



27 June 2011

Mr Jeffery A. Smisek
President & CEO
United Airlines
77 West Wacker
Chicago Loop
Chicago, IL, USA

Dear Mr Smisek,

Re. United - poor product / poor service

As CEO of CHOICE, Australia's largest independent consumer group, I have just spent a week in the Silicon Valley. The trip brought me into contact with four US companies that relentlessly deliver quality products with exemplarily customer service. Their approach has dislodged established businesses that have become complacent and perhaps even disdainful of their customers. My experience of United on both legs from Sydney to San Francisco is that the airline is displaying characteristics of those complacent businesses.

The video message to passengers at the start of the flight was a nice touch, but the content was disappointing. You told us that your old planes are being re-painted, that there will be a new class of seat sometime next year and that your staff is the best in the business. While I appreciate the importance of cosmetic changes, painting an old fleet of aircraft is not exactly a customer benefit and promises for tomorrow are never a substitute for improvements today. While I have no doubt your staff have the capabilities to be the best, they look thoroughly miserable. Your auto cue hyperbole should be based on tangible improvements that customers can see here and now. Without that, any promise of better things to come can be seen as meaningless.

Perhaps most worrying for United, is the fact that your employees have joined your customers in being resigned to a poor customer service status quo. When I provided feedback about the poor quality of the inflight food, your staff encouraged me to write to you. They seemed to have the feeling that their voices would not be heard and they considered a letter from me might provide a chance of change. It is a cause for great concern to any CEO when their own employees have given up.

To be frank, your staff and your aircraft felt worn out even if the paint on the outside and the lipstick on the inside had recently been applied. The red carpet lounge at San Francisco airport was more like a tobacco stained seedy bar, than a facility that had the comfort and confidence of a proud airline.

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As you will know from the David Carroll 'United Breaks Guitars' incident, it is becoming increasingly costly when you get the customer experience wrong. I understand this YouTube phenomenon wiped out an estimated \$180m from your shareholder value. You would think that this might have served as a wake-up call that all is not well and that things need to radically change. It seems from my experience however, and that of other passengers I spoke with, that United's management has done little to improve the customer experience over the last few years. All I can say is it's a good job I can't sing!

The lesson I learned from Silicon Valley this week is that if you don't set out to exceed customer expectations, then customers will vote with their wallets and go for better alternatives. As a customer of United it is difficult to detect whether senior management of the airline really gets that.

I would like your reflections on this letter and if you would find it useful, to meet in person to discuss further. I would also like to see some acknowledgment that you have serious problems alongside an apology to all your customers (not just me).

There is a need to urgently rediscover United's purpose and passion, with a clear time frame for delivering change and most importantly, informed by detailed consumer insights.

My hope reflects that of your staff; that my writing to you may quicken the pace of change and help lead to changes that will allow staff and customers alike to respect and value United for the service and customer experience we have come to expect from other carriers.

Yours sincerely,

Nick Stace
CEO