

“Marketing Airline Services in Malaysia: A Consumer Satisfaction Orientation Approach”

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| AUTHORS | Philemon Oyewole Muthulakshmi Sankaran Pravat Choudhury |
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MARKETING AIRLINE SERVICES IN MALAYSIA: A CONSUMER SATISFACTION ORIENTATION APPROACH

Philemon Oyewole*, Muthulakshmi Sankaran**, Pravat Choudhury***

Abstract

This research study deals with the problem of customer satisfaction in the airline industry with special reference to the developing country of Malaysia. Factors influencing customer satisfaction were explored through a questionnaire-survey of airline passengers at Kuala-Lumpur international airport, Malaysia. From a series of hypotheses tested, findings show that human interactions, check-in procedures, source of recommendations on choice of Airline, as well as monetary incentives do not influence level of customer satisfaction. On the other hand, factors such as use of ICT (Information Communication Technology), reservation procedures, in-flight services, company image, and mode of registering complaints/suggestions tend to influence customer satisfaction in Malaysian setting. Recommendation for managerial applications of findings and suggestions for further studies are given.

Key words: airline services, customer satisfaction, Malaysia, airline passengers.

Introduction

Air Transport plays a vital role in moving people or products from one place to another, be it domestic or international, especially when the distances involved are far. Situations may warrant the movement of a human-expert or a vital part in a manufacturing chain/machine as quickly as possible from one point to another. This movement of people or goods or freight from the point of origin to their destination is an activity as important as logistics in a military exercise. Even inside a single country, air may be the only route to be recommended if vital regions of the country are separated either by mountainous terrain or intervening sea. For example, peninsular Malaysia and the Sabah-Sarawak are best connected by air link. To realize the corporate objective of any air transport organization, the style of operation of every wing of the airline has to be cut out properly. That the customer is the important person to any business undertaking is a fact that needs no over-emphasis. Jan Carlzon, former president of the Scandinavian Airline System has rightly said, "A company's only true assets are satisfied customers" (Cats-Baril & Thompson, 1997). The well-accepted tenets in business management are staying close to the customer and foreseeing the customer's expectations. It is universally known that every business, big or small, should be customer-focused all the time (Daetz et al., 1995). A good business house would be proactive in its outlook, and anticipate the needs of customers so that those needs can be integrated into the organization's decision-making process at an early stage (Kotler et al., 1996).

In the West, customer satisfaction studies are undertaken periodically. In fact research on the topic of Customer Satisfaction Measurement started in the United States and spread to Europe and other countries, largely, when U.S. companies moved their business into other parts of the world. When such studies are applied to the Airline Industry, the customers are able to give vent to their views on the airline companies through various forums. Studies like those are not yet prevalent in hybrid environments of developing countries like Malaysia. Hence, the need for studies as the present one. When it comes to customer satisfaction, what is good for the West is good for developing countries. Customer satisfaction results from a comparison of perceived performance against expectations.

* School of Business, Howard University, USA.

** Multimedia University, Malaysia.

*** School of Business, Howard University, USA.

Higher customer satisfaction can be expected to increase customer loyalty, reduce price elasticities, insulate market share from competitors, lower transaction costs, reduce the costs of attracting new customers, and improve a firm's reputation in the market place (Anderson et al., 1994).

With increased importance of air travel, there has been a large growth over the past few years in the sheer number of customers that an airline industry has to deal with. One can imagine that this increase in number alone places a tremendous responsibility on the organization vis a vis its relationship with the customer. Since Airline Industry deals with the customer mostly in 'direct contact mode', the latter undoubtedly constitutes the Key Figure. Customers are gradually becoming more sophisticated, more informed and consequently more demanding. Determining whether a product or service is satisfying or dissatisfying to a customer is essentially an evaluation process, which is a continuous one, to enable a firm to be successful. 'Business success is not determined by the producer but by the customer' (Senn, 1998). Almost all industries, mainly service industries, claim that they do everything possible for satisfying their customers. Some of them even go to the extent of proving that about 90% of their customers claim to be satisfied. Surveys however show that the customers defect by the thousands each year (Gilmore & Pine, 2002). With travel ranking among the world's leading industries, it is needless to emphasize that an airline industry has to be a dynamic one, responding to the ever-changing demands of its customers (stats@airlines.org., 2002). In the present research study, it is proposed to assess the level of satisfaction that a customer presently derives from the airline industry, to study the views of passengers on the different service processes of the airlines like reservation, check-in and in-flight services, to determine which of these influence the level of customer satisfaction, and to suggest changes for possible implementation by airlines to minimize customer hardship.

Literature

Customer satisfaction has been a key concept in marketing thought for several decades. Since Cardozo's pioneering study of customer effort, expectations and satisfaction, the body of work in this field has expanded greatly (Cardozo, 1965). More than 900 articles focusing on consumer satisfaction, dissatisfaction and complaining behavior have been published during the years 1982-1990 alone (Perkins, 1991). Today we get a large number of articles (nearly 90,000) that focus on customer/consumer satisfaction/dissatisfaction/complaints, which shows that today's well-informed customer is not as easily satisfiable. Studies of customer behavior emphasize customer satisfaction as the core of the post-purchase period (Westbrook & Oliver, 1991; Oliver, 1997). Since customer satisfaction presumably leads to repeat purchases and favorable word of mouth publicity, the concept is essential to organizations. In saturated markets, customer satisfaction is thought to be one of the most valuable assets of a firm (Heide *et al.*, 1999). United States is one of the classic examples of saturated markets and the organizations to strive hard for customers' extra dollar. Building on Hirschman's exit-voice theory (Hirschman, 1970), Fornell and Wernerfelt (1988) argue that some of the weakly dissatisfied customers are of prime importance to the firm. While strongly dissatisfied customers choose the exit option, i.e., they leave the firm, the weakly dissatisfied customers tend to stay loyal to the firm and rather employ the voice option, which implies overt complaints as an attempt to change the firm's practices or offerings. Halstead and Page (1992) and Fornell (1992) opine that sensible handling of customer complaints may ensure that weakly dissatisfied customers remain loyal, and thereby serve as an *exit barrier*.

While substantial attention has been given to the process of customer satisfaction, present level of satisfaction of customers is not at a satisfactory level (Oliver & DeSarbo, 1998; Westbrook & Oliver, 1991). It is amazing to watch so many experts preach or imply that dissatisfaction is simply the opposite of satisfaction (Loveman, 1998; Kakabadse & Kakabadse, 1999). The obvious conclusion is that if one can identify the areas where satisfaction is low and then raise those levels, the customers are then satisfied. There is not a one-to-one correspondence between the elements of satisfaction and dissatisfaction. What can be said is that satisfaction and dissatisfaction may lie on a continuum at either extreme (Singh, 1990). Between these two extremes lies a zone of uncertainty that is most often overlooked and is certainly least understood of all concepts of customer

satisfaction. The fact is that people are nonlinear, that is, they can just take in so many events before only one event will cause a reaction that is more suitable to the sum of the many events rather than the single event itself (Rust & Zahorik, 1993).

It is impossible to provide high levels of satisfaction across the board without clearly understanding the individual factors that drive it. As a determinant of customer satisfaction, the role of customer expectations has been underappreciated and underutilized. A study of 348 'critical incidents' in the hotel, restaurant and airline industries found that 75 % incidents in which customers were unhappy were attributed to unrealistic expectations by customers about the ability of the service system to perform and only 25% were due to service that could objectively be described as shoddy (Nyquist *et al.*, 1985).

Most organizations are in the double bind of needing to improve services while attempting to keep costs down. The airline industry is a very good example of this dilemma. In the international market, competitors are operating on razor thin margins (if not losses) in an environment where customers are extremely price sensitive. However airlines are also very much a service industry and they are constantly evaluated on their customer responsiveness relative to competitors. Assuming that there are countless new features or services that could be added to their offering, the question arises: How are the airlines going to decide on the most important requirements of a business traveler – larger seats, better food, or more luxurious lounges? Competitors in the airline industry must decide which ones among the above can provide them with a competitive advantage. They should also find out as to which ones could be eliminated to reduce costs, with the least adverse effect on the company. Identifying the most strategically critical customer consequences would help airlines to see what attributes might be used to enhance them. For example, if an airline customers feel that *'not having to wait in lines at the gate makes me feel more relaxed and at ease'*, the airline companies should go about ways of enhancing this benefit. They should constantly ask themselves the questions: How might check-in be facilitated or if possible eliminated? Are there alternatives to queuing up at a desk? By contrast, some executives might determine that a few attributes are not related to important customer consequences at all and thus become targets for elimination. One air carrier reported a change from china to plastic dishes that went unmentioned by the customers much to the airline's surprise. The customers apparently placed little significance on the quality of the serving dishes in enhancing important higher order consequences and end states (Woodruff & Gardial, 1996).

Even the highly satisfied customers may defect. The company that will survive and flourish over the long term is the one that continually works to understand the relationship between satisfaction and loyalty for each of its customers, for each of its business units, and for each of the industries in which it competes (Thomas & Sasser, 1998). Airlines are already flying into the red. Even without Iraq war, the airlines were expecting a dismal set of results, as airfares plumb their lowest level since, 1987. The International air transport Association predicted that the industry would lose \$10 billion in the year 2003. Some airlines are in particularly desperate straits. The bad news is starting to creep across the Atlantic. British Airways is cutting seats and accelerating job-cut programs. Air France has reduced capital expenditure. Asian Airlines are expected to follow soon with the shares of Asian airlines falling (Arnold, 2003). In an increasingly dynamic world where both needs and technologies are changing rapidly, customer input and involvement are essential to enhancing and leveraging of long term customer-supplier relationships. The only way to know what is truly important to customers, is to engage them in an ongoing process of discovering what real, sustained satisfaction means to them. Teaming with customers on matters of mutual interest such as quality, technology, new product development, service, and process improvements can serve to generate this deeper understanding (Thomas, 1998). To take a 360-degree view of its customers, a company has to improve its customer relationship management constantly (Galbreath & Rogers, 1999). Firms have to become adept at using data to track trends in customer satisfaction levels and most importantly to understand what decides that satisfaction (Carman, 1990). In view of this fact, the present research study collects primary data on customer satisfaction from airline passengers in Malaysia. It also tests the hypotheses below, to determine what factors influence the level of that satisfaction. The study seeks to find out if provision or availability of certain services by the airlines influence customer's satisfaction.

Hypotheses

The hypotheses are formulated as “null hypothesis statements”, contending that there are no relationships between the dependent variable (customer satisfaction) and each of the independent variables. They go as follows:

H1: *There is no relationship between the use of ICT innovations and customer satisfaction.*

The travel industry has been a leader in the use of information communication technology for more than 30 years. Around the world, the travel industry is investing billions of dollars a year on ICT. Government agencies are also investing heavily in ICT (Bitauld et al., 1997). It is hypothesized that there is no relationship between the use of latest Information Communication Technology tools that are in vogue in the airline industry to enable the customers to retrieve general information and flight information about assistance and the increase of customer satisfaction. A combination of media like still images, graphics, text, etc., is of course being used to provide high quality customer information and thereby ensure customer satisfaction. It is further hypothesized that there is no connection between communication with customers through e-mail and customer satisfaction. These days of ultra fast telecommunication and wireless communication methods, customers expect *real-time* actions and that be communicated to him/her instantly. Whether there is a relationship between the customer-self-help system, which aids the customers round the clock, and customer satisfaction is another aspect being tested here. In fact, information gathered during the search process, particularly related to online transaction, can often lead to a 'no purchase' or 'delay purchase' decision (Cohen & Chakravarti, 1990; Srinivasan, 1990). As customers are investing their time and energy (apart from huge sums of money towards airfares) in air travel, they expect immediate solution to all their problems. Hence the next point of contention is whether 'supplying information electronically' has a direct bearing on customer satisfaction. In these days of automation, users heavily depend on media other than phone or personal visit to the airline companies for getting updates on information. It is hypothesized that there is no relationship between frequent updating and providing of latest information and customer satisfaction.

H2: *There is no relationship between Human Interaction and customer satisfaction.*

Not all customers may like machines talking to machines situations. It is hypothesized that there is no relationship between personalized service and customer satisfaction. Some of the air travelers still like to see a ticket on their hand, use conventional forms of check-in and get the information regarding delay or departure times from a real person. Customers sometimes feel that they need to see a staff to solve their specific problems, which cannot be tackled by technology. It is therefore worthwhile testing whether there is association between human intervention in understanding the customers' specific needs and customer satisfaction.

H3: *There is no relationship between handling of reservation formalities and customer satisfaction.*

Reservation formalities are one of the most important encounters a passenger can have with the airlines. The hypothesis *H3* has been formulated to find out whether there is association between immediate confirmation of seats and customer satisfaction. It is hypothesized that there is no association between customer satisfaction and providing information on waitlist position, alternative routing to the destination, lay-over if eligible, and accurate information on confirmation of seats.

H4: *There is no relationship between handling of check-in formalities and customer satisfaction.*

The hypothesis here is that there is no association between speed of check-in, extra luggage facility, providing correct information on delays and departure timings and customer satisfaction.

H5: *There is no relationship between in-flight services and customer satisfaction.*

Staff efficiency and attentiveness are generally regarded as items of priority, but the different airlines cabin staff inject a degree of personality, sincerity and character into the service (SKYTRAX Research, 2002). It is however hypothesized here that there is no association between good food served during the flight time, efficiency and speed of service inside the flight, cleanliness of inside of the aircraft, in-flight movie/entertainment services and Internet connectivity and customer satisfaction.

H6: *There is no relationship between the source of recommendations/suggestions for choice of Airline and customer satisfaction.*

It is sometimes believed that recommendation of friends, colleagues or relatives influences one's decisions and thus has a bearing on a customer's level of satisfaction (Smith, 1999). The null hypothesis in this case is: There is no relationship between suggestions of travel agents and previous experience and customer satisfaction.

H7: *There is no relationship between the image of the airline company and customer satisfaction.*

Airlines are vying with one another to keep their image in the minds of the customers – some of them with their services, some with their fleet, and yet others with in-flight services (Carty, 2001). Mistakes are costly in the airline industry and mistakes create the wrong image for the airlines. The security measures of the airline company are one of the main constituents of the image of the airline. In the present scenario, safety and security measures of an airline company play a key role in customers' selection of an airline (Pilling, 2002). Additional security measures are likely to create a new challenge for on-time performance, once traffic growth returns. The airlines have to balance operational requirements, security and customer convenience, and will have to focus on enhanced security functions. The attractive web site of an airline is expected to boost the image of the airline and customer satisfaction. A large network of the airlines, which connects more number of cities, is also believed to improve customer satisfaction. Large network is a very important factor in customers' choice of flying a particular airline (indian-airlines.nic.in). Convenient connections to various countries and cities inside a country influence the decision of selecting the airline. The hypothesis here is that there is no relationship between the image of the airline company and customer satisfaction.

H8: *There is no relationship between Incentives in the form of money and customer satisfaction.*

Growth rates for low cost airlines far exceed any other sector (Sandoval, 2000). The root of understanding consumer behavior comes from the study of economics (Johnson-Laird, 1998). Traditional economic theory strongly believes that consumers are utility-maximizing, rational individuals having stable preferences for and perfect knowledge of the options available to them (Hoffman & Novak, 1996). The hypothesis here is the statement H8 stated above.

H9: *There is no relationship between mode of registering complaints/ suggestions and customer satisfaction.*

A record number of complaints are received from dissatisfied air travelers from various government departments (ACAP1971@aol.com). The complaints have run the whole range from trivial to truly serious (Globeandmail.com). This aspect is of growing concern to the airline companies, which care for their customers' satisfaction. It is hypothesized that there is no relationship between registering of requests/suggestions and complaints and customer satisfaction.

Methodology

Data for this study was obtained through a questionnaire survey of passengers touching Kuala Lumpur international airport, Malaysia. In order to get a clear picture of the perceptions of the air-travelling public, the sample was made to include all adult age groups and mainly those who fly often. It was decided that about 600 samples of passengers from different cross-sections of the society could be approached to take part in the Questionnaire-Survey. On a 4-point Likert-type

scale respondents were asked to indicate their level of satisfaction with the airline services, and indicate to what extent they value the various components of the airline service offering, which include ICT, Human Interaction, reservation, check-in, and in-flight services. Respondents were also asked to indicate how much importance they attach to such things as incentives in the form of money, provision to register their complaints/suggestions, as well as the image of the airline itself.

In the present study, a response of '1' to a question denotes strong agreement and '4' represents strong disagreement by the respondent. It is reasonable to assume that values of the mean above 2.5 shows a tendency towards disagreement and those below 2.5 indicate a tendency towards agreement with the statement of the question. In order to test the stated null hypotheses, the Pearson Correlation coefficient was used. This coefficient was tested at the 5% level of significance. The dependent variable was overall satisfaction with the airline, while all the other variables were the independent variables taken one at a time. Of the 600 questionnaires administered, 312 were filled out, and some 268 of these were usable. The final sample of 268 respondents was found to comprise people aged 18 to 60; of which 30% were females, 65% were males, and the remaining 5% failed to identify their gender. The usable questionnaires were analyzed using SPSS 10.0. The mean of the dependent variable (overall satisfaction with the airline) stood at 2.37 for all respondents, with a standard deviation of 0.61. The mean values for the independent variables ranged from 1.09 to 3.36; with standard deviation ranging from 0.30 to 1.00. The result of the hypotheses testing is discussed below.

Result of the Test of Hypotheses

The Passenger questionnaire responses were tested for the null-hypothesis-statements formulated above. The null-hypotheses were based on the absence of relationship between independent variables like ICT, Service Quality, Image, etc. and the dependent variable, namely, Customer Satisfaction. The results are discussed below:

H1: There is no relationship between the use of ICT innovations and customer satisfaction.

The passenger community has been using the ICT facilities of the airline companies that have been introduced on and off. Whether there is relationship between the use of ICT innovations by the airline companies and satisfaction felt by the customers is tested. Table 1 shows the correlation values of the various factors tested with passengers, with regards to their usage of ICT facilities and their behavior and their opinions on this aspect.

Table 1

Correlation – Airline ICT Facilities and Customer Satisfaction

| | | |
|--|---------------------|--------|
| Retrieve Information from Web site | Pearson-Correlation | .171** |
| | Sig. (2-tailed) | .005 |
| | N | 268 |
| Consistent Customer Service possible through ICT alone | Pearson-Correlation | .296** |
| | Sig. (2-tailed) | .000 |
| | N | 268 |
| Airline ICT facilities helps at odd times too | Pearson-Correlation | .198** |
| | Sig. (2-tailed) | .001 |
| | N | 263 |
| Latest Updates available through Improved Airline Communication Facilities | Pearson-Correlation | .352** |
| | Sig. (2-tailed) | .000 |
| | N | 266 |
| Air Passengers prefer Electronically supplied Information | Pearson-Correlation | .089 |
| | Sig. (2-tailed) | .146 |
| | N | 267 |

** indicates that correlation is significant at 5% level.

The results in Table 1 point towards rejection of Hypothesis H1. There is a relationship between the two variables, namely, the information on website and customer satisfaction. Presence of relationship with respect to customer satisfaction is also indicated for three other variables, namely, whether ICT alone can be used for providing consistent customer service, whether ICT facilities help the passengers even during odd times and whether Updates are promptly made available through improved Airline Communication Facilities. Among the items tested, the strength of correlation can be listed in the order *Updates*, *ICT-alone*, *Odd-time Utility* and *Web Site Information Retrieval*. It is however found from the results (last row of the table), that Customer Satisfaction level is not related to electronic dissemination of information.

H2: There is no relationship between human Interaction and customer satisfaction.

Human interaction is one of the variables in the present study. Testing for relationship between this variable and customer satisfaction has yielded results as shown in Table 2.

Table 2

Correlation – Human Interaction and Customer Satisfaction

| | | |
|---|---------------------|-------|
| Passengers prefer more Human Interaction | Pearson-Correlation | .106 |
| | Sig. (2-tailed) | .793 |
| | N | 267 |
| Passengers prefer Manual Transactions | Pearson-Correlation | -.038 |
| | Sig. (2-tailed) | .533 |
| | N | 268 |
| Personalized Service is missing due to excessive use of ICT | Pearson-Correlation | -.045 |
| | Sig. (2-tailed) | .463 |
| | N | 267 |

From the entries in this Table, it is evident that no relationship exists between any of the relevant variables and customer satisfaction. The insignificant negative correlation values in the last two rows could indicate that the overall satisfaction is not considered by the passengers while replying this aspect of the service. Thus there is no evidence to reject the hypothesis H2. Customer Satisfaction may therefore be thought of as being independent of Human Interaction as confirmed by the rejection of the earlier hypothesis H1.

H3: There is no relationship between handling of reservation and customer satisfaction.

Passengers' reservation preferences, the independent variable when tested for correlation with customer satisfaction, gives the results that are depicted in Table 3. The table shows that all, except two, of the factors (immediate confirmation and Accuracy of Reservation) that were tested have correlation with Customer Satisfaction. It has to be concluded there is a relationship between Passengers' Reservation Preferences and Customer Satisfaction. The negative value of correlation can be explained in the following way. Looking at the mean values of the variables, it could be concluded that a sizable number of Passengers who have opted for the alternative most *preferable* for an independent variable may have indicated the alternative *disagree* as far as overall satisfaction is concerned. Some respondents who have given the alternative *preferable* for the variable could have indicated *agree* for overall satisfaction. The first group is specifically likely to be constituted by those respondents who expect quality service from the airlines. These passengers have clearly observed difference between the mentally perceived desired conditions and the situation actually existing at present.

Table 3

Correlation – Reservation Preferences and Customer Satisfaction

| | | |
|------------------------------------|---|------------------------|
| Immediate Confirmation | Pearson-Correlation Sig. (2-tailed) N | -.066 .284 267 |
| Update from Wait-List | Pearson-Correlation Sig. (2-tailed) N | -.167** .006 266 |
| Information on Alternative Routing | Pearson-Correlation Sig. (2-tailed) N | -.181** .003 266 |
| Providing Hotel-Layover | Pearson-Correlation Sig. (2-tailed) N | -.217** .000 266 |
| Offering Priority in Reservation | Pearson-Correlation Sig. (2-tailed) N | -.179** .003 266 |
| Accuracy of Reservation | Pearson-Correlation Sig. (2-tailed) N | -.120 .050 266 |

** indicates that correlation is significant at 5% level.

H4: There is no relationship between handling of check-in and customer satisfaction.

Check-in formalities are one of the service components that form a variable in the analysis. Table 4 indicates the correlation values of check-in formalities. It is seen from the table that, upgrading the class of travel and allocation of special seats have negative correlation to customer satisfaction. By considering the mean values of the variables, it could be concluded that quite a few passengers who have ticked the alternative *highly preferable* for the independent variable would have chosen *disagree* for the question on overall satisfaction. Some respondents could have chosen *preferable* and *agree* respectively. The other three factors show no correlation. Hypothesis *H4* may therefore be accepted.

Table 4

Correlation – Check-in Formalities and Customer Satisfaction

| | | |
|---|---|------------------------|
| Speed of Check-in | Pearson-Correlation Sig. (2-tailed) N | -.108 .078 266 |
| Upgrading Class of Travel | Pearson-Correlation Sig. (2-tailed) N | -.185** .002 266 |
| Extra Luggage Facility | Pearson-Correlation Sig. (2-tailed) N | -.095 .120 267 |
| Allocation of Special Seats | Pearson-Correlation Sig. (2-tailed) N | -.120** .050 266 |
| Accurate Information on Departure/Delay | Pearson-Correlation Sig. (2-tailed) N | .044 .471 267 |

** indicates that correlation is significant at 5% level.

H5: There is no relationship between in-flight services and customer satisfaction.

Passenger's in-flight experience is one of the independent variables of service quality components, which is tested for correlation with customer satisfaction in Table 5.

Table 5

Correlation – In-Flight Experience and Customer Satisfaction

| | | |
|--|---|-----------------------|
| Good and Variety Food | Pearson-Correlation Sig. (2-tailed) N | .195** .001 266 |
| Availability of Internet Connectivity | Pearson-Correlation Sig. (2-tailed) N | .133** .029 267 |
| Promptness and Efficiency of Service | Pearson-Correlation Sig. (2-tailed) N | -.049 .422 267 |
| In-Flight Movies/Entertainment | Pearson-Correlation Sig. (2-tailed) N | .130* .034 266 |
| Cleanliness of Aircraft | Pearson-Correlation Sig. (2-tailed) N | -.121 .049 266 |

** indicates that correlation is significant at 64% level.

Table 5 shows that among the points that were tested, good food during the flight, Internet connectivity availability, In-flight entertainment and Cleanliness of the aircraft show correlation with customer satisfaction. The negative correlation that is observed between Aircraft Cleanliness and Customer Satisfaction is likely be due to the possibility of some customers who have indicated *highly preferable* for the dependent variable could have ticked the alternative *disagree* for overall satisfaction. Some other customers could have chosen *preferable* and *agree* respectively. The hypothesis 5 is rejected.

H6: There is no relationship between source of recommendations/suggestions for choice of Airline and customer satisfaction.

Choice of the airline to fly with is made under various conditions and several factors are expected to influence the selection process. Correlation between recommendation from various sources and customer satisfaction is tested and results are given below:

Table 6

Correlation – Choice of Airline and Customer Satisfaction

| | | |
|----------------------------------|---|------------------------|
| Own Prior Pleasant Experience | Pearson-Correlation Sig. (2-tailed) N | .027 .658 265 |
| Agents' Recommendation | Pearson-Correlation Sig. (2-tailed) N | .024 .696 266 |
| Friends' Opinion | Pearson-Correlation Sig. (2-tailed) N | .007 .912 265 |
| Norms of Employer | Pearson-Correlation Sig. (2-tailed) N | -.217** .000 262 |

** indicates that correlation is significant at 5% level.

Table 6 gives at a glance, the correlation values between Choice of Airlines and Customer Satisfaction. For the items in the first three rows, there is no relationship. The hypothesis *H6* is therefore accepted. The negative correlation that is observed between Employer's Norms and Customer Satisfaction is likely be due to the possibility of some customers who have indicated *highly preferable* for the former could have ticked the alternative *disagree* for the latter. Some respondents could have chosen *preferable* and *agree* respectively as indicated by the averages for the two questions.

H7: There is no relationship between the image of the airline company and customer satisfaction.

In the formulation of this hypothesis, the independent variable is Image of the airline and the dependent variable is Customer Satisfaction. The relevant factors for this independent variable are given in the first column of Table 7.

Table 7

Correlation – Airline's Image and Customer Satisfaction

| | | |
|------------------------------------|---------------------|---------|
| Safety Record of the Airline | Pearson-Correlation | -.150** |
| | Sig. (2-tailed) | .015 |
| | N | 265 |
| General Reputation of the Airline | Pearson-Correlation | .065 |
| | Sig. (2-tailed) | .294 |
| | N | 265 |
| Web Site of the Airline | Pearson-Correlation | .065 |
| | Sig. (2-tailed) | .294 |
| | N | 265 |
| Availability of On-line Connection | Pearson-Correlation | .161** |
| | Sig. (2-tailed) | .009 |
| | N | 266 |
| Large Number of Cities Served | Pearson-Correlation | -.209** |
| | Sig. (2-tailed) | .001 |
| | N | 265 |

** indicates that correlation is significant at 5% level.

General Reputation of the Airline and Web Site indicate no relationship to Customer Satisfaction. Safety Record of the airline, On-line Connection Availability and Large number of Cities served do have correlation to customer satisfaction, as shown in the table. The correlation is however negative for Safety Record and Large Number of Cities covered. This may be explained as follows. Some of the respondents who expect quality service from the airlines are likely to have clearly observed difference between the mentally perceived desired conditions and the actually existing situation at present. Since relationship is indicated for three out of the five governing factors, there is ground for rejecting the hypothesis *H7*.

H8: There is no relationship between Incentives in the form of money and customer satisfaction.

In this hypothesis, the independent variable 'Incentives' and dependent variable 'Customer satisfaction' are assumed to have no relationship. On testing for correlation, the results obtained are given in Table 8 below:

Table 8

Correlation – Influence of Monetary Incentives and Customer Satisfaction

| | | |
|----------------------|---------------------|------|
| Discounted Fares | Pearson-Correlation | .036 |
| | Sig. (2-tailed) | .563 |
| | N | 266 |
| Other Special Offers | Pearson-Correlation | .065 |
| | Sig. (2-tailed) | .291 |
| | N | 264 |

** indicates that correlation is significant at 5% level.

The entries in both rows of the table indicate that there is no correlation between Incentives and Customer satisfaction. It can be reasonably presumed that the respondents have not viewed customer satisfaction from the incentive angle.

H9: There is no relationship between mode of registering complaints/suggestions and customer satisfaction.

Invariably it is noticed that customers complain about the fate of their complaints. It is usual to expect that registered complaints, suggestions or requests from customers enable the authorities to take immediate action so that the level of customer satisfaction increases. For this null hypothesis, the mode of registering complaints forms the independent variable, customer satisfaction being the dependent variable.

Table 9

Correlation – Modes of Registering Requests/Suggestions and Customer Satisfaction

| | | |
|------------------------|---------------------|---------|
| Through e-mail | Pearson-Correlation | .280** |
| | Sig. (2-tailed) | .000 |
| | N | 267 |
| By Fax | Pearson-Correlation | .092 |
| | Sig. (2-tailed) | .136 |
| | N | 264 |
| By Snail-mail (Letter) | Pearson-Correlation | -.201** |
| | Sig. (2-tailed) | .001 |
| | N | 265 |
| By Telephone | Pearson-Correlation | -.074 |
| | Sig. (2-tailed) | .230 |
| | N | 266 |
| Through Suggestion-Box | Pearson-Correlation | .183** |
| | Sig. (2-tailed) | .003 |
| | N | 265 |

** indicates that correlation is significant at 5% level.

Table 9 gives the correlation values Fax and Phone complaints show no correlation with Customer Satisfaction. Email communications, Letter-complaints and Suggestion-Box methods have relation to Customer Satisfaction. Negative correlation between Snail Mail and Customer Satisfaction may be due to the fact that a sizable number of respondents who have indicated *preferable* for the Independent variable may have chosen the alternative *disagree* for Customer Satisfaction and vice versa. Considering all the results of all the factors pertaining to complaint/suggestion handling, hypothesis *H9* is rejected.

Managerial Applications

In the present research study, the passengers' responses have generated a few ideas, which are presented as suggestions that may be considered by the airlines for implementation. They are summarized in the following sub-sections.

Expectation fulfillment on the web site

To the question on the utility of the web site of airlines, the replies of the passengers indicate a mean value of a little over 2. As per a survey done by an airline company, about 46% of the passenger revenue is generated by online booking via the site, in the west (www.southwest.com). If an airline is determined to provide good customer service, then this has to be said clearly, right on

their web site, to the prospective customers who visit their site. Web sites have to go beyond brochure-ware to offer a higher level of service to their customers. They will determine the service reputation of the airline company for years to come. If a company does a good job, the web site visitors will tell all their friends about the company in a highly positive way. Big departmental stores change their displays constantly. Display Change is considered even more important on the Web. Such a practice by an airline company is bound to result in fruitful yields.

Responsiveness over Phone and Internet

The passengers' opinion on the questions relating to the utility of ICT does not speak highly about the conditions existing as of today. The customers have indirectly made negative remarks on this aspect. Attention of airlines is drawn to this point for improvement. When making a phone call to any airline, he/she notices to his/her dismay that virtually all the Airline companies run their customers through an electronic maze of choices that is supposed to make the reply more efficient. But they often succeed in annoying the caller who simply wants to talk to a human being. People prefer to stick to an airline, because when they call the reservation or flight information, they immediately get a real person. Some would even vow to avoid companies whose phone service is unresponsive or laborious. The telephone certainly is the next best thing to being there. Callers form first impressions and draw immediate conclusions about an airline's efficiency and their employee's communication skills, friendliness, and expertise – all in the first few moments. In short, the airline staff's courtesy and effectiveness over the telephone quickly convey unspoken but important messages to calling customers. When a call is unanswered, the caller gets the message that the airlines do not consider him/her important.

Today's businesses no doubt need e-mail and Web sites, but two significant drawbacks to these electronic communicators can almost cancel out their benefit. If a company's Web pages load too slowly or if customers get caught in a loop, they may be lost forever. It should be remembered that with the present day advancements in Internet Technology, a customer who is unhappy with a firm, tells not six, but 6000 friends about it (Timm, 2001). Wise airline companies constantly may improve their phone and Net Services, so that the situation just discussed could be avoided.

Avoidable effects of overdose of automation

The analysis of Passengers' responses indirectly points to the overdose of automation to which the airlines are subjecting the customers. Automation was first brought in for helping customers do their jobs. In their enthusiasm to show profit and cut costs down, some of the airlines do compromise/sacrifice customer services, by overdoing the ICT implementations and automation of processes. Such a step may, instead of increasing the satisfaction and delighting the customer, turn a frequent flyer into a frustrated flyer.

An example is the introduction of self-service kiosks and telephone links, which the travelers can use for selecting seats and printing out boarding passes only if they do not have luggage. Anything more complicated, they have to stand in long lines to see a customer service representative. The phone links take them to a call center and not to the check-in counter. It is unclear whether a weary traveler will tolerate automation after a flight cancellation. The observations that were made and strong opinion of some of the seasoned travelers is that the victims of a flight cancellation have the overwhelming feeling to find an airline representative and not a kiosk for lodging the complaint. If the airlines have their way, locating a human to hear the customer's griping might be a bit challenging. The passengers' strongly-voiced opinion that travel agents generally provide better services than the automated travel services (Terry, 2003) is a point not to be taken lightly by the Airline Industry. Automation is a two-edged process – showing profit and simultaneously increasing customer care. These conflicting interests should be converted into forming a conducive composition, leading to customer care.

Advantages of the human element

In a world of increasing and variable competition the ability to respond quickly to changing needs and market shifts become more important and an accurate understanding of value 'differentiation'

is necessary. Human element is very important in service organizations like the airline industry, where quality is perceived and difficult to measure. It is rightly said that an email cannot smile. Research shows that only 7 per cent of the impact of one's communication with another person is in the words used and 38% is in the tone of voice. The remaining 55% of the message comes from physical appearance, mannerisms, eye contact, and so on (Kiger, 2002). It is recommended that the airlines strike a balance between these two important customer focus activities. The balancing of human interaction, which ensures some extent of personalization of services and the automation in dealing with customers, is the only thing that may answer this situation.

Service quality and front-line employees

To a customer, a front-line employee personifies the firm. Everything that the front-end individuals do or say can influence the customer's perceptions of the organization. The behavior of the flight attendants of an airline can directly influence customer satisfaction, even when they are off-duty or on a break. If they are unprofessional or make rude remarks about or to a customer, the latter's perceptions of the airline will suffer even though the employee is not on duty at that instant. Hence the airlines must insist that their employees maintain on-stage attitudes and behavior whenever they are in front of the public. The term emotional labor was coined by Arlie Hochschild to refer to the labor that goes beyond the physical or mental skills needed to deliver quality service (Zeithaml & Bitner, 2000). It means delivering smiles, making eye contact, showing sincere interest and engaging in friendly conversation with people who are essentially strangers and who may or may not even be seen again. The airline organizations are required to carefully select people, who can handle emotional stress and train them in needed skills – especially listening and problem solving. In short, the airline company's staff must be converted to practicing a strong customer orientation.

Complaint and suggestion systems

Investing money in the newest equipment available in the world will only eliminate about 15% of the complaints. The remedy for the remaining 85% of complaints lies wholly within the airlines' ability to handle. Flight cancellation and baggage complaints have risen to 300%. It has been reported that 96% of dissatisfied customers do not complain, 65% of customers leave because of poor service and inattention. It is 5 times more expensive to acquire a new customer than to retain an existing one. A 5% increase in customer retention can increase your profits significantly. On an average a customer tells 9-10 people about a problem (www.service007.com).

We can assume that a passenger would be unhappy and complain if any aspect of service is overlooked even slightly. For example, with respect to in-flight services, nearly all the respondents have mentioned that cleanliness to be the important factor. Customers may look to products/services in completely different categories to provide standard for comparison. A passenger who finds coffee stains on the flip-flop tray in front of him in the aircraft may think that the airline does not do its engine maintenance properly. A customer-centered airline should maximize the ease with which customers can inquire, make suggestions, or complain. There should be no tendency on the part of the airlines to discount the complaints under the assumption that they come from a small percentage of the flying public. This minimal number of complaints coming from a small fraction of customers can become dramatically more significant because of the word of mouth effect. Responsive airline companies should obtain a direct measure of customer satisfaction by conducting periodic surveys. They should send questionnaires or make telephone calls to a random sample of their recent customers to find out how they feel about various aspects of the airline's performance. It is also important to solicit discreetly, travelers' views on the performance of their competitors.

Image improvement

In the responses received, all the three groups have indicated safety as an important factor. Safety constitutes an essential constituent contributing to the image of an airline. After the famous 9/11 incident, there has been a major change in customer reaction. The image of the airline, which was previously guided by various factors like service enhancements, staff performance, and other physical factors, now shifted focus to safety and security issues. For example, some air carriers

recently reported a change from china to plastic dishes due to security reasons. Much to the airlines' surprise, this point went unnoticed or unmentioned by the customers. The customers apparently placed little significance on the quality of the containers of dishes in enhancing important higher order consequences and end states. One frequent flyer remarked that after having tasted the mysterious gray food of the airlines round the world, commenting on the 'dishes' was not worthwhile. No customer should be treated poorly. Every customer – regardless of economic worth to the business – has the ability to positively or negatively impact a company's reputation and image.

Importance of price

Synchro-Pricing is the use of price to manage demand for a service by using customer sensitivity to prices (Zeithaml, 2000). Air passenger transportation and Cargo planes have demand that fluctuates over time as well as constrained supply at peak times. For them, setting price that provides a profit over time can be difficult. Pricing can however play a role in smoothing demand and synchronizing specific behavioral intentions. Price is the variable most frequently associated with value. The emotional satisfaction of getting something at the cheapest price is almost like a drug. People will go to any length to get it. There may be an economic sense in this differential demand-based pricing, but this practice results in dissatisfaction of the cross section of customers who have to travel at short notice under dire circumstances.

Limitations and Recommendations for Further Study

The work reported in the present research study has been confined to one section of Airline Customers, namely, the Passengers. Another important wing of the Airline Industry is Transport of Cargo by air. Here, the major customers of the Airline Companies are cargo-handling agents, who have been entrusted with the task of goods transport by their own customers. Postal Departments and Private Couriers in different countries are also engaged in the air transport of parcels. Customer Satisfaction becomes a critical factor in the case of miscarried parcels. The same is valid for Passenger baggage and Air Cargo handled by Airlines as well. Factors determining customer satisfaction in that aspect of the airline industry worth at least an academic investigation. Also, this study is limited to only one developing country. A replica in other developing countries, especially in Asia, should prove enlightening permitting generalization of findings to the countries in that part of the world.

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