spends two weeks on the road each month as an audit manager at an insurance company, says, “I’ve never heard [Alaska’s] employees complain about their jobs, whereas Delta employees are always complaining about routing or unions or other things.” On his last Alaska flight home from Chicago, he “got thanked by name by four employees.”

Corry’s company policy requires him to purchase the most affordable fares, but experiences like this—along with service reps who waived change fees twice in one trip after a family emergency—inspire him to prioritize Alaska, even if he has to pay the difference out of pocket.
Points Guy Kelly agrees: “A lot of companies say, ‘We’re one big happy family,’ but they mean it [at Alaska]. Their employees feel connected to the brand and to management. And it comes through in the way that they treat their customers with respect.”

Often, laments Kelly, “airlines just make it hard for you to love them.” Alaska, it seems, makes it pretty easy.