



## A STUDY ON SERVICE QUALITY AND PASSENGER EXPECTATION ON INDIAN AIRLINES

### KEYWORDS

Index futures, Stock prices, NSE, Underlying stocks, Stock market etc

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### ABSTRACT

Passenger satisfaction service arises when a company can provide passengers with benefits that exceed passengers' expectation and this is considered value-added. If customers are satisfied with the product or service, they will buy more, and do so more often. Passenger gratification is an essential goal for each airline providing passenger services. The on board experience is still something special for the customer. The customer has a wide choice to select the suitable airline product according to their requirements. Therefore, airlines are continuously working on the in-flight product development and innovation to differentiate themselves from competitors. During the last few years a variety of in-flight product innovations have entered into the market. This includes the aircraft seat on long haul flights as an important product element which is continuously being improved and renewed according to its life cycle and changing customer requirements. The current development of business class seat roll-outs shows the significance of this product element which influences the buying decision of the passenger especially on long haul flights. If the passenger is not satisfied, due to the negative experience, the client will reconsider the buying decision for further flights and will probably switch to another airline. This kind of situation belongs to the daily business in the passenger airline industry.

This model is shown in Figure 1, which displays the hypothesized positive relationships between service quality represented by: In-flight services (IFS) & flight availability (FA), reservation and ticketing (R&T) & employee service (ES) & airport services(AS), reliability (RE), customer satisfaction with the web site and e-services (CSWS), with passenger satisfaction (PS) and with attitudinal loyalty (AL) & behavioral loyalty (BL).

### The hypotheses include:

- H1: In-flight service has a positive effect on passenger satisfaction.
- H2: Reservation and ticketing has a positive effect on passenger satisfaction.
- H3: Airport service has a positive effect on passenger satisfaction.
- H4: Employee service has a positive effect on passenger satisfaction.
- H7: Customer satisfaction with the web site and e-service has a positive effect on passenger satisfaction.
- H5: Reliability has a positive effect on passenger satisfaction.
- H6: Flight availability has a positive effect on passenger satisfaction.
- H8: passenger satisfaction has a positive effect on attitudinal loyalty.
- H9: passenger satisfaction has a positive effect on behavioral loyalty.

Demographic parameter.	Item
Gender	Male
	Female
Age	15-30
	31-45
	46-60
	60+
Occupation	This was specified according to the passenger
Education	Primary school
	Secondary
	University degree
	Other and please specify type
Nationality	This was specified according to the passenger
Class of travel	Business
	Economy
Airline of travel	This was specified according to the passenger
Frequent flyer member	Yes
	No

Delivering high-quality service to passengers is essential for airlines

survival. Service quality conditions influences a firm's competitive advantage by retaining customer patronage, and with this comes market share, and ultimately profitability. The delivery of high-quality service becomes a marketing requirement as competitive pressures increase on air carriers. To deliver better service to passengers, airlines needed to understand passengers' need and expectations. Studies in other sectors suggest that customer satisfaction and service quality judgments involve consumers comparing their prior expectations to actual service performance. Where customer satisfaction and loyalty has been examined in the air transport context, factors such as service value and corporate image are tended to be ignored. Such omission however could cause problems of model mis-specification and weak predictive power. To improve our understanding of air passengers' decision-making processes, a model that considers service expectation, service perception, service value, passenger satisfaction, airline image, and behavioural intentions simultaneously is established.

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. Customer complaints serve as a critical dimension of service quality and customer satisfaction. Complaint handling 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. Complaint management is still a focal point of study as more firms are convinced that defensive marketing is a highly cost-effective. 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, repurchase intentions satisfaction and service quality attitudes. 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 complaint satisfaction 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. 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. People who use budgeted airlines, do not necessarily get poor service.

#### 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.

#### Intangibility:

Services are considered as intangible because we can not touch, hold, smell and can not try them before buying the service. Heizer & Render (1999) highlighted some typical service sectors such as education, consultant, entertainment, banking, finance, commerce, transportation, logistics, health care, etc. Meanwhile, West et al (2010) believed that although most services are intangible in a natural but it still exists tangible aspects that they can be used as massages of service quality, even the most intangible services people can make it more tangible in the creative strategy.

#### Homogeneity:

In fact, services often fluctuate depending on around factors such as environmental impact, attitudes, and emotions, moods that exist in both service providers and service buyers (Wolak, Kalafatis, & Harris, 1998). To survive and grow in the competitive service environment, service providers must find its own solution and strategy to limit the volatility, and ensure provided services are consistent. For example, enhanced training for staff, establish procedures, and strictly monitored. Besides, some service providers use bank security services to guarantee the consistency of services.

#### Inseparability:

Unlike products, in which two aspects of production and consumption are separated. For services, it is hard so that we can divide the service providing from the service utilizing. Usually two stages of service provision and service utilization occurs at the same time. You can only provide the service if there is customer (West et al, 2010). Health care for example, the service is provided to satisfy the needs of patients. At the same time two factors needs of patients and health care service happens at the same time, can not separate them from each other.

#### Perishability:

This is one of typical attributes of the service sector. Service can not be stored, transferred from one place to another, reused, resold, or returned (Fridgen, 1996 cited in Kandampully, Mok, & Sparks, 2001). If services are not enforced it is considered as lost. Flight reservation service in airlines, for instance if the airlines has not sold the spare seats means that service will loss on that flight. The airline's service can not be stored, transferred, resold over the next day.

#### Airline Service

Being one of the service sectors, airline companies bear themselves the characteristics mentioned above. 4P marketing mix model will help to outline the general service context of airlines in general and LCA at JPA in particular. According to McCarthy (1960) 4Ps marketing is a set of marketing tools including product, price, place,

and promotion. In other words, it is known as marketing mix. Airlines use 4Ps as a strategic model to achieve marketing in their target markets. Although many people argue that the 4Ps classification is not a good taxonomy for the marketing strategy today (Walterschoot & Bulte, 1992) and there are many other marketing mix models such as 4Cs, 4As, 7Ps, etc, but 4Ps still exists in most marketing courses because it covers most elements of marketing strategy.

#### • Product:

The element is formed based on fundamental needs of consumers. It represents the quality, style, features, brand, durability, etc. of the product. Airlines often offer types of services consistent with their service oriented and target market. For example, the FSA provides different fare services such as VIP, Business, and economic classes; services are classified corresponding fare classes; fares include other services. Meanwhile, the LCA usually provide a unique fare class and of cause one type of services; Customers have their right to select the service and pay for that.

#### • Price:

Price of a product will be decided depending on production cost, operation cost, position of the product in the market, and its competitive products. In the severe competition of airline industry, requiring all airlines must do utmost to decline the costs while improve service quality. With the advantages of low cost strategy, we are witnessing the significant introduction of LCA.

#### • Place

(Distribution): It reflects the product distribution, stock, outlets, freight, insurance, warranty, etc. Airlines offer services through agents, ticket offices, post offices. In addition they cooperate with financial organization, banks to sell their services.

#### • Promotion:

That is activities of advertising, sales promotion, publicity, personal selling, etc. For instance, Airlines can be a sponsor for events such as culture event, tourist events, and traffic or safety promotions; use the quick spread of the internet, media to promote their services.

#### Low Cost:

#### • Fuel hedging:

Fuel is one of the largest operating costs of airlines. When airlines believe that the fuel price won't drop in the future, they can sign a contract to buy for a period of time at the current price. In the future, if the fuel price increase, they get benefit, in contrast they paid the higher fuel prices.

#### • More seats:

The LCA can sale the cheaper fare but they can still increase revenue by arranging more passengers on the plane. For example, JPA reorganizes the Boeing B737-400 aircraft configuration to accommodate 168 passengers, while other FCA remains the configuration at 144 or 150 passenger seats.

#### • Pay for additional demands:

LCA cuts off free food and drinks, instead of the customer to pay for those services.

#### • Similar aircraft configuration:

Using a unique aircraft type and configuration to minimize the cost of training, maintenance, and repair.

#### • Using cheaper airport:

They use the small airport, little attention therefore the cost of parking and related services are lower.

#### • Online ticket:

LCA sells tickets online or over the phone. It helps reduce the marketing cost, agent commission cost, and ticket printing cost.

- **Flexible ticket prices:**

The ticket prices are extremely flexible, which is offered depending on the needs of passengers. Normally, the sooner buying the ticket, the lower price will be applied and as close to departure, the higher ticket price. Some time the cheap ticket at the last minute when the aircraft has a lot of available seats.

- **Short turnaround time:**

Reduce the ground time and increase flight time will be a considerable cost savings for airlines. Adapting this aspect, LCA implements appropriate solution. For example, pilots perform transit check; cabin crews carry out cleaning job; aircraft interior is simply furnished and equipped leather seat covers for easy cleaning; etc