Measuring Service Quality on the Indian International Airline Service Industry- With Reference to South India

Dr.M.Muninarayanappa [1]	Associate Professor Department of commerce Bangalore University, Bangalore
Ravikumar B V [2]	Research Scholar Department of Commerce Bangalore University, Bangalore

Abstract

The very essence of airline survivability is the services and facilities provided. This paper is an attempt to compare the service quality of four airlines on equal grounds towards passengers' expectations and perceptions. The aim of this paper is to investigate the relationship between airline service quality, passengers' satisfaction and loyalty towards Indian international Airlines. A comparison of customer satisfaction based on service quality as perceived by air travellers was done among four international airlines. The study was conducted in the departure of Bangalore and Bajpe (Mangalore) International Airport. The respondents consisting of 400 passengers of whom have had experience with four airlines were selected based on convenience sampling. Descriptive analysis and mean comparison were used to analyze the data. 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.

1. Introduction

India is light years ahead in terms of the market potential and the potential for the airline company to come together as an enterprise and grow. The airline business is a vibrant and dynamic industry since it plays a key role in the development of the world economy, tourism and related activities, by

facilitating international trade and economic relations between countries and by simulating exchange of people and ideas The state global economy directly impacts on the industry's economic wellbeing increasing demands for mobility further globalisation of society and changing consumer behaviour lead to growth in traffic flow and segmentation of the air transport industry However economic downturns and changes in the external environment. In India as is the case internationally the air travel market on the both domestic and international routes has been experiencing competition. The regulation of the airline industry and increasing customer awareness of service quality has added in the competitive nature of environment. Effective service marketing is a complex undertaking that involves many different strategies skills and tasks. Executives of service organisations have been confused about how to approach this complicated topic in an organised manner (Valarie 2011). The civil aviation sector in India had been growing at a dramatic rate into 2008; however the global economic recession in 2009 negatively affected this growth. During fiscal year 2005-06 (April 1, 2005 to March 31, 2006), the sector experienced a 22 percent increase in domestic air travel. International air travel grew 15 percent, while air cargo grew at an annual rate of 20 percent. During fiscal year 2006-07, total passenger traffic grew 27.2 percent, while cargo traffic grew 11.2 percent. This year total aircraft movements increased 27.5 percent. However, in fiscal year 2008-09, the global economic slump and higher fuel prices adversely impacted growth, resulting in a 5 percent decline in domestic passenger traffic. Domestic air cargo continued to grow at 14.5 percent. With the economy now stabilizing, domestic air traffic is projected by various sector experts and observers to grow by up to 180 million passengers and international traffic is expected to increase by 50 million passengers by 2020. International traffic is expected to grow at an average annual rate of 8 percent by 2013 and by 7 percent from 2014 to 2023. Domestic traffic will experience a slower growth rate of 3.4 percent annually until 2013 and increase to an average rate of 8 percent until 2023. International passenger growth will average 10 percent until 2013 and 9 percent until 2023. Annual growth in domestic and international cargo operations is estimated to increase by 4.5 percent and 12 percent annually until 2013. In the last few years, the sector experienced tremendous growth for a number of new air carriers providing domestic services. Starting from a relatively small base, the civil aviation sector in India faces the prospect of significant expansion as the overall economy recovers and India retains the second-highest growth rate worldwide. Some 639 new commercial jet aircraft were ordered by November 2008 and the number of General Aviation (GA) aircraft is projected to grow to 1,000 by 2020.

2. Passenger Satisfaction and Service Quality in Airline Services

According to Zeithaml (2008), the concept of satisfaction is influenced by five variables viz., (1) service quality, (2) product quality, (3) price, (4) situation and (5) personality. Matrin Dresner and Kefeng Xu (1995) of University of Maryland have studied the relationship between customer service, customer satisfaction and corporate performance in services sector. This study examines the effect of three customer service variables on customer satisfaction and in turn on profitability for U.S. airlines, a service sector industry. The airline industry was chosen for the study because of the availability of an excellent stream of Government-collected data on customer service, customer satisfaction, and corporate performance. Air transportation data are used to test the significance of both links in the customer service to customer satisfaction and to corporate performance relationship. In addition, the empirical results from the study are used to quantify the effect of increasing customer service levels on the level of customer satisfaction and on profitability in the airline industry. With

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the growth of the Airline services around the world, a significant body of literature has emerged over the past several years.

3. Service Performance Measures

While carriers experimented with service competition, similar experiments were occurring in the academic world. Parasuraman, Berry, & Zeithaml, 1991; Parasuraman, Zeithaml, & Berry, 1985, 1988) have developed a service quality measure designated SERVQUAL which states that the customer's assessment of overall service quality is determined by the degree and direction of the gap between their expectations and perceptions of actual performance levels. They have also identified five dimensions underlying overall service quality: tangibles, reliability, responsiveness, assurance, and empathy. They proposed that perceived service quality could be estimated by calculating the difference between expectations and perceptions of actual service performance. Since the SERVQUAL scale was developed, it has been widely used to measure perceived service quality in various service industries such as health care, financial institutions, and life insurance (e.g., Crompton & Mackay, 1989; Johnson, Dotson, & Dunlap, 1988;Webster, 1989;Woodside, Frey, & Daly, 1989).

4. Statement of the Problem

Airlines sector in India has undergone metamorphosis from command sector to liberated sector. The open sky policy of the Government of India heralded stiff competition among the existing players on the one hand, between domestic players and foreign players on the other. The essence of success in airlines services is greatly influenced by the kind of facilities, amenities, tariff structure, on-the-ground service, in-flight services, ease and comforts of travelling and the like. The International destinations covered by major blue chip airline service operators are marked by bottom line and trade off between supply and demand. The crux of the problem in international airline services is the occupancy rate - higher the occupancy rate, higher the frequency and lower the tariff rates. In the open regime, the airline sector firms evolve, implement and evaluate the marketing strategies consisting of services marketing. They are the Product strategy, pricing strategy, place strategy, promotion strategy, people strategy, process strategy and physical evidence strategy. All these strategies form marketing strategy of airline service firms. The marketing strategy of the firms differs from time to time, destination to destination and the class of passengers. The marketing strategy is also influenced by global business environmental factors. The present study identified the following research issues;

- ➢ How travellers rate the services offered by an airline?
- ➢ Do travellers perceive any significant difference between services rendered by different airlines?
- ➢ Which airlines are able to deliver higher values for factors that travellers consider as important for creating memorable flight experience?
- ➢ How to carry out comparison between competing airline brands?

5. Objectives of the study

The Research design adopted for the survey was Descriptive research as the researcher aims to study.

- • To identify factors that should be considered for comparing the flyers' satisfaction levels between different airlines.

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- Analyse if there is any significant difference between the services rendered by different airlines.

6.   Hypothesis

There is no significant difference between four airlines as far 'In Flight Experience' is concerned.

7.   Scope of the study

The study further covers amenities, facilities, laws and other environmental factors affecting international airline service providers. The study is confined to international passengers' arrival and departure in important international airports at south India.

8. Review of literature

Asiegbu et al 2012; Asiegbu and Powei, 2012: An employee competence has been defined as those observable knowledge, skills and behaviour which differentiate between superior and other performers in a job context. Airline passengers expect airline personnel such as pilots, engineers, and service staff to be high competent because travelling by air is a high risk movement. For example, air passengers expect the best of performance in terms of effective landing and take-off that exhibit a pilot's operational dexterity and competence. These can only be achieved with well trained and experienced pilots. Oudh 2012: The accuracy of the airline personnel in the use of aircraft facilities assures airline passengers of excellent service and competence of the personnel, which in turn can make the air passengers to be confidence and committed to the airline. Consumer confidence has been found to correlate positively with purchase intention. Quality has become a significant concern for those in the service industry, specifically the airline industry. Although people primarily use airplanes to satisfy their need to go from one place to another, procedures from ticketing, checking, boarding and travelling to baggage handling, etc. can also deeply influence travellers' attitudes to the services provided by airlines and their satisfaction with those services. Hence, airline passengers can experience many service encounters with front-line employees as well as in-flight attendants, this is called 'moment of truth'. Passengers may judge or evaluate airline service quality through a comparison between their experiences and expectations, over a number of quality attributes (Grönroos, 2000).

Ranaweera and Prabhu, 2003: Customer satisfaction, Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations. Park & Robinson, 2004: Delivering high-quality service to passengers is essential for the survival of airlines. The conditions of service quality influence a company's competitive advantage by retaining customer patronage, which leads to increased market share and profitability. Many academic researchers have devoted themselves into studying the quality of airline service by following the simple logic of comparing expectations/experiences or gap analysis. In the research of Gourdin and Kloppenborg (1991), for example, indicated that identification of service gaps is the first step toward quality improvements. Their findings showed that the gap between passenger expectations, and management perceptions of passenger expectations, was the most crucial failure point. That is, a critical issue for airline managers is being aware of passenger expectations and meeting those expectations. Ostrowski, et al. (1993) also pointed out that superior service quality could lead passengers to a significantly higher propensity of retained preference. Some similar points also can

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be seen in the research of Lee and Cunningham (1996). Thus, the service quality of airlines is an important issue, not only for airline managers; it is also a key factor in building long-term brand recognition.

Oliver (1997): argues that customer satisfaction can be described as a judgement that a product or service feature, or the product or service itself, provides pleasurable consumption. Satisfaction can also be described as a fulfilment response of service and an attitude change as a result of the consumption. Gibson (2005) put forward that satisfied customers are likely to become loyal customers and that means that they are also likely to spread positive word of mouth. Understanding which factors that influence customer satisfaction makes it easier to design and deliver service offers that corresponds to the market demands. In studies related to the analysis and survey of airline service quality, few have discussed the relationships between a passenger's cultural background and his/her perception of service quality. In the Sultan and Simpson (2000) study, the SERVQUAL instrument was successfully applied to examine customer expectations and perceptions in an international environment, and indicated that customer expectations and perceptions of airline service quality varied by nationality.

Gursoy 2005: Service quality is an integral part of the positioning strategy since services in the airline industry are dependent on customer's perceptions and expectations of the airline product. Although service quality is one of the key factors in attracting and retaining loyal employees, airlines are falling far short of the standard. The most complex and diverse criterion for the evaluation of airlines from the viewpoint of the end-consumer is the quality of services delivered. The variety of definitions of service quality implies a multitude of aspects, which determine general perceptions of quality. In this chapter, service quality is discussed as a determinant of positioning and it is indicated that the concepts of service quality and positioning strategy are interlinked and interrelated.

9. Sampling

The Four international airlines considered for the study are Carrier 'A', Carrier 'B', Carrier 'C' and Carrier 'D.' The major reason to consider these airlines is that they represent the majority of people travelling by air in India. These airlines consist from full fare to low priced airlines. The targeted sample size was around 100 per airline and the achieved was as follows:

Table 9.1: Airline wise composition of sample

Sr. No.	Airline Company	Number of samples Obtained
1	Carrier ' A'	100
2	Carrier 'B'	100
3	Carrier 'C'	100
4	Carrier 'D'	100
Total		400

10. Data Analysis

The statistical analyses used are t test (reliability test), Single Factor ANOVA, The respondents were asked to evaluate the quality of the service provided by the airline, they have travelled. Perceived service quality of each variable was measured through questions designed on a 5-point Likert-type scale ranging from Strongly Agree to Strongly Disagree. For example, the on-time services of the airline was measured through the question, "The flights are on time" with Strongly Agree as the best

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positive response and Strongly Disagree as the worst negative response, any other response can be recorded between "Strongly Agree" and "Strongly Disagree" on the scale. Similarly, other good ground service – in- flight service and post-flight service were measured on the same scale. The questionnaire also had a question to check the response to the loyalty programs provided by the airlines to frequent fliers which was measured through, "the airline offers Overall value for money" on the five point Likert – type scale. After designing the questionnaire it was pre-tested with 20 respondents. The required changes were incorporated and the survey was conducted.

Reliability test - t test

This test helps in determining whether a question is well understood by respondents and it is able to distinguish between two classes of respondents: one who wish to 'Strongly agree' and the other who wish to 'Strongly disagree'. For such questions the null hypothesis of a two tailed t-test should get rejected when applied to test if there is any significant difference between the mean responses of top quartile and the bottom quartile of respondents in an ordered list.

Table 10.1: Booking attributes

t test for ease of booking attribute	Calculated value of p	Is calculated value of p < 0.025?	Inference
Carrier A Booking	6.56296E-20	Yes	Question Accepted
Carrier B Booking	5.5578E-23	Yes	Question Accepted
Carrier C Booking	2.67713E-17	Yes	Question Accepted
Carrier D Booking	1.85078E-34	Yes	Question Accepted

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Similar to ease of bookings, t test was applied for other five attributes (for four airlines). In case of each of the question the null hypothesis of t test was rejected and hence all the six questions have been retained for further analysis.

Table10.2: ANOVA for Ease of Booking Tickets through Website/Call Center

Groups	Count	Sum	Average	Variance		
Carrier A Booking	100	245	2.378641	0.531696		
Carrier B Booking	100	196	1.555556	0.376889		
Carrier C Booking	100	222	1.669173	0.495785		
Carrier D Booking	100	241	1.991736	0.574931		
ANOVA						
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	81.84546	5	16.36909	29.54286	2.32E-27	2.226407
Within Groups	403.3698	728	0.554079			
Total	485.2153	733				

Table10.3: For ease of booking attribute

		Carrier A Booking	Carrier B Booking	Carrier C Booking	Carrier D Booking
	Carrier A Booking	-	0.2825	0.2792	0.2851
actual difference	Carrier B Booking	0.8231*	-	0.2644	0.2707
('*'if significant)	Carrier C Booking	0.7095*	0.11362	-	0.2672
	Carrier D Booking	0.3869*	0.4362*	0.3226*	-

11. Limitation of the study

 ➢ This research has provided insights into various factors that customers consider important while evaluating the Service Quality of Indian Airline service providers.
 ➢ This study was limited in the context of airline services for Domestic passengers'. International passengers' perception of service quality and perception of airline image might be different from that of international passengers.

12. Conclusion

As far comparison of service quality provided by the airlines is concerned, Carrier A and Carrier D were found to be significantly different from the rest as far as ease of booking tickets is concerned. These airlines really need to improve the structure of their website and make the procedure of booking easier. As far as hassle free check in and announcements at the airport during

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flight delay were concerned, Carrier C and Carrier B were found to be similar to each other and were significantly different from the rest. However customers believe that Kingfisher offers them the best services in this regards. As per feedback of travellers, baggage loss has been a problem with Carrier A. Carrier D also needs to improve its service in this regard. Carrier B and Carrier C have proved to be the undisputed leaders as far as in flight experience is concerned. Customers are really happy with the kind of entertainment offered inside these carriers. In an increasingly globalised economy, air transport is a vital element of the country's transport infrastructure. The impact of civil aviation as a sector on the general economic activity has been studied systematically and documented for some of the Western developed countries. By itself, the Civil Aviation Sector contributes significantly to the process of development by generating employment opportunities directly and indirectly besides facilitating enhancement of productivity and efficiency in the movement of goods and services. Civil Aviation is a key infrastructure sector that facilitates the growth of business, trade and tourism, with significant multiplier effects across the economy.

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