

United Airlines Wants you OFF the Plane!

On April 9, 2017, Dr. David Dao was seated on United Express flight 3411, which was about to take off from Chicago for a short trip to Louisville, Kentucky. Shortly before the scheduled departure, an airline supervisor came on board the plane and announced: „We have United employees that need to fly to Louisville tonight... This flight's not leaving until four people get off“. The flight on which the United employees had been scheduled was delayed due to mechanical problems, so they boarded flight 3411 instead. Although passengers were offered vouchers to rebook their flights, nobody volunteered to leave the aircraft. United then selected four passengers to depart involuntarily, despite the fact they had already been seated.

Dr. David Dao, a pulmonologist, was one of the passengers selected. He refused to give up his seat, stating that he had patients to see the next morning. Then, United personnel made a fateful decision that would launch the airline into the public spotlight; they called Chicago Aviation Police to have Dr. Dao forcibly removed from the plane. The incident was recorded on a cellphone and widely circulated on social media. United Airlines, which once had promoted the motto, „fly the friendly skies“, seemed much less friendly.

Overbooking Flights as a Strategy

According to United, the flight was not overbooked, but it appeared to have been from the standpoint of the passengers. Nonetheless, overbooking in the airline industry is a valid form of revenue enhancement. The business logic is that not all passengers who reserve a flight arrive on time. The no-show passengers create empty seats, which represent lost revenue, also known within the industry as „spoilage“. Airlines use mathematical models to calculate how much a specific flight should be overbooked to fill aircraft without denying boarding to ticketed customers. When overbooking occurs, airlines offer financial incentives to passengers to take later flights. In most cases, enough volunteers are willing to accept the financial incentive and take a later flight.

The strategy of overbooking has been mostly successful, and the number of passengers affected by what the industry calls involuntary boarding denial has been relatively small. In 2016, approximately 660 million passengers boarded flights in the United States, of which only 434 425, or 0.7%, were „bumped“ and voluntarily took a later flight. In total, 40 629 passengers, or 0.006%, were removed involuntarily.

When four United crewmembers suddenly needed to travel to Louisville, the United flight was technically not overbooked but was full. Indeed, the airline had met its goal of filling every seat, but the need to transport crew members as passengers was not anticipated. United then offered \$400 vouchers to incentivize four passengers to deplane. When nobody accepted, United offered \$800, but there still were no takers, most likely because this was the last flight of the night to Louisville. United then resorted to its involuntary passenger removal policy and proceeded to remove four passengers. A young couple was told to leave the aircraft, which they did. However, when Dr. Dao was asked to depart, he refused.

The Removal of Dr. David Dao

Before the United incident, forcibly removing a ticketed passenger from an aircraft had only occurred when a person was disruptive or posed a security threat. However, this situation was different. Dr. David Dao had firmly maintained that he was not leaving his seat. He had purchased a ticket, was already seated on his flight, and needed to see patients the next day.

Moreover, this was the last flight of the night going to Louisville. A United manager decided to call security personnel from the Chicago Department of Aviation, who boarded the aircraft and asked Dr. Dao, once again, to leave the plane. Cellphone video shot of the incident, which later appeared on Inside Edition, shows Dr. Dao on his cell phone talking to someone at United saying: „I'm physician. I have to work tomorrow at 8:00... No, I am not going, I am not going.“ A few moments later, a security guard (not a police officer) pulled Dr. Dao from his seat and dragged him down the aisle. The resulting scream was heard „around the world“, as cellphone video showed a bloody and dazed Dr. Dao being dragged away on his back. The video was soon posted on social media.

United Enters Crisis Management Mode

To its credit, United Airlines took the incident seriously and shifted into crisis management mode. CEO Oscar Munoz commented: „I continue to be disturbed by what happened on this flight and I deeply apologize to the customer forcibly removed and to all customers aboard. No one should ever be mistreated this way. I want you to know that we take full responsibility, and we will make it right“.

United conducted an internal investigation of its processes and generated an 11-page report of its findings. In the report, United noted the following internal failures:

- The airline had no policies governing practice if a customer refused to depart an aircraft for reasons not associated with security. United had never encountered this type of situation before.
- Gate agents were limited by the amount of compensation they could award a passenger who was being bumped from a flight.
- There was a lack of training on how to help employees manage a situation involving denied boarding situations.

United made sweeping changes in its policies involving overbooked flights in the future. A summary of some of their new policies appears below:

- Law enforcement will not be used to remove passengers unless it is a matter of safety and security.
- Passengers already seated will not be asked to give up their seat involuntarily unless it is a matter of safety and security.
- Compensation incentives for voluntary denied boarding can be as high as \$10 000.
- Training for gate agents will be provided to help them address difficult situations.
- An automated system will be implemented that gauges a customer's interest in voluntarily giving up their seat in exchange for compensation.
- Overbooking will be reduced for flights with smaller aircraft and those that are the last flight of the day to a destination.
- Flight crews that are travelling to other destinations will be booked at least 60 minutes before departure.

Other airlines learned from the United debacle. Southwest Airlines vowed to eliminate overbooking. In 2016, Southwest had the highest involuntary denied boarding rate of all passenger airlines. Delta Airlines increased its compensation for denied boarding to \$9950, while American Airlines promised not to ask a passenger to depart an aircraft after being seated. American also gave its gate agents more flexibility in offering compensation to those who are denied boarding.

Final Aftermath

United reached an amicable settlement with Dr. David Dao, the terms of which were not disclosed. Two Chicago Department of Aviation security officers were fired as a result of the incident. A department report revealed that the officers mishandled a non-threatening situation and provided misleading statements in their report documenting the event. United recovered from the crisis, however. Although the airline experienced a massive public relations crisis, its stock hit an all-time high within a month after the incident.

Discussion Questions:

1. What other options could United Airlines have taken to avoid this crisis?
2. Some have called for airlines to stop the practice of overbooking altogether. Initiate a class discussion between those who favor the practice and those who oppose it.
3. Why changes could United make to prevent this type of crisis from recurring?
4. Identify and discuss the positive changes in the airline industry that occurred because of this crisis?

