IMPLICATIONS, SUGGESTIONS & CONCLUSION

This chapter deals with practical implications for the airlines based on the findings evolved from the study. The limitations of the present research are provided which will help the future researchers to design and structure their research work and aid better understanding about the effect of the dependent variable from a different perspective. The scope for future research also provided in this chapter as a guideline for the future researchers aiming the same field of study.

The outcome of this research make certain that loyalty programme (FFP) leads to re-buy intentions but not leading to loyalty arousing antecedents such as ‘trust’ and ‘brand image’, however, service quality attributes leads to trust and brand image. It was found that FFP influences re-buy intentions till the passenger reaches the highest status level of the programme whereas re-buy intentions are more affected through ASQ driven satisfactions.

7.1 Implications from the study and suggestions for the airlines

7.1.1 Internal marketing for enhancing employee service quality

It is imperative for the airlines to look into the joint relationship of loyalty programme and service quality from its application perspective. Among the various attributes perceived by the frequent travelers, employee specific service dimensions fetch more importance. Therefore, airlines’ marketing efforts should be focused more on the employee facet through internal marketing which makes the employees enthusiastic missionaries of the respective airlines. Loyalty
programme had some effect on the re-buy intentions, but that alone was not a differentiator, albeit the effect of FFP is vital for the beginners of the programme, airline service quality too play a vital role in strengthening the intentions to re-use the airline especially for passengers holding higher status of frequent flyer programme.

7.1.2 Perceived value as a moderator

Perceived value operates as a moderating variable which augmented the satisfaction levels of passengers and ultimately cause repeat buying intentions. The notable implication for the airlines was that ‘perceived value’ in its essence is not to be viewed as a reflection of cost incurred and benefit received for the passengers. It is to be viewed from the value proposition perspective as perceived by passengers in tune with their increase in status level and travel experience. As per the airline officials’ view point and also based on the review of FFP related websites, a significantly huge portion of the FFP benefits are not redeemed by the passengers due to its validity limitation and other reasons. It should be noted that if airlines fail to provide services by recognizing the travel frequency and experience of passengers (no. of trips per annum), the passengers’ perceived level of satisfaction on service quality will not be turned into favorable buying intentions. The perceptible value in terms of reasonable price or superior benefits anchored in the FFP statuses may possibly go in vain, if frequent passengers are not satisfied well with the service quality facets. This supports the contention of Dowling & Uncles (1997) referred to as the success of loyalty program under tough market conditions is based on a loyalty program’s performance to enhance the overall value-proposition of the product or service. This in turn will help to
motivate buyers to make the next purchase of the product. So airline managers should be wise enough to assess the cost of the loyalty program before introducing it and compare these costs with a realistic assessment of the benefits of the program which goes beyond the rhetoric of relationship marketing.

7.1.3 Enhanced benefits for lower level FFP

Frequent flyer programme by itself would not influence any significant effect on trust or brand image; airlines should focus on providing more special services at par with the travel experience of passengers which can intensify the re-buy intentions. This can be made possible for airlines by using appropriate market information system to identify the total number of trips made by each status class of passengers irrespective of the airline brand.

There are apparent and true needs for the frequent flyers especially for the business passengers as indicated by Shaw (1950). Thus it is significant to deliver frequent flyer’s specific needs in terms of underlying dimensions explored. It is important to segregate the attributes that have meaningless influence which give positive values when it is frequently paired with a positive outcome (Osselaer et al., 2004). Therefore airlines should differentiate the relevant attributes that really influence frequent travelers.

According to this study, frequent flyer programme largely influences beginners than high status groups. So the airlines can be little more lenient and flexible in the execution of frequent flyer programme in favor of low end passengers which could yield a long term customer relationship. This is in consonance with contention of Proussaloglou and Koppelman (1995) that any
major change to well-established FFPs may have serious implications for the airlines’ customer base; Lederman (2007) also indicated similar findings. Airlines can use the FFP as a possible form of price discrimination, owing to the fact that most of the frequent flyers are holding more than one FFP. Any change in the status especially downgrading should not deter regular passengers. Passengers should feel special when airlines provide some minimum assured benefits in each tier / status level of the frequent flyer programme. Middle status groups like ‘Silver’ and ‘Gold’ have to be treated well with more employee oriented customer relationship management tactics, since these groups have relatively low level of re-buy intention influenced by airline service quality satisfaction.

Airlines should also look into those service specific dimensions covering service network, schedule frequency particularly ‘ease of availability’ of flights and connectivity apart from providing in-flight travel comfort for the frequent passengers.

Since there is a strong relationship between the number of FFPs held by frequent flyers and their respective FFP status level the airline marketers may well facilitate high end status groups, particularly ‘Platinum’ category, with more service oriented approach, by means of providing more care from the airline employees to make them ‘feel special’. It is also suggested that the lower end (entry level) passengers may be treated more with FFP related strategies (earning miles / points) and the higher end categories would be gratified by offering more ASQ related aspects which would create more repeated customers for the airline. This is supported by the research findings in other fields also. Mittal and Katrichis
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(2000) cited by Mittal et al. (2001) indicates that newly acquired, and loyal customers of a firm put different levels of importance on the same attribute which implies that firms cannot treat newly acquired and loyal customers the same way, as the needs of newly acquired and loyal customers are very different.

7.1.4 Loyalty building through frequency of travel

It was evident that, more the travel frequency of passengers more will be the re-buy intention for a specific airline which was affected through satisfaction from loyalty programme. The airlines, particularly in the domestic sector, can focus loyalty building programme by offering more rewards based on number of trips instead of distance travelled. This is vital for those airlines that operate short haul routes particularly in domestic market with less number of code-share alliances.

7.2 Limitations and Challenges

The study was conducted with a cross sectional research design and the findings were based on a snapshot of passengers’ perception about attribute-level performances at the time of the study; a longitudinal research design would perhaps give more clarity on the explored factors. It was not possible for the researcher to approach the same set of passengers again due to airline security reasons and passengers’ constraints in providing responses for a second time.

Dearth of published material in the Indian context was a major challenge. This was overcome by the use of international literature and airline expert’s opinion. Data collection from the frequent flyer programme users created the next
challenge. The senior officials of airlines had been taken into confidence with regard to the confidentiality and the strictly academic nature of the study. The airline officials were promised a consolidated report of the research findings without referring to any airline brand.

7.3 Scope for future research

Future research can be carried out on airline passengers based on the findings of this study and also can focus on the various facets of frequent flyers’ loyalty to the airline and their switching behavior with a longitudinal research design. This research study has not extended fully to the ‘loyalty’ dimension of the frequent passengers, though re-buy intention is considered as one of the antecedent to airline passenger loyalty. The structural models developed in this research can be adapted by future researchers.

7.4 Conclusion

India has become a major target market of airlines both in domestic and international sectors and there is a high potential for passenger growth. The study has identified major sub dimensional factors of frequent flyer programme and airline service-quality that affect re-buy intention in the Indian context. The airline service quality satisfaction variable provided full mediation in predicting re-buy intention of frequent passengers. Increased levels of satisfaction from service quality have more influence than satisfaction from frequent flyer programme on the frequent passengers. It is the service quality satisfaction which yields trust and image in the airline, not the loyalty programme satisfaction. This perceptive was
found valid for various FFP status levels too. Perceived value moderated the effects of satisfaction in making re-buy intentions.

The empirically validated structural models grounded in theory and the findings of the study could be used by practicing managers of airlines especially those who are engaged in the handling of passenger service and loyalty programme of airlines, for better control on programme and service aspects.

The study throws light on the combined effect of airline frequent flyer programme and airline service quality variables on re-buy intention of frequent travelers. The findings will help the airlines to formulate strategies to have long lasting customer relationships with the frequent flyer passengers, thereby enhancing the profitability of the airlines.

This research was a very significant learning practice for the researcher. Though the researcher had dealt with an aviation management programme with an aviation academy for the last five years, this research has brought in new dimensions to the researcher’s understanding. Also, this work helped to appreciate the role and application of research methodology in airline marketing research.

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