

Delta Airlines Final Research Report

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Executive Summary

Amidst the COVID-19 crisis, airlines have worked tirelessly to implement policies to keep their customers safe and healthy. Announced November 1, 2021, Delta Air Lines implemented a new policy requiring employees to get vaccinated or face weekly testing and a monthly surcharge of \$200 to their health insurance. Facing significant controversy since this announcement, it is to be determined if the vaccine mandate has a negative effect on employee turnover/satisfaction and brand reputation compared to competitors. Companies like American Airlines, Alaska Airlines, JetBlue, and United Airlines are also mandating the COVID-19 vaccine for all employees, while unvaccinated employees face termination.

To ensure the longevity and profitability of Delta Air Lines, our goal was to determine how Delta Airlines' vaccine mandate is affecting employee turnover/satisfaction and how the mandate is affecting brand reputation compared to its competitors. Our results can assist Delta in improving its brand reputation and overall employee satisfaction regarding its COVID-19 mandates.

According to research conducted between November 11-December 2, 2021, it was determined that 67% of respondents stated that they strongly agree/agree that all Delta Air Lines employees should be required to be vaccinated against COVID-19. 49% of respondents strongly disagree/disagree that unvaccinated employees should face termination.

According to our results, we believe that Delta Air Line's COVID-19 policies have not negatively impacted the brand's reputation or its employee turnover rates. Based on all collected data and analysis, we recommend that Delta maintain its COVID-19 safety mandates. Moving forward, this company should consider the Gen Y Female population as their target market for any future marketing implementations and clearly present their safety strategies taken when dealing with the COVID-19 pandemic.

Problem Definition

Delta Air Lines Inc., otherwise known as Delta, is one of the major airline companies within the United States. Founded in 1924, this company is responsible for transporting more than 170 million passengers each year with connections to over 321 countries. Headquartered in Atlanta, Georgia, it is one of the oldest legacy carriers in the U.S. and is currently ranked second among the world's largest airlines by the number of scheduled passengers carried, revenue passenger-kilometers flown, and fleet size.

While maintaining high rates of success seen in their yearly operating revenue, the COVID-19 pandemic placed Delta, as well as the rest of the world, on pause. As a result of the pandemic, Delta Air Lines has mandated new health and safety policies that have drawn significant controversy from the public. Announced this fall, Delta now requires all employees to be fully vaccinated against COVID-19. Additionally, Delta CEO, Ed Bastian, notified employees in August that unvaccinated employees would face a \$200 monthly increase on their health insurance premiums starting November 1, 2021, citing steep costs to cover employees who are hospitalized with the virus. Unvaccinated employees will face other restrictions, including indoor masking effective immediately and weekly COVID-19 tests starting September 12. These measures are the latest attempt by a U.S. corporation to drive up COVID-19 vaccination rates.

Given the implementation of these new policies, Delta Air Lines is concerned that these two factors could impact employee turnover rate, brand perception, and overall sales.

Research Objectives

As Delta Airlines is forced to implement new COVID-19 protocols and safety procedures, our group has created two research objectives to help identify the consequences of such safety measures. First, we determined how Delta Air Lines' vaccine mandate affects employee turnover and satisfaction. We held a focus group discussion to address the following questions associated with this research objective:

- Are the vaccine mandate and health insurance surcharge perceived as a negative or positive option for employees?
- What words and phrases are being used to describe Delta's employee experience around the vaccine mandate and health insurance surcharge?
- What effect do the vaccine mandate and health insurance surcharge have on employee retention and turnover?

Next, we determined how Delta Air Lines' vaccine mandate affects brand reputation compared to competitors. By utilizing a sampling survey, we researched the opinions of Delta Air Line's customers on different questions related to our research objective, including:

- What percentage of customers agree or disagree with Delta's vaccine mandate?
- What percentage of customers believe other airlines should follow Delta's vaccine mandate and insurance surcharge?
- What are the differences in attitudes between vaccinated and unvaccinated customers regarding the vaccine mandate?

These questions will help the brand gain a better insight into how this airline is perceived and what changes can be made to better the overall experience for both employees and customers. The data collected can be utilized by Delta Air Line to make changes to existing COVID-19 policies and market the safety procedures to consumers to ensure the brand's profitability throughout the ongoing pandemic.

Research Methodology

Data in this report is drawn from the panel wave conducted from October 14 - December 2, 2021. The panel wave was applied to a focus group and survey, as there were two research objectives and samples to collect data. For the survey, a total of 53 panelists responded out of 77 who were sampled, for a response rate of 67%. This includes fourteen panelists who were not qualified for the study but were included in the cumulative data for means of substantial research collection. The cumulative response rate accounting for nonresponse to the survey and attrition is 2%. A total of 6 panelists were recruited for the second sample, and all recruited panelists participated, providing a response rate of 100%. This study included two methodologies for a qualitative and quantitative study. The qualitative study featured a convenience sample from Delta AirLine employees. The quantitative sample featured a systematic sample from Delta AirLine customers with a minimum of 50 respondents consisting of vaccinated and unvaccinated panelists. The quantitative sample was distributed to panelists with access to the survey via the internet.

The panelists available for the qualitative research were recruited through the Delta Air Lines employee database. On October 14, 2021, invitations were distributed to 20 employees, of which eight of them participated in a focus group to collect qualitative data. This was the only attempt

at recruitment for which 40% of the group agreed to contribute to the research and results. The participants were offered a small incentive to participate in the focus group research. The focus group sample included vaccinated and unvaccinated participants.

On November 11, 2021, surveys were distributed to collect quantitative research. Invitations were sent to random panelists that were Delta AirLine customers. Incentives to complete the survey were a 10% discount on their next trip with Delta Air Lines. Across the random panelists, a total of 77 surveys were opened from the survey link. 1.5% of the surveys were not fully completed, therefore excluded from the cumulative data collected. A total of 14 participants were not Delta AirLine customers but were included in the data for the purpose of substantial results. Of the 53 panelists included in the data, 64% of them were women, and 31% were male. Ethnicities included 77% Caucasian, 3% African American, 8% Latino/Hispanic, 5% Asian, and 8% other. 84% of panelists were aged 18-27, 10% were between 28-43, and 5% were between 44-66. The majority of panelists were vaccinated (90%), leaving 5% unvaccinated, and 5% preferred not to answer.

Data Analysis and Results

On a scale of 1-5, 1 being strongly disagreed and 5 strongly agreeing, respondents had an average scale of 4.36 when asked how they felt about Delta Airlines employees being required to receive the vaccination; agreeing/strongly agreeing with the vaccine mandate. A major reason that most respondents believe Delta

Descriptive statistics for agreeing that Delta Air Line employees should be required to be vaccinated

	<i>M</i>	<i>SD</i>
Delta Air Lines employees should be required to be vaccinated	4.36	2.19

Note. *M* and *SD* represent mean and standard deviation, respectively.

Airline employees should be vaccinated is for their peace of mind. As Delta Air Lines has service to many locations, both international and domestic, some customers may argue that employees are exposed to COVID-19 at a higher rate.

When asked how customers felt about Delta's mask mandate, survey respondents averaged response of 4.31. The standard deviation equaled 1.81. Based on this data, we can conclude airline customers agree with mask mandates on board the aircraft to slow the spread of COVID-19. We believe the mandate should remain in effect.

Descriptive statistics for agreeing that mask mandates are important to slow the spread of COVID-19

	<i>M</i>	<i>SD</i>
Mask mandates while on board an aircraft is important to slow the spread of COVID-19	4.31	1.81

Note. M and SD represent mean and standard deviation, respectively.

Delta AirLines consumers agree that unvaccinated employees should pay more for health insurance. In fact, the average survey response equaled a mean of 4.11 with a standard deviation of 2.71. To improve brand reputation, it may be necessary for Delta Air Lines to clearly

Descriptive statistics for agreeing that unvaccinated employees should pay a monthly health insurance surcharge

	<i>M</i>	<i>SD</i>
Unvaccinated employees should pay more for health insurance	4.11	2.71

Note. M and SD represent mean and standard deviation, respectively.

communicate with stakeholders, specifically employees, and consumers, on the reasons for implementing a higher rate for company health insurance. For example, employees opting not to get vaccinated are placed at a higher risk of contracting and spreading the virus and possible hospitalization. Thus, the cost of care on behalf of Delta increases, affecting the company's

overall profits and could trickle down to other areas such as salaries, and other departmental needs.

When asked about the consequences unvaccinated employees may face, an average of 4.62 out of 5 was selected stating that they strongly agree that unvaccinated employees should face termination. Our findings show that although more than half of all respondents agree with employees being vaccinated, the majority of respondents don't feel that a termination of employment should be determined by vaccination status.

Descriptive statistics for agreeing that unvaccinated employees should face consequences

	<i>M</i>	<i>SD</i>
Delta Air Lines employees who choose not to get vaccinated should face consequences	4.62	2.79

Note. M and SD represent mean and standard deviation, respectively.

When conducting a cross-tabulation of overall satisfaction with Delta Air Lines and gender, data shows that the majority of males are dissatisfied with their overall satisfaction with Delta Air Lines (75%), whereas 77.8% of females are neutral about their overall satisfaction with Delta Air Lines. Females seem to be overall more satisfied with Delta Air Lines as 54.4% of females are satisfied with Delta Air Lines, and

Females are overall more satisfied with Delta Air Lines

% of gender and overall satisfaction...

	Male	Female	Non-Binary
Very Dissatisfied	0%	0%	0%
Dissatisfied	75%	25%	0%
Neutral	16.7%	77.8%	5.5%
Satisfied	45.5%	54.5%	0%
Very Satisfied	16.7%	66.7%	16.7%

66.7% of females are very satisfied with Delta Air Lines. This tells us that females have an overall better experience and higher satisfaction with Delta Air Lines which could be beneficial when considering marketing and advertising tactics. Directing marketing and advertising to the overall experience of a female customer could boost brand relation and overall satisfaction.

When comparing overall satisfaction with Delta Air Lines and how often customers fly with Delta Air Lines, customers who fly once a year are neutral about their overall satisfaction with Delta Air Lines (20.5%). This is not necessarily a good thing since Delta Air Lines would want casual or frequent flyers to be very satisfied with Delta Air Lines. 12.8% of customers who fly with Delta Air

Lines a few times a year are overall satisfied with Delta Airlines, and 5.1% are overall very satisfied with Delta Air Lines. While this displays 18% of respondents, it is still significantly low to what Delta Air Lines would hope to receive from customers. Greater efforts towards overall customer satisfaction with casual and frequent flyers is recommended.

For customers who have flown within the past year, 50% of them are overall dissatisfied with Delta Air Lines, while 50% are overall very satisfied with Delta Air Lines. 27.3% of customers who have flown in the past year are overall

Those who fly once a year are neutral about their overall satisfaction with Delta Air Lines

% of flight frequency and overall satisfaction...

	Never	Once a Year	A few times a year
Very Dissatisfied	0%	0%	0%
Dissatisfied	2.6%	7.7%	0%
Neutral	25.6%	20.5%	0%
Satisfied	2.6%	12.8%	12.8%
Very Satisfied	2.6%	7.7%	5.1%

Those who have flown with Delta Air Lines within the past year are divided about their overall satisfaction

% of flown in the past year and overall satisfaction...

	Yes	NO
Very Dissatisfied	0%	0%
Dissatisfied	50%	50%
Neutral	16.7%	83.3%
Satisfied	27.3%	72.7%
Very Satisfied	50%	71.8%

satisfied with Delta Air Lines, and 16.7% who have flown in the past year are neutral about their overall satisfaction with Delta Air Lines. In total, for customers who have flown within the past year, 77.3% are overall satisfied/very satisfied with Delta Air Lines. This is a significant percentage considering the regulations and mandates around COVID-19. This percentage shows that customers within the last year are overall satisfied with their experience.

Conclusion and Recommendations

Based on our findings, we can conclude that Delta's COVID-19 policies have not negatively impacted the brand's reputation, nor should they negatively impact employee turnover.

The majority of survey respondents agree that all Delta employees *should* be vaccinated, with about half of those respondents feeling that unvaccinated employees should face consequences, such as termination. The proposal of Delta having unvaccinated employees pay more for insurance was found to be closer to a neutral stance amongst survey respondents, with also a close number of respondents agreeing and disagreeing regarding the favoring of a proposed \$200 insurance surcharge. The proposed \$200 surcharge did not impact Delta Air Lines employees' future outlook at Delta; as Delta employees stated during the research focus group, if the vaccine mandate were to be put into place, they would not leave the airline company for another competitor. The impact a vaccine mandate would have on Delta's employee turnover rate would be expected to be extremely low.

Many respondents believe that the mask mandate is making a difference in stopping the spread of COVID-19. We believe that Delta Air Lines should continue to maintain its COVID-19 safety protocols, such as but not limited to mandating the use of masks.

Delta should continue to uphold its vaccine mandate as most survey respondents feel that employees should be vaccinated to maintain the best protection against COVID-19. However, Delta *should* reconsider the types of consequences unvaccinated Delta employees would face, as this could impact customers' perception of the company. According to our results, most survey respondents felt that while they agree with the mandate, consequences such as termination should not result if an employee has chosen not to be vaccinated. Overall the vaccine mandate does not play a role in negative brand perception. However, the harsh consequence of terminating unvaccinated employees could impact customers' view of Delta, making it less than favorable.

Our final recommendation for Delta Airlines is to explore other business areas should they begin to see a decline in travelers using their services. These include ticket costs, other areas of customer service, and the benefits of traveling by Delta Air Lines over their competitors. This recommendation is based on the survey feedback where respondents suggested various ways that Delta could gain more customers.

When determining future marketing goals, Delta should consider presenting positive information such as Delta's safety protocols taken during the pandemic. Delta should highly consider GenY (ages 18-27) females as their target market when implementing any marketing strategies.

Appendix

Delta Air Lines Survey Data

Start of Block: Block 2

Thank you for taking time to participate in this survey. We would like to ask you questions about your experience as a customer of Delta Air Lines. Your responses will help us make our service more enjoyable for you. The survey will only take 5-7 minutes.

Q 1 Overall, how satisfied are you with the Delta Air Lines?

- Very Dissatisfied (1) **0%**
- Dissatisfied (2) **8.7%**
- Neutral (3) **45.7%**
- Satisfied (4) **32.6%**
- Very Satisfied (5) **13%**

Q1-7 Below is a list of statements dealing with your general feelings about Delta Air Lines. Please indicate how strongly you agree or disagree with each statement.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
Cleaning the cabin between trips seems like an effective way to deal with the spread of COVID-19 (1)	0%	2.6%	2.6%	30.8%	64.1%
Mask mandates while on board an aircraft is important to slow the spread of COVID-19 (2)	0%	7.7%	7.7%	33.3%	51.3%
Delta Air Lines employees should be required to be vaccinated (3)	7.7%	12.8%	12.8%	33.3%	33.3%

Delta Air Lines employees who choose not to get vaccinated should face consequences (4)	18.9%	10.8%	32.4%	16.2%	21.6%
Unvaccinated employees should pay more for health insurance (5)	26.3%	13.2%	21.1%	23.7%	15.8%
Unvaccinated employees should be terminated (6)	28.2%	20.5%	23.1%	12.8%	15.4%
I feel protected from the spread of COVID-19 when traveling with Delta Air Lines (7)	0%	5.1%	53.8%	33.3%	7.7%

Q8-10 On a scale 1-5, how likely are you to...

	Very Unlikely (1)	Unlikely (2)	Neutral (3)	Likely (4)	Very Likely (5)
Fly with Delta Air Lines (1)	2.6%	10.3%	35.9%	17.9%	33.3%
Refer Delta Air Lines to a friend (2)	7.7%	5.1%	46.2%	17.9%	23.1%
Speak highly of Delta Air Lines COVID-19 policies (3)	5.1%	10.3%	43.6%	28.2%	12.8%

Q9 Have you flown in the past year?

- Yes (1) **79.5%**
- No (2) **20.5%**

Q10 In the past year, have you flown with Delta Air Lines?

- Don't sell middle seats
- Proof of vaccination or negative covid test for all passengers
- Requiring passengers to be vaccinated
- Be cheap

End of Block: Default Question Block

Start of Block: Block 1

Q14 What gender do you identify as?

- Male (1) **30.8%**
- Female (2) **64.1%**
- Non-binary (3) **5.1%**
- Prefer not to say (4) **0%**

Q15 Please specify your ethnicity:

- Caucasian (1) **76.9%**
- African American (2) **2.6%**
- Latino/Hispanic (3) **7.7%**
- Asian (4) **5.1%**
- Native American (5) **0%**
- Other (6) **7.7%** **Arab, Black, More Than Two Races**
- Prefer not to say (7) **0%**

Q16 What is your age?

GenY: **84.2%**

GenX: **10.5%**

GenBoom: **5.3%**

Traditional: **0%**

Q17 Are you...

- Vaccinated (1) **89.7%**
- Unvaccinated (2) **5.1%**
- Prefer not to answer (3) **5.1%**

End of Block: Block 1

References

Josephs, Leslie. "Delta Air Lines Is Raising Health Insurance Premiums for Unvaccinated Employees by \$200 a Month to Cover Higher COVID Costs." *CNBC*, CNBC, 26 Aug. 2021, <https://www.cnbc.com/2021/08/25/delta-air-lines-unvaccinated-employees-will-face-200-fees-if-they-dont-get-covid-vaccine.html>

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