CUSTOMER SATISFACTION WITH DOMESTIC AIRLINES IN INDIA

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Abstract

Customer satisfaction has become an important tool in developing customer satisfaction measures and establishing business processes that link quality with customer satisfaction. In recent years, there has been considerable managerial interest in defining, measuring and developing customer satisfaction to meet the competitive challenge among industries. Airlines are also suffering from such competition. Airlines must understand that customer satisfaction is what guarantees the future of these companies and it is achievable by an adoption of a comparative tool to minimize discrepancies between their services and passengers needs. Various researches are available which clearly depict the satisfaction among customers. In India, Low cost airline industry is going through an interesting phase of competition. Layoffs, shut downs and industry consolidation have battered employee morale – and that shows up the negative influence on the satisfaction level of the customers.

Keywords: Customer satisfaction, Competitive challenge, Indian Low Cost Airline, Service Dimensions.

I. INTRODUCTION

India's dynamic aviation market is being redefined by changing regulation policies, increased privatisation of airports and growing infrastructure developments. And the major development was emergence of the domestic airline industry. It has changed the definition of airlines that airtravel is a luxury and it is only for the upper segment of the population. The key objective of low cost carriers is to increase their reach and provide the services to a large segment. Low-cost airlines offer air travel at normally very low rates by cutting down on expensive customary in-flight passenger services. They are also referred to as no-frills airlines or budget carriers. Low-cost Carriers (LCCs) get this tag primarily due to their low operating cost structure.

According to one report by Red Orbit, March 2008, the low cost airline segment is facing challenges of increasing competition, rising fuel prices and inadequate infrastructure. So to cope with this competitive challenge, customer satisfaction has become the primary goal of aviation industry to survive in this competitive market. Competitors that are prospering in the new global economy recognize that measuring customer satisfaction and understanding the needs and satisfaction of the potential customers is the key factor in order to retain the customers. Only by doing so can they hold on to the customers and understand how to better attract new customers and retain existing customers. The competitors who will be successfully able to recognize that customer satisfaction data obtained by a customer survey is a critical and strategic weapon that can bring increased market share and increased profits by way of utilizing the available resources by keeping in view the perception and the expectations of the customers. The present study is an empirical research and examines customer satisfaction level with respect to service quality of low cost airlines of India.

Objectives of research

This research paper focuses on following objectives:

1. To identify major service determinants of airlines and measuring customer satisfaction on these.
2. To find out association between customer profile and satisfaction.

II. REVIEW OF LITERATURE

A number of researches are available on customer satisfaction in general and in tourism industry in particular. Many research works have been done on evaluation of service quality in aviation industry. Kearney (1986) was the first researcher who evaluated service quality of airline industry with the perspective of airline customers in his doctoral research. Good service quality results high customer satisfaction level. According to Oliver (1997), "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment. So Customer satisfaction has become the leading criterion for determining the quality that is actually delivered to customers through the product/ service and by the accompanying servicing

(Vavra, 1997). In the same vain customer satisfaction is essential for corporate survival. Several studies have found that it costs about five times as much in time, money and resources to attract a new customer as it does to retain an existing customer. (Naumann, 1995).

So we can say that customer satisfaction is perceived to be productivity tools and sources of competitive advantage (Reichheld and Sasser 1990; Magrath 1992). Evaluation of service quality could be used as important tool for increasing customer satisfaction. Various researchers have developed service quality measurement tools based on different theories. One of widely used model is SERVQUAL by (5A. Parasuraman 1985, 1988, 1991) . He identified the following five generic dimensions of service quality (SERVQUAL) that must be present in the service delivery in order for it to result in customer satisfaction: Reliability – the ability to perform the promised services dependably and accurately. Responsiveness – the willingness to help customers and provide prompt service. Assurance – the knowledge and courtesy of employees as well as their ability to convey trust and confidence. Empathy – the provision of caring, individualized attention to customers, and Tangibles, the appearance of physical facilities, equipment, personnel and communication materials. The model conceptualizes service quality as a gap between customer's expectations(E) and the perception of the service providers' performance(P). According to Parasuraman etal. (1985), service quality should be measured by subtracting customer's perception scores from customer expectation scores (Q = P – E). The greater the positive score represents the greater the positive amount of service quality or visa versa. Abraham Prizam and Taylor Ellis (1999)mentioned in his study that "Though this model has been used by many researchers, SERVQUAL also has been critized by Carman, 1990; Finn and Lamb, 1991; Babakus and Boller, 1992; Brown et al., 1993; Smith, 1995. The main criticisms of the model relate to the application of expectations and the gap scoring". Cronin and Taylor (1992) developed performance based measure of service quality SERVPERF is also being used by many researchers.

Some of them have conclusion that SERVPERF model is better to measure service quality and vice versa. Researchers have done comparison between these two widely used models. Daesung Chang, Seong-Bae Lim, Sunran Jeon, Hyunjoo Ji, Hwajeong Seo 2002 in his study resulted that that SERVQUAL model is more appropriate measurement for airline service industry than SERVPERF. In the same vain J. Joseph Cronin, Jr. and Steven A. Taylor © 1994 suggested that in his study performance minus expectation is an appropriate basis for the use in 6 measurement of service quality. This is the question of long debate that which model is a best suit to measurement of service quality. Both measuring devices have spurred numerous subsequent studies. According quality is essential to combat the growing competition. Differentiation can occur only by adding new service elements along with providing better quality in delivering the current service. One more important study reveals that passengers are not satisfied with perceived services and it warns the manager to focus on passengers expectations (M.Mehdi Bozorgi 2006). Based on these literatures our study attempts to examine the customer satisfaction level of low cost airlines in India.

III. RESEARCH METHODOLOGY

Data Collection: This study is based on both primary and secondary data. Primary data was collected through questionnaire. The questionnaire was administrated on the various parameters of service quality of low cost airlines in India and was constructed based on an extensive literature review. Customer satisfaction for this study is taken to be after service experience of customer. A higher positive response on a five-point scale is taken to be a measure of customer satisfaction. From on line distribution to convenient sample of 130, 70 responses were gathered. 14 incomplete responses were eliminated, and the final usable sample size was 56. Their opinion was measured on 5 point Likert scale ranging from strongly agree (5) to strongly disagree (1).The boundary of this study is limited to low cost airlines in India. Researchers identified the contact persons representing airline industry to assist with sample selection and data collection. Target populations were customers who have frequently traveled with low cost airlines in India.

Analysis of data

The study uses different statistical techniques to analyse the data. Factor analysis with principal component method has been done to identify the major determinants of customer satisfaction with respect of service parameters in low cost airline. The perception of respondents on these determinants are analysed through mean and standard deviation. The relation of customer perception and profile is drawn through chi-square test where strength of association is judged with the help of chi square value, contingency co-efficient and lambda value. In all 56 respondents were contacted whose profile is presented in Table 1.

Table 1. Demographic Profile of sampe population (N=56)

Demographic Profile		Frequency	Percentage
Gender	Female	29	51.8
	Male	27	45.2
Age	20-29	38	67.9
	30-39	9	16.1
	40-49	2	3.6
	50-59	7	12.5
Income	Less than 20000	8	14.3
	21000-30000	16	28.6
	3100-50000	22	39.3
	More than 50000	10	17.9

It can be concluded that most of respondents are young which is 67% and lie between the age group of 22 to 29. And 39% respondents come under the income group of 31000 to 50000. There could have been biasness in sample being drawn online.

Major Service determinants of airlines

Seventeen variables were identified based on secondary data and respondents were asked to list their experience on these variables. The results of the principal component analysis on all the seventeen variables are shown in the Table 2.

Table 2. Extraction 1 Principal component analysis

Variable	Community	Factor	Eigen Value	% of Variance	Cumulative %
Availability of information	1.000	1	3.9333	23.138	23.138
Reservation System	1.000	2	2.674	15.729	38.867
Rescheduling/ Cancellations	1.000	3	1.828	10.754	49.621
Check-in Services	1.000	4	1.272	7.482	57.103
Flights on Time	1.000	5	1.181	6.949	64.052
In-flight services	1.000	6	1.142	6.171	70.769
In-flight entertainment	1.000	7	.988	5.811	76.579
On-board meals	1.000	8	.939	4.349	80.929
Hygiene	1.000	9	.632	3.717	84.646
Behaviour of crew	1.000	10	.499	2.936	87.582
Refreshments on flight delays	1.000	11	.446	2.625	90.207
Baggage handling	1.000	12	.431	2.536	92.743
Compensation	1.000	13	.340	1.999	94.742
Comfort	1.000	14	.276	1.623	96.365
Safety & Security	1.000	15	.261	1.535	97.900
FF Programmes	1.000	16	.201	1.184	99.084
Value for Money	1.000	17	.156	.916	100.000

Customer satisfaction with determinants of service

Customer satisfaction with service is taken to be general experience and is measured with the help of mean values on five- point scale. Table 3 presents these values.

Table 3. Customer perception with Low Cost Airlines

Factors	Mean	Standard Deviation
Factor 1 – In Flight Facilities & Comfort		
In-flight services	2.8750	.91577
Safety & Security	2.9107	.85868
Comfort	2.8929	.86715
In-flight entertainment	2.4107	1.00502
On-board meals	2.2857	1.02184
Factor 2 – Information		
Reservation system	3.8393	.80401
Availability of Info	3.4643	.78542
Behaviour of crew	3.1250	.89570
Check-in-Services	3.2857	.80259
Factor 3 – Compensatory		
Refreshments of Flight Delays	2.2857	.90883
Compensation	2.7243	.75593
Factor 4 – Value for money		
Value for Money	3.3571	.81861
FF Programmes	3.2143	2.7416
Factor 5 – Time Value		
Rescheduling / Cancellations	3.1071	.88787
Flights on time	2.4643	.78542

The mean values of factor first in flights facilities and comfort ranges from 2.8750 to 2.2857, mean value of second factor ranges from 3.8393 to 3.1250, mean value of third factor ranges from 2.2857 to 2.7243, mean value of fourth factor ranges from 3.3571 to 3.2143, mean value of fifth factor ranges from 3.1071 to 2.4643. The variables "Reservation system" (Mean value- 3.8393), "Availability of information"(mean value- 3.4643), "Value for money" (mean value- 3.3571), "Check-in Services"(mean value-3.2857), "FF Programmes" (mean value-3.2143), "Behaviour of Crew" (3.1250), and "Rescheduling/ cancellations (mean value-3.1071) have been observed to have satisfactory customer satisfaction index score. And other variables "hygiene" (mean value-2.9821, "Baggage Handling" (mean value-2.9286), "Safety and security" (mean value-2.9107), "Comfort" (mean value-2.8924), "In- flights services" (mean value-2.8750), "Refreshments in flight delays" (mean value-.2.2857), "On-board meals" (mean value-2.2857), "Compensation" (mean value-2.7143) have less satisfactory score where

as "Flights on time" (2.4643), "In–Flight entertainment" (2.4107) has been found to be lowest in terms of satisfaction.

Gender with satisfaction from reservation system

The analysis is in Table 4. Pearson chi square significance value at .005 shows the association between male and reservation system after seeing others. However the contingency co-efficient of .434 indicates that association is not strong. The .00 lambda value shows no association. But based on chi square value we conclude that there is statistically significant relation between gender and perception of goodness of reservation system.

Table 4. Gender and Reservation System (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	13.010*	3	.005
Likelihood Ratio	13.877	3	.003
Linear-by-Linear Association	2.406	1	.121
N of Valid Cases	**56**		

a. 6 cells (75.0%) have expected count less than 5. The Minimum expected count is 2.41

Gender and goodness of information system regarding Rescheduling / Cancellations

The analysis is in Table 5. Pearson chi square significance value at .094 shows the association between male and rescheduling cancellation after seeing others. However the contingency coefficient of .352 indicates that association is not strong. The .029 lambda value is minimal and indicates little association. Therefore we conclude that there is small and statistically significant relation between gender and perception of goodness information system regarding rescheduling & cancellations.

Table 5. Gender and Rescheduling/Cancellations (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	7.929*	4	.094
Likelihood Ratio	9.234	4	.56
Linear-by-Linear Association	5.652	1	.017
N of Valid Cases	**56**		

a. 6 cells (40.0%) have expected count less than 5. The Minimum expected count is 0.48

Age with satisfaction with Availability of Information

The analysis is in table 6. Pearson chi square significance value at .00 shows the association between age and availability. However the contingency co-efficient of .646 indicates that association is strong. The .074 lambda value is small and indicates little association. Therefore we conclude that there is small and statistically significant relation between age and perception of goodness of availability of information.

Table 6. Age and Availability of information (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	40.009*	12	.000
Likelihood Ratio	19.910	12	.69
Linear-by-Linear Association	3.793	1	.051
N of Valid Cases	**56**		

a. 18 cells (90.0%) have expected count less than 5. The Minimum expected count is 0.04

Age and satisfaction with In-flight Services

The analysis is in table Table 7. Pearson chi square significance value at .080 shows the association between age and in flight services. However the contingency co-efficient of .507 indicates that association is strong. The .059 lambda value is minimal and indicates little association. Therefore we conclude that there is little and statistically significant relation between age and perception of goodness of In- Flight services.

Table 7. Age and In-flight Services (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	19.387*	12	.080
Likelihood Ratio	14.635	12	.262
Linear-by-Linear Association	.031	1	.859
No of Valid Cases	**56**		

Age and satisfaction with Behaviour of Crew

The analysis is in Table 8. Pearson chi square significance value at .012 shows the association between age and behavior of crew. However the contingency co-efficient of .561 indicates that association is strong. The .061 lambda value is minimal and indicates little association. Therefore we conclude that there is little and statistically significant relation between age and perception of goodness of behaviour of crew.

Table 8. Age and Behaviour of Crew (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	25.666*	12	.012
Likelihood Ratio	20.196	12	.063
Linear-by-Linear Association	9.483	1	.002
N of Valid Cases	**56**		

Age and satisfaction with Safety & Security

The analysis is in Table 9. Pearson chi square significance value at .000 shows the association between age and safety and security. However the contingency co-efficient of .618 indicates that association is strong .The .088 lambda value is minimal and indicates little association. Therefore we conclude that there is little and statistically significant relation between age and perception of goodness of safety and security

Table 9. Age and Safety & security (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	34.694*	9	.000
Likelihood Ratio	15.633	9	.075
Linear-by-Linear Association	2.747	1	.097
N of Valid Cases	**56**		

Age and satisfaction with FF Programmes

The analysis is in Table 10. Pearson chi square significance value at .012 shows the association between age and FF Programmes. However the contingency co-efficient of .591 indicates that association is strong. The .056 lambda value is minimal and indicates little association. Therefore we conclude that there is little and statistically significant relation between age and perception of goodness of FF Programmes.

Table 10. Age and FF Programmes (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	30.039*	15	.012
Likelihood Ratio	22.720	15	.090
Linear-by-Linear Association	3.021	1	.082
N of Valid Cases	**56**		

Income and satisfaction with In-flight Entertainment

The analysis is in table 11. Pearson chi square significance value at .007 shows the association between Income and In- Flight entertainment. However the contingency co-efficient of .572 indicates that association is strong. The .074 lambda value is minimal and indicates little association. Therefore we conclude that there is little and statistically significant relation between Income and perception of goodness of In- Flight entertainment.

Table 11. Income and In-flight Entertainment (Chi-Square Tests)

	Value	df Asymp.	Sig. (2-Sided)
Pearson Chi-Square	27.261*	12	.007
Likelihood Ratio	25.858	12	.011
Linear-by-Linear Association	1.295	1	.255
N of Valid Cases	**56**		

IV. CONCLUSION

The study has explored that the most important factor while selecting a particular airline is In Flight facilities. Though the fundamental objective of low cost airline is to provide most basic facility that is travel on low cost but because of proliferated number of players in the airline industry, airlines may enjoy new business opportunities along with high competitive threats. So while selecting a particular airline customer considers price advantages, but service quality cannot be absent. Results of this study explore that in flight facilities and comfort is the most important factor while selecting a particular airline followed by other four factors. Second objective was to find out the association between profile and perception of the customers. Results indicate that there is statistically significant association between profile and satisfaction level of the customers. Thus, low cost airlines should understand the expectations of target market before introducing new product in the market. Most of the customers are of the opinion that kingfisher Red is best airline in term of service quality among six airlines given in the list. Study reveals that measurement of satisfaction score is below average for first and third factor. So the study suggests that low cost airline should improve their In Flight services to meet the satisfaction level of customers in order to survive in this competitive environment.

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