A Study on Service Quality and Passenger Satisfaction on Indian Airlines

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Abstract
This study examines the underlying forces of service quality influences on passengers’ satisfaction in aircraft transport. The study examines which dimensions have a positive influence on service quality and which dimensions have the most and least important impact on service quality in international air travel, as perceived by airline passengers. The findings of this study are based on the analysis of sample respondents. This study analyzed the data from passengers of three classes, economy, business and premium. The results suggest that there are different factors of in-flight service quality that are important according to the customer seat class. The dimensionality of perceived service quality in international air travel was explored and three dimensions were identified. These dimensions include in-flight service, in-flight digital service and back-office operations. The findings reveal that these three dimensions are positively related to perceive service quality in international air travel and of these dimensions, Cuisines provided, seat comfort safety are the most important dimension in in-flight service quality. Personal entertainment is the most important dimension as perceived by airline passengers in In-flight digital service quality. Online ticket booking is another dimension in back-office operations. In addition, the findings indicate that passengers’ satisfaction on different airline companies on basis of the services delivered.

Keywords: Aviation, Service Quality, Passenger Satisfaction, Indian Airlines, Profitability.

JEL Classification: D 18, L 83, L 93.

1. INTRODUCTION
The aviation sector has become the most important segment in the economic development of a nation. It 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. Stiff competition and favorable initiatives of the Government of India added fuel to enlarge both flights and fleets. Air Deccan was the premier airline, which offered low tariff to the domestic as well as international destinations and created...
a new landmark in aviation sector in India. Now ordinary citizens easily access the aviation service from their respective air terminals. In a highly competitive environment the provision of high quality services to passengers is the core competitive advantage for an airline's profitability and sustained growth. In the past decade, as the air transportation market has become even more challenging, many airlines have turned to focus on airline service quality to increase service satisfaction. Service quality conditions influences a firm’s competitive advantage by retaining customer patronage, and with this comes market share. Delivering high-quality service to passengers is essential for airline survival, so airlines need to understand what passengers expect from their services. Service quality can be defined as a consumer’s overall impression of the relative efficiency of the organization and its services. Understanding exactly what customers expect is the most crucial step in defining and delivering high-quality service. Service quality is one of the best models for evaluating customers’ expectations and perceptions. The performance of a company leads to passenger satisfaction with a product or service. Passenger satisfaction is fundamental to the practice of consumer sovereignty. Recently many researchers stresses that, customer satisfaction have become an important issue for marketing practitioners because of the rapid business environment. Passenger satisfaction can be defined as a judgment made on the basis of a specific service encounter. Satisfaction and loyalty are not surrogates for each other. It is possible for customers to be loyal without being highly satisfied and to be highly satisfied and yet not loyal. Firms are needed to gain a better understanding of the relationship between satisfaction and behavioral intention in the online environment and to allocate the online marketing efforts between satisfaction initiatives and behavioral intention program. Moreover, the results from this research would assist airline managers to better serve their customers, monitor and develop service quality to achieve the highest level of their passengers’ satisfaction.

2. DIMENSIONS OF AIRLINES

And this study examines the underlying forces of service quality influences on passengers' satisfaction in aircraft transport. The study examines which dimensions have a positive influence on service quality and which dimensions have the most and least important impact on service quality in international air travel, as perceived by airline passengers. The findings of this study are based on the analysis respondents. In the survey we have collected information from passengers and usually all of them traveled by FSC and LCA’s and thus were able to comment on the services of both. This study analyzed the data from passengers of three classes, economy, business and premium. The results suggest that there are different factors of in-flight service quality that are important according to the customer seat class. The dimensionality of perceived service quality in international air travel was explored and three dimensions were identified. These dimensions include in-flight service, in-flight digital service and back-office operations. The findings reveal that these three dimensions are positively related to perceive service quality in international air travel and of these dimensions, Cuisines provided, seat comfort safety are the most important dimension in in-flight service quality. Personal entertainment is the most important dimension as perceived by airline passengers in In-flight digital service quality. Online ticket booking is another dimension in back-office operations. In addition, the findings indicate that passengers' satisfaction on different airline companies on basis of the services delivered. Results of the study reveal that although there have been significant changes in the aviation industry, which is currently in turmoil, yet the emergence of low fare carriers has been successful in making inroads in this sector. The findings provide evidence for the importance of service quality in both low cost and full cost airlines. Results show that passengers consider significant difference in the tangible features of full service carriers in
that they consider it to be an important aspect of service quality. Whereas low cast carriers have become attractive given their low fares, passengers still consider tangibles to be an effective source of service quality perceptions.

Today competition is not only rife, but growing more intense constantly. However companies need to start paying keen attention to their competitors, they must understand their customers. Airlines are suffering from such competition. They have to believe customers as core concept of their business: customer satisfaction is what guarantees the future of airlines and it is achievable by an adoption between their services and passengers' needs. In another word, service quality is typically defined in terms of consumer satisfaction. Pricing and service quality are the key variables that decide the brand equity of each player in the airline industry. Existing literature suggests that measurement and management of service quality is the key for survival of airline companies. The airline industry, which is a service-oriented business, is difficult to market using only traditional marketing approach. In a product business, the product is fairly standardized and sits on a shelf, waiting for the customer to reach for it. In the airline business, the customer confronts the airline whose service quality is less cretin and more variables. As competition intensifies, more marketing sophistication will be needed.

Airline companies face three tasks, those of increasing their:

- Competitive differentiation
- Service quality
- Productivity

Various carriers have introduced such innovations as movies on board, advanced seating, merchandise for sale, air-to-ground telephone service and frequentflyer award programs to augment the offer. While one airline introduced sparsely consumed cabin crews, another added a piano bar. Airline today talk about adding suit pressing and shoe-shining services, a library of bestselling books and magazines, laptop computers and so on. The only problem is that most of these innovations are easily copied. Few of them are preemptive in the long run. Still the airline that regularly researches and develops innovative will gain a temporary advantage over its competitors. In the process they earn innovative reputation and may retain customers who want to go with the best airline. Once of the major ways to differentiate an airline is to deliver consistently and efficiently high quality services than competitors. The key is to meet or exceed the target customer's service quality expectations. But the airlines constantly face trade-offs between customer.

3. CUSTOMER SATISFACTION AND COMPANY PROFITABILITY

The airline therefore, clearly defines and communicates the service level that will be provided, so that will be provided, so that employees know what they should get. Unfortunately most after the airlines don't deliver what they promise. The third aspect is to increase productivity. This is done by designing more effective service, substituting absolute aircraft by new generation carries etc. Airline companies must avoid pushing productivity so hard that it reduces perceived quality. They should standardized quality and thereby increase customer satisfaction. Customer experience is a journey that a consumer takes along a series of encounters: they become aware of a brand, consider what's on offer, make enquires, make a purchase and use the service. Customers may choose to stay with the current service provider or may even choose to opt for a different set of services. However, the airline industry has reached a crossroads where on one hand it is important to satisfy consumers by providing them with the best facilities, yet fuel and labor costs continue to find ways and means of cutting down on costs, giving rise to a phenomenon of low cost/ no-frill airlines. The aviation sector has become the most important...
segment in the economic development of a nation. It 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. Stiff competition and favorable initiatives of the Government of India added fuel to enlarge both flights and fleets. In a highly competitive environment the provision of high quality services to passengers is the core competitive advantage for an airline's profitability and sustained growth. In the past decade, as the air transportation market has become even more challenging, many airlines have turned to focus on airline service quality to increase service satisfaction. Service quality conditions influences a firm's competitive advantage by retaining customer patronage, and with this comes market share. Delivering high-quality service to passengers is essential for airline survival, so airlines need to understand what passengers expect from their services. Service quality can be defined as a consumer's overall impression of the relative efficiency of the organization and its services. Understanding exactly what customers expect is the most crucial step in defining and delivering high-quality service. Service quality is one of the best models for evaluating customers' expectations and perceptions. The performance of a company leads to passenger satisfaction with a product or service. Passenger satisfaction is fundamental to the practice of consumer sovereignty. Recently many researchers stresses that, customer satisfaction have become an important issue for marketing practitioners because of the rapid business environment. Passenger satisfaction can be defined as a judgment made on the basis of a specific service encounter. Satisfaction and loyalty are not surrogates for each other. It is possible for customers to be loyal without being highly satisfied and to be highly satisfied and yet not loyal. Firms are needed to gain a better understanding of the relationship between satisfaction and behavioral intention program. Moreover, the results from this research would assist airline managers to better serve their customers, monitor and develop service quality to achieve the highest level of their passengers' satisfaction.

4. RESEARCH METHODOLOGY

The primary objective of this paper is to examine the relationship between airline service quality, passenger satisfaction and preference. This study identifies the main factors of airline service quality, passenger satisfaction and preference and proposes a model examining the directional relationship among these three constructs. It is based on an empirical influence of the data collected from 200 passengers with Indian airlines during July and August 2015. The data are analyzed using a variety of statistical techniques. Factor analysis is used to identify the main factors of airline service quality and passenger satisfaction and preference. The segmentation of airline passengers according to their preference levels and psychographic characteristics is performed using cluster analysis techniques. LISREL 8 and path analysis techniques are used to investigate the relationships among the three constructs namely: service quality, passenger satisfaction and passenger preference. The key findings of the study indicate that overall service quality is highly related to both passenger satisfaction and preference. The relationship between passenger and preference toward a specific airline is less clear.

In terms of the Harris Interactive poll, here are 10 interesting facts from the survey:

- 58 per cent of passengers would be willing to pay more for extra legroom on a longer flight. In comparison, only 33 per cent would be willing to pay more for extra legroom on a short flight.
- 63 per cent of passengers would rather be seated next to a crying baby than a smelly adult.
55 per cent of passengers would rather have free WiFi than free TV or movies on a flight.

46 per cent of passengers would rather be seated in a zone where other passengers can't recline than in a seat with extra legroom.

39 per cent of passengers would rather have the stranger next to them sleep on their shoulder than have to pay for carry-on baggage.

37 per cent of passengers would be willing to pay more to fly on a newer plane.

27 per cent of passengers would rather pay extra for my baggage than fly without in-flight TV/movies.

50 per cent of passengers think airlines should allow people to use their mobile phones on flights.

53 per cent of passengers would be willing to pay extra to avoid a middle seat on longer flights (3 hours or longer)

27 per cent of passengers would rather pay extra for their baggage than fly without in-flight TV/movies.

iv) To examine the demographic profile of the respondents and their satisfaction on the services rendered by the airliners.

b) Stated Choice Experiment

There are many factors that affect passengers' choice of airlines, including time schedule, number of flights, frequency, number of direct-flights, airlines' image, punctuality, in-flight services, seat comfort, passengers' attitudes, passengers' purpose for their trip, and passengers' satisfaction with the airlines. (Proussaloglou and Koppelman, 1995; Ghobrial, 1989; Ippolito, 1981). A conceptual framework, as shown in Figure 3, can describe the passengers' choice behavior. However, the effects of seat comfort and the image of the airline are rarely quantified. Hence, the relationships that are presented as solid lines in Figure 3 are the primary concern of this study. Because it is not easy to get the revealed preference data of the effects of these variables on passengers' choice, especially the effect of seat comfort, a stated choice experiment is used to present and analyze the quantified effects of those variables.

c) Time and service quality

The purpose of this paper is to explain the choice of network structure of a monopoly airline as well as flight frequency and aircraft capacity allocations across the network. The influence of travel time, flight frequencies, and service qualities are considered in relation to passenger behaviour, and how they therefore affect network structure. The investigation shows that a profit-maximising monopoly airline will adjust frequencies and capacities if traffic densities vary; while under symmetric demand airlines...
should either operate a hub-and-spoke or a point-to-point network.

Network airlines traditionally attempt to minimize passenger connecting times at hub airports based on the assumption that passengers prefer minimum scheduled elapsed times for their trips. Minimizing connecting times, however, creates peaks in hub airports'schedules. These peaks are extremely cost intensive in terms of additional personnel, resources, runway capacity and schedule recovery. Consequently, passenger connecting times should only be minimized if the anticipated revenue gain of minimizing passenger connecting times is larger than the increase in operating cost, i.e. if this policy increases overall operating profit. This research analyzes to what extent a change in elapsed time impacts passenger itinerary choice and thus an airline's market share.

We extend an existing airline itinerary choice survey to test the assumption that passenger demand is affected by the length of connecting times. Previous studies have not explicitly focused on the connecting time at hubs in their models. We hypothesize that passengers might incur lower utilities from shorter connecting time versus longer connecting times based on the potential discomfort of a hasty connection and the misconnection risk associated with short connecting times. We perform an SP experiment and collect socioeconomic data in order to estimate a choice model. The MNL model supports our hypothesis and refutes the traditional network airline assumption.

5. TRENDS FOR THE GLOBAL AIRLINES INDUSTRY

Trend 1: It's a New Passenger Out There; Airlines will need to build 'Social' Pace to Create Brand Equity

A number of leading global airlines have taken off on their 'social' flight and some are indulging in novel ways to engage with customers to build lasting relationships with them. Yes, it does mean stepping out of the corporate comfort zone and engaging real-time with the customer, but that's a feat airlines will have to achieve if they want to enhance brand equity and get a mind share of today's customer. While some airlines have taken a lead in engaging with customers on social media and social media management, others are still wetting their feet. Among the recent innovative airline social media campaigns and initiatives are Virgin Atlantic's (VA) 'Looking for Linda', an interactive contest that got customers hooked with its unique concept; KLM's 'Meet & Seat' service where fliers can select seats alongside fellow passengers based on mutual interests in their social media profiles; and British Airways' Facebook application called 'Perfect Days' that encourages travelers to share a travel wish list and itinerary via a Facebook. As social media takes precedence in the overall customer relationship management pie, airlines will need to look at building a large and robust resource pool that can respond to customer queries, complaints, posts and tweets round the clock. As studies indicate, today the volume of social media communication for some of the world's leading airlines, ranges between 15,000 - 200,000 tweets and between 60,000 - 1,000,000 Facebook fans, but in the near future, the numbers will increase phenomenally. And as BBC presenter Nik Gowing observes in his study, 'Skyful of Lies and Black Swans', there is still a long way to go before airlines can actually become competent in the social media management.

It will thus, make strategic sense for airlines to partner with providers that can provide them with a readymade resource pool of social media experts and technology platforms that help enhance brand equity on social media.

Trend 2: The Customer's World is Online and Offline Maneuvering between both Holds the Key to Success

The online medium the Internet, represented by online travel agencies and
Websites in the airline business, is today a powerful revenue generator for airlines. As indicated by market research data, almost 75 percent of air tickets today are bought online. e-Commerce and automation of business processes such as web check-in have largely enhanced the convenience of air travel. Added to that is the increasing popularity of the smartphone, which is expected to play an active role in customer relationship management and revenue generation in the time to come.

No matter how strong the online channel becomes, the offline channel or the airline customer service contact center will still continue to be a critical touch point between the airlines and its passengers, thanks to the 'personal' touch it brings. For many service-related complaints and challenges, passengers still prefer to 'speak' with a customer service agent. In many instances, customers often drop off from making an online purchase of air tickets or travel packages because of technical errors, slow Website speed, or during the billing process using debit/credit cards. Such customers can be retained by the intelligent convergence of the online and offline channels, either by the smart placement of the customer service contact center number or by activating a click-to-call feature either on the airlines' Website or on the travel agencies' Websites. Where the online channel fails, the offline channel the customer service contact center can take over smoothly to solve customer queries or problems.

**Trend 3 : Analytics An 'Altimeter' for the Airline Business**

With the proliferation of channels, the data generated in each channel is multiplying by the minute. This huge pile of data is a gold mine that contains very crucial information on passenger profiles, choices and preferences that can be leveraged by airlines to develop product offerings, strike away product / service offerings that do not appeal to customers, monitor challenges faced by customers and provide customized solutions, predict customer needs and preferences by the analysis of historical data and effectively cross- and / or up-sell additional products or services.

All this and much more in terms of sales, marketing and customer service can be achieved with the help of analytics. With its ability to extract crucial information from a huge pile of data that helps businesses make sound business decisions, analytics is emerging as a strategic enabler for the airlines business. For the airline industry analytics assumes importance in the form of social media analytics, contact center and speech analytics and revenue model analytics (particularly in the proration process).

An altimeter measures the height of an aircraft above sea level a crucial piece of information for the aircraft to remain aloft. Analytics equips the airlines business with crucial insights, in that sense, analytics is emerging as an 'altimeter' that will help the airline business stay aloft.

**Trend 4: Changing the Course in Revenue Generation**

Inadvertently rising fuel prices, dull economic conditions and increasing competition are realities that are biting into the revenue generating potential of the global airlines business today. Airline companies are thus exploring newer ways of changing the course in revenue generation. Some of these strategies include tapping alternate revenue generating streams such as selling ancillary products and services across the value chain or stopping revenue leakage via the total revenue integrity route.

The ancillary route is an important revenue generator for airlines today. According to a PwC report, the top five U.S. carriers generated more than US$ 12 billion in ancillary revenue during 2011. Services that are emerging as hot favorites in the ancillary services menu include paying for checked baggage, booking a preferred seat and Wi-Fi connectivity. Most airlines are faced with the problem of revenue
leakage at various levels of the business and are now actively looking at reining in this challenge by initiating a total revenue integrity program. Airlines must look at total revenue integrity program that cuts across multiple processes including ticketing processes, e-ticketing, departure control and customer relationship management.

**Trend 5: Increased Focus on the Regulatory and Standardization Route**

Regulations and directives on standardization will continue to dominate the airline business environment now and in the future. Most of these regulations are related to finance and accounting, environment and consumer rights. For instance, while airlines in the European Union are penalized for emissions above the limit specified by regulatory authorities, American airlines are adapting to the new pricing rules set by the U.S. Department of Transportation, wherein airline companies will have to include all taxes and fees while advertising fares for their flights.

While regulation envisages increased safety of passengers and improved sustainability of the business, compliance adds to the total cost of operations. It is a cost that airlines must bear on their own - without passing on to passengers. Since new regulations are a given for the global airlines industry, airlines must engage in a compliance program that can optimize business processes and transform operations.

In a bid to ease the effect on various environmental factors on the revenue of the global airlines, the International Air Transport Association (IATA) has introduced a directive the Simplified Interline Settlement (SIS) that aims to standardize and speed up the interline billing and settlement in the industry. Here again, as airlines take the plunge towards standardization of the interline billing and settlement process; they will need to carefully look for a partner and a program that will be cost-effective and help process optimization.

**6. HERE’S HOW WNS COULD HELP YOU BECOME AN INDUSTRY TRENDSETTER**

WNS is the world’s largest travel BPM Company, with a legacy of having started out as a captive for British Airways. Today, WNS is a BPM partner for some of the leading global airlines across the globe. WNS provides the airlines industry with the latest, top-notch solutions to create opportunities from challenges. Whatever the business trend, WNS has a solution for your business.

Our solution suites that can help you ride the new waves in business include:

- Social media management and social customer service
- The WNS Sales Center of Excellence (CoE) that integrates the online and offline channels and adopts a 'sales through service' model to cross-sell and up-sell relevant services based on customer data
- An end-to-end Analytics Solutions suite (including our award-winning analytics framework WADESM) that leverages a huge team of domain experts and expertise in social media analytics, contact center and speech analytics and revenue model analytics that help you take informed decisions
- Proprietary and industry-leading platforms such as Verifier, Jade and Smart Pro that help enhance revenue generation for airlines
- Process re-engineering techniques and a team of domain specialists that help airlines comply with industry regulations and standardization directives

**7. CUSTOMER SATISFACTION AND SERVICE QUALITY**

Customer satisfaction is a strategic goal for many corporations (Patterson, Johnson and Spreng, 1997; Mittal and Kamakura, 2001). By exceeding customers’ satisfaction without negatively affecting the profit margin,
companies hope to develop loyal consumer bases and create a basis for competitive advantage (Parasuraman, Zeithaml and Berry, 1988; Pham and Simpson, 2006). A positive link between customer satisfaction and corporate profits has been confirmed by a number of researchers (Fornell, 1992; Anderson, For nell and Lehmann, 1994; Hallowell, 1996; Anderson and Mittal, 2000; Edvardsson et al., 2000; Reichheld, Markey and Hopton, 2000; Soderlund and Vilgon, 1999). Many definitions of satisfaction are derived from Oliver's disconfirmation paradigm. According to the disconfirmation paradigm, satisfaction is based on consumer comparison between expectation and performance (Bloemer and Kasper, 1995). Satisfaction then is viewed as an independent construct whose antecedent is service quality. Service industry providers have become increasingly aware of the need to provide high quality service in order to compete in a fast changing environment. While customer satisfaction and service quality are among the most important dimensions in the service industry, their relationship is complex. Consumer perception has been identified as a source of discrepancy in consumers' expectations, satisfaction, and judgments of performance. Although ideas on quality sound similar to Oliver's disconfirmation paradigm, the difference lies with consumers' expectations. In satisfaction literature, expectations refer to predictions during the transaction or exchange (what would happen), while in the service quality literature expectations refer to consumer's desires or wants from the service provider (what should happen). Chose to differentiate between perceived service quality and satisfaction; the former is based on global judgments or attitudes, while the latter is linked to a specific transaction. However, these two constructs are related and satisfaction over time results in perceptions of higher service quality. The American Customer Satisfaction Index (ACSI) is an economic indicator which investigates and measures consumer satisfaction at the national level, covering 45 industries and hundreds of private and government organizations representing the U.S. economy. The ACSI is based on consumer evaluations of the quality of goods and services purchased in the United States and provide a benchmark for the level of consumer satisfaction with these products and services (ACSI, 2011).

8. SERVICE QUALITY IN THE AIRLINE INDUSTRY

The average ACSI score for the twelve sectors of the economy for the month of February 2011 was 75.3 out of 100, with the transportation industry as whole scoring a 73.3 and airlines a 66, placing them among the lowest scorers. Pham (2006) has described the airline industry as chaotic while Warren Buffet has noted that although aviation is one of three industries that have transformed the way people work and live, it has not been able to post a long-term profit. In fact, few airlines have been able to implement successful strategies which result in profit generation and, at the same time, satisfy their passengers' needs. The financial crisis has made consolidation the current strategy for many carriers. This may lower costs, but improved service is far from guaranteed. Research by Rhoades and Waguespack (2008) examining twenty years of airline quality (1987-2006) found that airline quality improved from 1987 to 1993 then fell back to 1987 levels by 2006. They offered several explanations for this pattern including the rise of low cost carriers, financial crises and service cutbacks, and conversely, high passenger levels during good financial times.

9. "FULL-SERVICE CARRIER"- IN AIRLINE TERMINOLOGY

Full service Carriers would usually have three classes of service: Economy, business and first class. The ticket price includes charges for baggage, meals, drinks etc, whether we avail them or not. This is not the case for a low cost carrier (LCC) or a budget carrier.
Low cost carriers (LCCs) usually have economy class only. The ticket price does not include charges for food, baggage or other amenities. They instead give passengers the choice to avail these amenities on 'need to do so basis' against charges. LCC models like Ryan Air and Easy Jet etc are extremely successful on short-haul routes for the same reason.

10. CONCLUSION

Over the next five years, domestic and international passenger traffic is expected to increase at an annual average rate of 12 per cent and 8 per cent, respectively. India's aviation industry is largely untapped with huge growth opportunities, considering that air transport is still expensive for majority of the country's population, of which nearly 40 per cent is the upwardly mobile middle class. It is the right time that the private airline operators functioning in India realising the opportunities available to them have to enhance their service quality and try to reduce the prevailing gap between air passengers expectation and final level of satisfaction.

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