

Customer Satisfaction in Airline Industry

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Abstract. It is vital to have customer satisfaction because customers bring lots of revenue with them and only then it will be possible for the airlines to operate profitably if airlines have satisfied customers as not only the customers will reuse the service but will also create good will for the company. In this topic it was researched that how the five dimensions of customer satisfaction are applied in Airline Industry. The proposition was airlines with satisfied customers will have more passengers. Discriminant Analysis was used so as to make groups of the factors of customer satisfaction that what kind of factors customers were looking for and what were the reasons of choosing a specific airline. It was found that airline which was providing better satisfaction to customers were taking lot more passengers then the airlines with less or no customer satisfaction. All customers were satisfied by respected airline in which the passengers traveled again and not only this but good word of mouth was also created by the satisfied companies which resulted in not only increased traffic but also it increased the good will of company.

Keywords: Airline, Satisfaction, Discriminant, Goodwill, Customer.

1. Introduction

Airline industry is highly competitive and customers are most important factor of the traveling process. Besides enhancing service quality, flight safety. Customer satisfaction is the most important strategies of the airlines (Fried, 1989; Gardner, 2004; Zaid, 1995) [1], [2], [3]. Customer complaints serve as a critical dimension of service quality and customer satisfaction. Complaint handling (Davidow, 2003) [4] has a great affect on customer retention and the positive usage of complaint handling for service quality improvements have been extensively acknowledged by the airlines and evaluative firms (Strauss & Schoeler, 2004) [5]. Complaint management is still a focal point of study as more firms are convinced that defensive marketing is a highly cost-effective (Davidow, 2003) [4]. Customer complaints offer organizations with a chance to correct their mistakes, retain dissatisfied customers, and manipulate customers' future. Customers' attributions about breakdown and recovery of service then complaint satisfaction (Stauss, 2002) [6], repurchase intentions (Palmatier, 2002) [7] satisfaction and service quality attitudes (McCollough, 1998, Swanson & Kelley, 2001). [8, 9] The nature of customer attributions about complaint handling is necessary to make sure that the service improvement offered by the airlines satisfies customers' expectations. The airlines' serious concern regarding customer complaints and compliant satisfaction (Stauss, 2002) [6] would make airlines more likely to meet the customer's expectation in case of a problem. Once customers get to know this customers might regularly use complaining behavior as a strategy to take benefit of the airlines every time it is possible. There are number of evidence which tells that the complaint satisfaction has a direct relation to response of a company which in end has a huge impact on customers' future behaviour (Strauss, 1993, 2002) [10, 6]. Getting market share from other airlines might be easy but retaining that share is very difficult to retain. From a managerial standpoint, service firms must understand the significance of meeting, exceeding, or failing to meet specific customer expectations (Rust, Inman, Jia & Zahorik, 1999) [11]. People who use budgeted airlines, do not necessarily get poor service. Whether the customer perceive the service is of low quality depends on their should and will expectations. As customer dissatisfaction in turn impedes customer loyalty and repeat purchase (Heskett, Sasser, Schlesinger 1997) [12]. The Airlines operations have been highly improved that is why airlines were able to reduce operational costs and can give better fares with respect to other airlines. Airlines have started customer relationship programs for better customer satisfaction

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(Oliver 1999) [13] so as to have better relations with customers so customers can travel on the same airline again and again. Airlines can only provide better service if airlines understand customer expectations (Parasuraman, Berry & Zeithaml, 1991) [14]. But failing to meet specific customer expectation (Rust, Inman, Jia & Zahorik, 1999) [11] will only result in losing a customer. The security conditions has forced many airlines to step up their operations and make sure of the safety of passengers which has ultimately increased the fixed costs but in return airlines are giving complete satisfaction to passenger while providing safe journey and to expect a repeat purchase intension (Palmetier, 2002) [7].

The proposition for the thesis is: Airlines with higher customer satisfaction are getting more passengers.

The Five hypotheses are following:

- Reliability H1. Airlines with higher Reliability are getting more passengers.
- Responsiveness H2. Airlines with higher Responsiveness are getting more passengers.
- Assurance H3. Airlines with higher Assurance are getting more passengers.
- Empathy H4. Airlines with higher Empathy are getting more passengers.
- Tangibility H5. Airlines with higher Tangibility are getting more passengers.

2. Literature Review

Customer satisfaction can differ from person to person and product to product. But generally if the product has at least met the needs of the consumer then it is said to be customer satisfaction. In case it failed to meet the minimum expectation then it will be turned into dissatisfaction (Zeithaml & Bitner 2003) [15]. Tolman (1932) [16] was the first person to use the term expectation in the context of behaviour. In general terms, expectations borrow from Tolman's expectancy theory whereby, subsequent to learning, people actualize or ward off potential consequences of their actions. Pretrial beliefs about a product (Olson & Dover, 1979) [17] that serve as standards or reference points against which product performance is judged (Zeithaml, Berry & Parasuraman 1993) [18] is a commonly used definition of expectations that draws from Tolman's original conceptualization.

Customer satisfaction is measured in a given reference of time. So with due respect of time even it changes so as the satisfaction level. It changes from time to time and factor to factor as it is a dynamic process. In highly involvement decisions it is very important to meet the satisfaction level. If it failed to meet the expected level then the companies will lose the customer. As there won't be any second chance (Zeithaml & Bitner 2003) [15]. The key to provide the excellent service is in understanding the customer expectation (Parasuraman, Berry & Zeithaml, 1991) [14]. Expectations play a role in the formation of satisfaction and service quality through the expectancy disconfirmation paradigm (Oliver, 1980, 1993, 1997; Tse & Wilton, 1988) [19, 20, 21, 22], and the gap model (Parasuraman, Berry & Zeithaml 1991) [14]. Satisfaction and perceived quality result from a comparison of the level of performance perceived and the level of performance expected by the consumer.

Two additional components of service expectations, namely functional and technical dimensions, (Gronroos, 1983) [23] are found. Consumers make service evaluations based on the technical dimension what is delivered and on the functional dimension how, why, where, and when it is delivered (Gronroos, 1983, Hill, 1986; Richard, Allaway, 1993; Walker & Baker, 2000). [23, 24, 25, 26] A passenger, for example, will be provided with a seat (technical) passenger will interact with the cabin crew (functional). There are many areas in the airlines itself where faulty processes are leading to customer complaints and displeasure. Which in return creates a negative word of mouth (Davidow, 2003) [4] (Au, Hui & Leung, 2001) [27]. Compliant handling (Davidow, 2003) [4] is very important for service quality in the airline industry and it is even acknowledged by the airlines (Strauss & Schoeler, 2004) [5]. Customers complain only when customers feel something will be done if customers know nothing will be done then customers will not only avoid traveling on the same airline but will create negative word of mouth (Davidow, 2003; Au, Hui & Leung, 2001) [4, 27]. The managers in Airlines must try to increase will and decrease should expectations or,

alternatively, attempt to increase will expectations and leave should expectations intact. Although the emphasis on manipulating will expectations (Hamer, Shaw & Sudharshan 1999; Lee and Yoo. 2000) [28, 29], will find dissenting opinions (Oliver and Burke, 1999) [30] exists. Complaint handling (Davidow, 2003) [4] is not only effective but is very cost effective way to achieve better customer's satisfaction as well.

3. Material

Questionnaire was used for data collection. The questions were based on five dimensions of customer satisfaction i.e Reliability, Responsive, Assurance, Empathy, Tangibility in these section respondents had five choice from highly dissatisfied to highly satisfied. The questionnaire was made on Servqal Scale (Parasuraman, Berry & Zeithaml 1991) [14].

4. Content Validity

The questionnaire is found to be highly internally consistent and reliable as the value of Cronbach's alpha is 0.85.

5. Target Population

The target population was from different walks of life and people who travel abroad frequently i.e. students, professionals and housewives etc.

6. Summarized Results

The highest influence in buying the ticket was self-search. The most preferred timings for the customers to travel were found to be Morning time flights. Almost half of the respondents don't have any particular choice of aircraft. Half of the respondents were Frequent Flyer Member of their airlines. There is a huge shift of passengers to those airlines, which are providing better customer satisfaction based on 5 dimensions. Then passengers gave high ranking to those airlines, which are giving higher customer satisfaction to passengers.

6.1. Hypothesis Assessment Summary

Proposition: Airlines with higher customer satisfaction are getting more passengers.

H1. Airlines with Higher Reliability Are Getting More Passengers

Factors	Significance Level	Exp. Conclusion
Airline flights always departs on time	.004	Accepted
Airline flights always arrives on time	.002	Accepted
Airline solves passengers problems without delays	.000	Accepted
Handling of baggage is effective and without loss	.000	Accepted

Result: Accepted

H2. Airlines with Higher Responsiveness Are Getting More Passengers

Factors	Significance Level	Exp. Conclusion
Responsiveness - The ticketing system is very quick	.084	Rejected
Responsiveness - You have always get help from the airline staff no matter what is the problem	.000	Accepted
Responsiveness - Airline staff is very friendly	.000	Accepted
Responsiveness - The baggage arrives on belt very quickly	.003	Accepted

Result: Accepted

H3. Airlines with Higher Assurance Are Getting More Passengers

Factors	Significance Level	Exp. Conclusion
Assurance - Airline is a trusted name in the industry	.000	Accepted
Assurance - The airline has a very good safety record	.000	Accepted
Assurance - The employees are competent	.000	Accepted
Assurance - They have a high standard of service	.000	Accepted

Result: Accepted

H4. Airlines with Higher Empathy Are Getting More Passengers

Factors	Significance Level	Exp. Conclusion
Empathy - They have understand the special individual needs	.000	Accepted
Empathy - They anticipate the problems of passenger	.000	Accepted
Empathy - Airline staff treats everyone individually	.000	Accepted

Result: Accepted

H5. Airlines with higher Tangibility are getting more passengers.

Factors	Significance Level	Exp. Conclusion
Tangibility - Airline has state of the art latest aircrafts	.000	Accepted
Tangibility - Airline cabin crew is efficient	.000	Accepted
Tangibility - Ticketing counters doesn't have long queues	.000	Accepted
Tangibility - Airline reservation office is conveniently located	.760	Rejected

Result: Accepted

7. Conclusion

The airlines with higher satisfied customers were rated high in all areas. The result supported the hypothesis that Airlines with higher satisfied customers are getting more passengers. The competition is just not in fare anymore but on what airlines can do to satisfy the passengers in a better way and doing something, which others are not doing. The highly satisfied customer is not just a frequent traveler but he will bring more revenue to the company in the shape of extra customers to the company. As when a customer will be highly satisfied he will create a good word of mouth for the company. Instead of waiting for the customer to complain airlines must make certain changes to the process so that complain must not take place in first place. Keeping the customers happy is only way airlines can make profits.

8. References

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