Chapter-2

THE STUDY
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2.1. INTRODUCTION

India is one of the fastest growing aviation markets in the world. With the liberalization of the Indian aviation sector, the industry had witnessed a transformation with the entry of the privately owned full service airlines (FSA) and low cost carriers (LCA). In the year 2006, private carriers accounted for around 75% share of the domestic aviation market. The sector also witnessed a significant increase in number of domestic air travel passengers. Some of the factors that have resulted in higher demand for air transport in India include the growing middle class and its purchasing power, booming IT and Real Estate industry, low airfares offered by LCA’s, the growth of the tourism industry in India, increasing outbound travel from India and the overall economic growth of India.

The Indian aviation industry has seen a rapid transition in the number of players. From being a fragmented industry with ten players competing neck-to-neck with each other, now the industry is left with only three big players. Though there are some concerns that continuing fleet additions by most players may lead to a situation of supply outstripping demand – supply is expected to grow at 22-25 per cent while passenger traffic is expected to grow at 20 per cent – with fewer players in the fray, competition will be healthier. The civil aviation business in India has seen some dramatic changes in the last few years – internationally, a big jump in the number of flights and destinations: domestically, the introduction of several low-fare carriers that has made air travel affordable to the middle class and resulted in a more than doubling in the number of passengers and expansion of affordable air service to many more cities. And, this sudden and
large increase in passengers has led to congestion in the air and at airports, and a shortage of skilled labour, particularly pilots and technicians, as well

Deregulation has brought substantial changes in the Indian aviation industry. The main reasons for the deregulation were the decline in profitability of Air India and Indian Airlines owing to organizational and managerial inefficiencies and that the capacity of the national carriers was not enough to meet growing passenger demand. With the enactment of the 1994 Act, private operators were allowed to operate both scheduled and non-scheduled services in the domestic sector and there were no major restrictions on aircraft size and type During the last three years two of the existing private scheduled domestic operators Jet Airways and Air Sahara were permitted to operate to foreign destinations and six new airlines were permitted to start operations in the domestic sector: Kingfisher, Spicejet, Go-Air, Paramount, Indigo and Indus. The Indian government decided to merge Air India and Indian Airlines to improve operational efficiency. The new entrants have cornered 44% of Indian aviation market and made considerable dent in the market share of erstwhile operators: Indian Airlines, Jet Airways and Sahara airlines, and LCC’s constitute 34% of market.

2.2. REVIEW OF LITERATURE

There is huge potentiality for the aviation sector in India as the percentage of people traveling by air is increasing because of economic growth and global opportunities. Congestion in airports not only restrains growth but increases the cost of air travel. As the Indian economy picks up momentum for takeoff, the need for developing a world class civil aviation sector has assumed great urgency. In the past, civil aviation did not figure prominently among the priorities of Indian planners. The emergence of the service industry, especially information technology, as
the prime mover of the economy has changed that perception dramatically and brought into focus the inadequacies of this sector.

Customers form the backbone for success of any organization. The management without any right policy is like “building a house on sand”. It means an effective management always needs a thorough and continuous search into the nature of the reasons for, and the consequences of organization. In line with this, some related earlier studies conducted by individuals and institutions are reviewed to have an in-depth insight into the problem and exploring the policies pertaining to aviation industry keeping the customer in focus. An overall view of a few studies is presented below.

Passenger satisfaction in airline operations has become critically important and Dennett, Ineson, Stone, and Colgate (2000)¹ suggest that as competition created by deregulation has become more intense, service quality in the airline industry has also received more attention. Airline companies also attempted to differentiate their services through the use of computerized reservation systems which were also designed to create customer loyalty in the distribution channels (Lee and Cunningham, 1996)².

However, despite the airlines’ efforts to differentiate their services, an extensive survey of frequent fliers conducted by Ott (1993)³ revealed that consumers did not perceive any difference from one carrier to another. Cronin and Taylor (1992)⁴ originate empirical provision for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction.
Bitner and Hubbert (1994)\textsuperscript{5} determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. Service quality will vary; the definitions are all formulated from the customer perspective: that is, what customers perceive are important dimensions of quality. Parasuraman, Zeithaml and Berry (1988)\textsuperscript{6} were the pioneers in the conceptualization of the service quality construct, these authors maintained that the overall perception of quality was a disconfirmation of a customers expectation and evaluation of a services delivered.

Saha and Theingi (2009)\textsuperscript{7} pointed out that the emergence of low cost airlines has raised concerns on how satisfied are the customers with the services provided. They originate that successful companies have a differential advantage in overall company reputation and communicate it as quality to their customers. Often, they are able to command premium prices and also stated that good reputation could increase an organization's sales, attract more customers, and reduce customer departures.

The delivery of high-quality service becomes a marketing requirement among air carriers as a result of competitive pressure. Chang and Keller (2002)\textsuperscript{8} argue that quality in airline service is difficult to describe and measure due to its heterogeneity, intangibility, and inseparability, and only the customer can truly define service quality in the airline industry. Previous airline service studies are concentrated in modeling the effect of perceived service quality at the aggregate construct level, though examining the effects of individual dimensions of service attributes has potentially great utility for airline managers (Patterson & Spreng, 1997)\textsuperscript{9}. The perceptions of airline service quality are quite diverse and do not seem to fit any single existing quality model such as the service quality.
(Vaishali. C Mahajan & Raju S.S., 2010)\textsuperscript{10}, has explored that the most important factor while selecting a particular airline is In Flight facilities. Thought the fundamental objective of low cost airline is to provide most basic facility that is travel on low cost but also because of proliferated number of players in the airline industry, airlines may enjoy new business opportunities along with high competitive threats.

Research into airline service quality has increased rapidly since its relationship with passenger satisfaction and profitability has been established (Heskett et al., 1994)\textsuperscript{11}. Much of the literature suggests that airline passengers perceive service quality as a multi-dimensional construct, which is in accordance with the conception of service quality proposed by Parasuraman et al. in their well-known service-quality measuring instrument called SERVQUAL. This instrument, which measures service quality in terms of five dimensions (reliability, assurance, tangibles, empathy, responsiveness) is based on the premise that customers’ assessments of overall service quality are determined by the “gap” between their expectations of service and their perceptions of actual service performance.

The US Department of Transportation (DOT) also utilises a multidimensional conception of service quality in its regular reports on airline service quality, which provide data on the following operational measures: flight delays; mishandled baggage; oversold flights; and consumer complaints. Rhoades and Waguespack (2005)\textsuperscript{12} compared the service quality of US airlines before and after the terrorist attacks of 11 September 2001 and found that service quality was at its optimum in 2002 as decreased utilisation of seats facilitated on-time performance, reduced overbooking, and fewer customer complaints.
Tiernan et al. (2008)\textsuperscript{13} offered a wider perspective on service-quality measures on the basis of data from the Association of European Airlines (AEA) when they found that important factors in determining positive customer perceptions of the industry included on-time flight arrivals and an absence of cancellations and baggage problems.

In the case of the Thai LCCs that are the subject of the present study, there was initial uncertainty among practitioners as to whether the perceptions of a lower cost structure would alter accepted measures of service quality or whether the conventional measures continued to apply to the LCCs. It has subsequently become apparent to the LCCs that their lower fares to passengers are perceived to be due to cost reductions through efficiency in their operations, rather than to diminished service standards. As a result, compliance with service-quality standards continues to be important for the LCCs. Indeed, a comparative study of LCCs and FSCs found that service failures (such as flight cancellations, diversions, delays, strikes, and negative staff attitudes) resulted in more complaints for the LCCs than for the FSCs (Bamford and Xystouri, 2005)\textsuperscript{14}.

The constructs of perceived service quality and customer satisfaction have traditionally been equated. Howat et al. (1996)\textsuperscript{15}, for example, measured satisfaction by using indicators based on the five dimensions of perceived service quality suggested by Parasuraman et al. According to the expectancy-disconfirmation paradigm that formed the basis of the SERVQUAL model, service quality was defined as the “gap” between expectation and perception (Parasuraman et al., 1988), and customer satisfaction was understood in terms of meeting or exceeding these expectations (Oliver, 1980). In contrast to the traditional tendency to equate the two constructs, the notion that perceived service quality and customer satisfaction are distinctive
constructs has subsequently achieved some degree of consensus among researchers. According to this view, perceived service quality is evaluated by the actual performance of the service in terms of particular service attributes in the specific context, whereas customer satisfaction is assessed by the customers’ overall experience of the service (of which service quality is only one aspect) (Oliver, 1993). Customer satisfaction thus depends on a variety of factors, including perceived service quality, customers’ mood, emotions, social interactions, and other experience-specific subjective factors (Rust and Oliver, 1994). Crompton and Love (1995) asserted that the two constructs are likely to be positively correlated, but unlikely to be linear. For example, high service quality in an airline (as evaluated by timeliness of the flight schedule or individualised attention by the flight attendants) might not necessarily produce high satisfaction if there are negative emotions associated with the experience of the flight. Although researchers now generally agree regarding the distinctiveness and definitions of perceived service quality and satisfaction, their causal relationship is yet to be resolved. There are two lines of arguments in this regard. Some researchers (Bitner, 1990; Bolton and Drew, 1991) have suggested that customer satisfaction is an antecedent of perceived service quality. These authors argue that satisfaction mediates a set of logical attributions (explanations) regarding the expectations of service and customers’ evaluations of service. For example, an acceptable explanation for a delayed flight might create satisfaction for passengers and not result in an evaluation of bad service quality for the airline.

In contrast to the view that customer satisfaction is an antecedent of perceived service quality, other researchers (Oliver, 1997; Cronin and Taylor, 1992; Parasuraman et al., 1988) have contended that the constructs are reciprocal. According to this view, service quality is a cognitive assessment of services in each occurrence, whereas satisfaction is the accumulated
effect on the customers’ evaluation of the services. In support of this view, Brady and Robertson (2001) confirmed the antecedent role of service quality with respect to customer satisfaction in a cross-national study of the fast-food industry in the USA and a Latin American country.

Dr. Makarand Upadhyaya\(^\text{17}\) (2012), has focused on customer complaint and its quick resolution. In Airlines industry customer complains plays a vital role in customer satisfaction. He focused on 2 types of complain, controlled complaint are those which is under control such as fare related problems, flight delays, misbehaviour by staff, etc. and uncontrolled are those such as weather problems, technical fault, etc. So for solving these problems trained staff is required who can effectively minimize or handle these problems.

Dipa Mitra\(^\text{18}\) (2010), in her study she has given importance on healthy relationship between customer and the Airline service provider. The Airlines Industry today should aim not only at delivery of the service to the passengers, but they should also focus on satisfying the passengers with the services. They need to know the customer preferences and should bring changes according to that. Then the customer will be satisfied. Some of the private players are very much concerned about their passengers as well as some of them are implementing low price strategy to attract the passengers. So in this competitive age, the success of Airlines is very much dependent on the passenger service provided at all levels, after and during the journey to make their passengers satisfied.

R. Archana and Dr. M.V. Subha\(^\text{19}\) (2012) have studied the factors which influences on passenger satisfaction. They have identified that Cuisines provided, seat comfort, safety these factors have an important role in customer satisfaction. They have also found that customer satisfaction depends on personal entertainment, which is an important factor in flying decisions
of passenger. According to their study online seat booking, call centre facilities and reservation/cancellation is highest influencing factor in flying decisions of the passengers.

According to Mohammad. J. Tarokh and Mahmoud Majidi\textsuperscript{20} (2012) customer relationship management has a vital role in satisfaction of Airlines services. The marketers should understand the customer needs and wants to satisfy those needs. For that building a good relation is very important with the customers. They have talked about Airline E-CRM which provides an understanding of customer behaviour and enables airlines to measure results of marketing changes. E-CRM supports fully digital information exchange between airlines and customers, reduced cost of a customer contact. It also helps to dynamically adapt to customer behaviors.

Dariush Rafati and Peyman Shokrollahi\textsuperscript{21} (2012), in their studies they have talked about the gap between customer expectations and perceptions about services. They have said that according to the educational level the expectation of the customer differs. They have also said that gap between customer's expectations and perceptions in airline service attributes help top managers to understand which services are important to customers and which services are consistent to customers’ perceptions.

Muhammad Bilal Ahmad, Ejaz Wasay and Saif Ullah Malik\textsuperscript{22} (2012) has conducted a study and concluded that, employee motivation is an important factor, which may be directly or indirectly related to customer satisfaction. If the employees are well motivated then they perform better job. And if the employees work efficiently and provide services to the customer then the customer get satisfied. They have said employee motivation is affected by both personal characteristics as well as workplace environment. If the employees behave nicely with the
customer then the customer feel good and they think the company is showing respect and providing value. And the employee behaviour will be good when they will be motivated and there is a healthy pay system and work environment.

Jayaraman Munusamy, Shankar Chelliah, Sivamurugan Pandian\textsuperscript{23} (2011), have found that the factors such as the pre-flight services which they are proving, customer relationship management and cabin environment and in-flight services that customers are getting influence customer satisfaction. If these are very good then customer gets satisfied. The customers will be satisfied if the cabin facilities, baggage systems are well maintained. Customer satisfaction also depends on how they are maintaining relationship with the customers. How the staffs are behaving with customer, entertainment facilities, timing plays a key role in customer satisfaction in Airlines Industry.

Elif Degirmenci, Huseyin Basligil, Ahmet Bolat and Yavuz Ozdemir,\textsuperscript{24} in their study they have focused on service quality, CRM, Loyalty, Airline Service Quality etc., which play an important factor for customer satisfaction. To satisfy the customer the Airlines Company should maintain good relationship with them. It will be possible when they will provide the best quality service to the customer. The service provider should take care of in-flight services, it has to be improved. Then the loyalty of customers will be increased. Customer loyalty depends on the educational level of the customer.

CFS Aviation Industry Customer Satisfaction Survey\textsuperscript{25} (2010), reports the study conducted in Nigeria. It is found that they prefer advance ticket booking services and they have bad experience. So to satisfy the customer the Airlines Company should take care of this issue. Customers also think about safety and security in flight. So the marketers need to improve the
security system. The service providers need to make a smooth process of ticket reservation and ticket cancellation. Customer satisfaction mainly depends on these above issues.

Breakthrough Management Group International\textsuperscript{26} has conducted a study entitled Improving Customer Satisfaction in an Airlines Industry. According to the report the report Cabin appearance Staff should be trained well. They should also give importance to build effective communication in all locations.

Ekaterina Tolpa\textsuperscript{27} (2012), found that the importance is given on the quality of the services in order to satisfy the customer. When the expectations of the customer get fulfilled then they become satisfied. Service quality includes customer safety, flight frequency, reliability etc. They should also focus on customer segmentation. When the flight frequencies get increased and safety measure is available then the customers get satisfied.

Rajdeep Grewal, Alka V. Citrin and Murali Chandrashekaran\textsuperscript{28} (2008), has describe the importance of investment. They have done a research which says that shareholder value and the growth of company depends upon the investment done by the company i.e. in which sector or in which department they has invested its money. In this research they have adopted the view that customer satisfaction is a key marketplace asset, they have tested two conjectures: (a) objective service quality and advertising impact not only the level of customer satisfaction, but also the heterogeneity in this asset get impacted, and (b) Satisfaction heterogeneity will decrease the utility of the satisfaction asset in driving shareholder value, and also influence the contemporaneous volatility in shareholder value. They have done this research using secondary data from diverse sources describing the dynamics within the U.S. Airlines Industry over a 9year
period from 1997-2005. They come to conclusion that increasing levels of satisfaction heterogeneity serve to reduce the volatility in shareholder value.

Giovanni Bisignani\textsuperscript{29} (2011), has done research on the future problems, need, requirement, changes that will be face by aviation industry. The problem describe in this research is that the number of passengers increasing day by day and the cost of travelling has decrease, if this the scenario now what will be in 2050. So the modification that aviation industry should do for their benefits are mention and research has been done on these things. Solution trace out by the research is that all the company in this industry should be united and there should be no competition, all should go hand in hand. Even they should pursue government to join with them. There should be change in the leadership. They said that last decade has shown that by working together with a common purpose, change is possible and also flexibility and openness to change will mark the way forward.

Adams B. Steven, Yan Dong and Martin Dresner\textsuperscript{30}, investigated the linkages between customer service and customer satisfaction, and firm performance in the U.S. airline industry. They had examined the moderating effects of market concentration and firm dominance on the service-satisfaction-performance relationship. This research says that customer satisfaction and airlines profitability are dependent and they are affected by the market. Research says that considering customer satisfaction and customers services airlines industries can increase their profit.

Giovanna Nicolini and Silvia Salin\textsuperscript{31}, two different non-classic methods of research had been use for research of customer satisfaction in British Airways, based on the analysis the
qualitative data, and are applied to evaluate customer satisfaction. They said that quality and satisfaction is based on two different approaches involving objective and subjective aspects. For the purpose of research they had use Decision Tree theory and secondly they have use Rasch model for study. By both the mean of study it can be said that customer satisfaction is necessary in British Airline.

Measuring Customer Expectations of Service Quality, this research had been done in order to understand the concept of service quality and find out the different approaches to measure service quality. Another reason was to define a process model which enables to measure service quality in air transportation based on literature review. The utmost operation is to test the process model on selected customer group and then the return result can be used to investigate what services customers considers as the “core quality”, on their flight experience and to check whether there is any deviation from the proposed quality and actual applied service.

Manzoor Nazir Bhatti et. al., (2010), found the present and future aspects of aviation industry in relates to growth and consumer satisfaction. The sample had been collected from various sources. It was found that both the US and European major airlines does not had constant profits in the business. They either had losses or marginal profits in recent history. However it has been noticed that low cost carriers have been able to sustain in both the markets because of their effective marketing strategies. However for both the airlines that is for executive class as well as for low cost carriers future is unpredictable.

Dipa Mitra (2013), considered 21st century as the service industry century. Service industry is moving and growing at a rapid pace across developed and developing centuries. Services generally termed as an intangible product which can be measured by the level of
satisfaction. Another definition of service can be offered as an activity or benefit that one party offers to another in a non tangible form. Now in today’s scenario every industry needs to be properly handling the CRM that is Customer Relationship Management. Thus it has been an important outlook for the service industry to identify parameters that cause customer more satisfied and should adopt those strategies.

Gour C. Saha, Theingi\textsuperscript{35} (2009), have focused that flight schedules, flight attendant and the service quality are the key factors of customer satisfaction. They have said that customer satisfaction depends on the price of the airlines services. They have focused on the services like comfort, food, other in-flight services which lead to customer satisfaction. Customer satisfaction also depends on how they are handling the complaints and flights are running in time.

Kee Mun, Wong and Ghazali, Musa\textsuperscript{36} (2011), stated that, the airline industry has undergone through a fast moving ride for the past few years. One of the main developments in the current aviation industry is the growing popularity of low cost airline with high quality service. The competition between Malaysia airlines and Air Pacific has been cut throat as regards to price factor. Both the airlines have different customer base and hence offers different service experience. It is also note able that differentiate in providing higher service quality is the main factor to increase or to attract customers towards them. It has been noticed that customers are getting attracted towards the intangible service where monetary value is less than the services being provided.

Mohd Zahari, M. S, Salleh, N. K., Kamaruddin, M. S. Y and Kutut, M. Z.\textsuperscript{37} (2011) stated that, Service quality is the essence of airline companies which makes their image differenti
from others and keep their image in the minds of passengers. Many airlines followed the route of higher service quality through on ground and off ground service. Inboard meal is one of the important aspect of the airline operation. Now days it became a marketing strategy. This research depicts the reaction of customers through in flight meals to see the satisfying level and re flying intention. Food not only sacrifices the inboard customers but also have an effect on flying intention.

Dean E. Headley\textsuperscript{38} (1997), stated that, in earlier days airlines quality had been measured on survey which offers the services expected and the prescribed services. Service quality is the difference between the service expected and the actual service being provided. Services should match according customer’s expectations. The survey helps the airline companies to know exactly what they want and accordingly operations have taken place.

Kurtis M. Ruf and Alpa Agarwal\textsuperscript{39} (2010), in this article described new planning strategies for tourism industries. Authors emphasizes on the quality, efficiency, and effectiveness in the marketing process of this industry. The article describes that how to analyze the market and make strategies. Author have given some steps that include needs analysis of customers, research and analysis, strategic positioning, marketing plan development and training, implementation of the strategies, evaluation of the strategies, and adjustment these will improve their planning process. Through this the customer satisfaction can be achieved. Tourism industry is also connected with aviation industry so some of these points can be helpful in increasing customer satisfaction in aviation industry.

Aako Teikake\textsuperscript{40} (2012), in this research the importance is been given to customer satisfaction as it playes an important role, as airline can survive and strengthen their
competitiveness. Service quality is an important factor for customer satisfaction, this research will be helpful for airport management and also aircraft management in increasing the customer satisfaction. The questionnaire was made using SKYTRAX (one of the method of research), stratified sampling process was use for the research. Through this survey it was found that Kiribati air services have low customer satisfaction. The problem was easily traced out as it was a research done through primary data.

Cynthia DE Wet\(^{41}\) (2007), describes the importance of providing the best services, so that customer satisfaction can be acquire. The study is been done in detail regarding supply chain of South Africa Airways and the problem has been trace out through this detail research. Both the primary and secondary data were use in conducting this research. Two surveys have been done in this research paper one was done with staff of the airline and other was done with customer of this airline.

Dawna L. Rhoades\(^{42}\) (2005), says that there over 200 airlines have started up and failed in U.S. the reason behind this was the competitive pressures and economic conditions which result to the failure of many carriers. This research paper examines the pressures which say that rapid expansion can create including downward spiralling levels of quality, declining load factors, and death in the airline industry. The research paper examines the growth rates and service quality of some airlines of U.S and helps to improve them.

P.G. Mostert, C.F. De Meyer & L.R.J. van Rensburg\(^{43}\) (2006), in their Research paper describes that Service failures and the subsequent service recovery efforts of an Organization can have a profound effect on customers’ satisfaction with an organization as well as on the quality of the relationship with the organization, despite other efforts by the organization to build long-
term relationships with its customers. In this research the data were collected from passenger’s flying with South African domestic passenger airlines departing from OR Tambo International Airport. The problem regarding the customer satisfaction in domestic airlines was traced out.

Customer satisfaction can differ from person to person and product to product. But generally if the product has at least met the needs of the consumer then it is said to be customer satisfaction. In case it failed to meet the minimum expectation then it will be turned into dissatisfaction (Zeithaml & Bitner 2003). Tolman (1932) was the first person to use the term expectation in the context of behaviour. In general terms, expectations borrow from Tolman’s expectancy theory whereby, subsequent to learning, people actualize or ward off potential consequences of their actions. Pretrial beliefs about a product (Olson & Dover, 1979) that serve as standards or reference points against which product performance is judged (Zeithaml, Berry & Parasuraman 1993) is a commonly used definition of expectations that draws from Tolman's original conceptualization.

Customer satisfaction is measured in a given reference of time. So with due respect of time even it changes so as the satisfaction level. It changes from time to time and factor to factor as it is a dynamic process. In highly involvement decisions it is very important to meet the satisfaction level. If it failed to meet the expected level then the companies will lose the customer. As there won’t be any second chance (Zeithaml & Bitner 2003). The key to provide the excellent service is in understanding the customer expectation (Parasuraman, Berry & Zeithaml, 1991). Expectations play a role in the formation of satisfaction and service quality through the expectancy disconfirmation paradigm (Oliver, 1980, 1993, 1997; Tse & Wilton. 1988), and the gap model (Parasuraman, Berry & Zeithaml 1991). Satisfaction and perceived
quality result from a comparison of the level of performance perceived and the level of performance expected by the consumer.

Two additional components of service expectations, namely functional and technical dimensions, (Gronroos, 1983) are found. Consumers make service evaluations based on the technical dimension what is delivered and on the functional dimension how, why, where, and when it is delivered (Gronroos, 1983; Hill, 1986; Richard, Allaway, 1993; Walker & Baker, 2000). A passenger, for example, will be provided with a seat (technical) passenger will interact with the cabin crew (functional). There are many areas in the airlines itself where faulty processes are leading to customer complaints and displeasure. Which in return creates a negative word of mouth (Davidow, 2003) (Au, Hui & Leung, 2001). Compliant handling (Davidow, 2003) is very important for service quality in the airline industry and it is even acknowledge by the airlines (Strauss & Schoeler, 2004). Customers complain only when customers feel something will be done if customers know nothing will be done then customers will not only avoid traveling on the same airline but will create negative word of mouth (Davidow, 2003; Au, Hui & Leung, 2001). The managers in Airlines must try to increase will and decrease should expectations or, alternatively, attempt to increase will expectations and leave should expectations intact. Although the emphasis on manipulating will expectations (Hamer, Shaw & Sudharshan 1999; Lee and Yoo. 2000), will find dissenting opinions (Oliver and Burke, 1999) exists. Complaint handling (Davidow, 2003) is not only effective but is very cost effective way to achieve better customer’s satisfaction as well.

Service quality is considered as a critical dimension of competitiveness (Lewis, 1989). Providing excellent service quality and high customer satisfaction is the important issue and
challenge facing the contemporary service industry (Hung et al., 2003). Service quality is an important subject in both the public and private sectors, in business and service industries (Zahari et al., 2008). It is the extent to which a service meets or exceeds customer needs and expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al., 1996; Wisniewiski and Donnelly, 1996; Seilier, 2004; Zahari et al., 2008). During the past two decades, service quality has become a major area of attention to practitioners, managers and researchers because of its strong impact on business performance, lower costs, return on investment, customer satisfaction, customer loyalty and gaining higher profit (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummesson, 1998; Lasser et al., 2000; Newman, 2001; Sureshchander et al., 2002; Seth and Deshmukh, 2005).

The rapid development and competition of service quality, in both developed and developing countries has made it important for companies to measure and evaluate the quality of service encounters (Brown and Bitner, 2007). Several conceptual models have been developed by different researchers for measuring service quality. It is envisaged that conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement program, thereby improving the efficiency, profitability and overall performance (Seth and Deshmukh, 2005). There are two main aspects that describe and affect both service quality; the actual service customers expected (expected service) and services perceived (perceived service). Fitzsimmons & Fitzsimmons (2001) explains that the creation of customer satisfaction for a service can be identified through a comparison between service perceptions with service expectation.
Although the definitions of service quality vary, the definitions are all formulated from the customer perspective: that is, what customers perceive are important dimensions of quality (Lewis, 1989). Gronroos (1982) and Parasuraman, Zeithaml and Berry (1988) were the pioneers in the conceptualization of the service quality construct, these authors maintained that the overall perception of quality was a disconfirmation of a customer’s expectation and his/her evaluation of a service. The dimensions of service quality have also been debated in the literature. For example, Gronroos (1982) proposed technical (the tangible aspects of service delivery) and functional (the expressive performance of the service) qualities as two critical dimensions of service quality. Alternatively, Parasuraman et al. (1988) proposed five service quality dimensions, namely, tangibles, reliability, responsiveness, assurance and empathy. Rust and Oliver (1994) developed a three-component dimensional model and concluded that the service product (i.e. technical quality), the service delivery (i.e. functional quality), and the service environment were critical dimensions of service quality. Dabholkar, Thorpe, and Rentz (1994) tested a hierarchical conceptualization of retail service quality that proposed three levels: (1) customers’ overall perceptions of service quality; (2) primary dimensions; and (3) sub-dimensions.

Brady and Cronin (2001) adopted the view that service quality perceptions were multidimensional and identified the primary dimensions of their model based on Rust and Oliver’s (1994) findings. More recent work by Brady and Cronin (2001) has provided a new and integrated conceptualization of service quality. They argued convincingly that customers form service quality perceptions on the basis of their evaluations of three primary dimensions: outcome quality, interaction quality, and environmental quality; these three primary dimensions are composed of multiple sub-dimensions. The aggregate evaluations of the sub-dimensions form
their perceptions of an organization’s performance on each of the three primary dimensions, and those perceptions then lead to an overall service quality perception. The debate on service quality dimensions is still ambiguous, but it is generally accepted that perceptions of service quality are multidimensional and the dimensions are industry-specific.

Recent interpretations in the consumer domain now couch satisfaction as a fulfillment response. Fulfillment implies that a consumption goal is known, as in basic motives of hunger, thirst, and safety. However, observers of human behavior understand that these and other goals can be and frequently are modified and updated in various ways. Thus, consumer researchers have moved away from the literal meaning of satisfaction and now pursue this concept as the consumer experiences and describes it. In Oliver (1997), satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over-fulfillment. Satisfaction is an “overall customer attitude towards a service provider” (Levesque & McDougall, 1996) or according to Zineldin (2000) an emotional reaction to the difference between what customers anticipate and what they receive. When customers are satisfied, they are more likely to return, while dissatisfied customers are more likely to go elsewhere (Heskett et al., 1994; Strauss et al., 2001; Zairi, 2000).

Since, customer satisfaction is strongly influenced by the interaction between customers and employees (Boshoff & Tait, 1996), examining employee behavior is critical. Employee behavior, though, is strongly influenced by the operating organizational culture (Chow et al., 2002; Ferris et al., 1998; Pratt & Beaulieu, 1992; Schein, 1996), “a system of shared values and beliefs that produces norms of behavior and establishes an organizational way of life” (Koberg & Chusmir, 1987). Where the existing literature relates organizational culture and customer
satisfaction, those links are either theoretical or indirect (Gowing & Lindholm, 2002; Gupta et al., 2005). Quality of service is the focus of the assessment that reflects the customer's perception of the five specific dimensions of service. Conversely, satisfaction is more inclusive, that is, satisfaction is determined by the perception of service quality, product quality, price, situation factors, and personal factors (Zeithaml & Bitner, 2001).

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Ranaweera and Prabhu, 2003). The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Shin and Elliott, 2001). Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions (Cronin and Taylor, 1992; Fornell, 1992). Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992; Halstead and Page, 1992). Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one (Blodgett, Wakefield, and Barners, 1995; Gummesson, 1994). In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Halstead and Page, 1992; Fornell, 1992). In many industries, having satisfied customers also means that the organization receives fewer complaints (Fornell, Johnson, Anderson, Cha, and Bryant, 1996; Spreng, Harrell, and Mackoy, 1995), hence reducing costs in handling service failures. Researchers also maintain that satisfied customers are willing to pay more for the benefits they receive and are more likely to be tolerant of an increase in price (Fornell et al., 1996; Anderson, Fornell, and Lehmann, 1994). Shin and Elliott (2001) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.
To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin, Brady, and Hult, 2000; Anderson et al., 1994; Cronin and Taylor, 1992). However, the exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002). Parasuraman, Zeithaml, and Berry (1994) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult. Interpretations of the role of service quality and satisfaction have varied considerably (Brady et al., 2002; Cronin and Taylor, 1992; Parasuraman, Zeithaml, and Berry, 1988), they confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service.

Cronin and Taylor (1992) argued against Parasuraman et al.’s (1988) categorization. Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs. The authors reasoned that consumers may not buy the highest quality service because of factors such as convenience, price, or availability and that these constructs may enhance satisfaction while not actually affecting consumers’ perceptions of service quality. Cronin and Taylor (1994) later
conceded that the directionality of the service quality - satisfaction relationship was still in question and that future research on the subject should incorporate multi-item measures.

The authors suggested restricting the domain of service quality to long-term attitudes and consumer satisfaction to transaction-specific judgments. However, Bitner and Hubbert (1994) determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. Adding to the debate about the distinction between service quality and satisfaction, customer satisfaction has also been operationalized as a multidimensional construct along the same dimensions that constitute service quality (Sureshchandar, Rajendran, and Anantharaman, 2002). Despite strong correlations between service quality and customer satisfaction, the authors determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view. Brady and Cronin (2001), endeavored to clarify the specification and nature of the service quality and satisfaction constructs and found empirical support for the conceptualization that service quality was an antecedent of the superordinate satisfaction construct. In addition, the authors found that satisfaction explained a greater portion of the variance in consumers’ purchase intentions than service quality.

A reverse casual relationship has also been hypothesized between the two constructs. Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which satisfaction was based, satisfaction was also one potential influence on future quality perceptions. In recent years, organizations are obliged to render more services in addition to their offers. The quality of service has become an aspect of customer satisfaction. It has been proven by some researchers that service quality is related to customer satisfaction. In relating customer
satisfaction and service quality, researchers have been more precise about the meaning and measurements of both satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. Amidst these debates, it is clear that there is a strong relationship between service quality and customer satisfaction, it can be concluded that service quality had significant impacts on customer satisfaction. Sureshchandar et al. (2002) found that service quality and customer satisfaction were highly related.

Satisfaction is related to the customer’s evaluation of a product or service that determined whether it meets the customer’s expectancies. Having purchased a product previously, the consumer has more than likely developed an attitude towards it. It is likely that the attitude is tied fairly strongly to the consumer’s intention to repurchase the product or patronize the service in the future. Satisfaction can be defined as judgment made on the basis of a specific service encounter. Whenever satisfaction fails, dissatisfaction is the result when the needs and expectations are in failure. From the mentioned definitions it can be concluded that satisfaction is related on how customer had the feeling to repurchase certain products or services.

There are several determination of customer satisfaction such as service features, perceptions of service quality and price. In addition, personal factors and situational factors may influence customer satisfaction as well. Feeling of satisfaction on certain products or services related to other types of feelings. Satisfactions can be viewed as contentment. More than that, satisfaction can be also being viewed as feelings of pleasure. Satisfaction is the important factor to attract more customers. Understanding and meeting customers’ expectations and subsequently being different from competitors are important in order to survive in the today world of
globalization. It is imperative that service companies measure and monitor service quality and satisfaction with a view to influencing the behavioral intentions of their customers.

Service quality is an important subject in both the public and private sectors, in business and service industries. It is the extent to which a service meets or exceeds customer needs and expectations. During the past two decades, service quality has become a major area of attention to practitioners, managers and researchers because of its strong impact on business performance, lower costs, return on investment, customer satisfaction, customer loyalty and gaining higher profit.

According to Atilgan et al. (2008), in most of the service settings customers may not received the level of service they expected before the actual service experience. The performance of the service falls either under customers’ expectations or above expectation. When expectations are exceeded, service is perceived to be of high quality and also to be a surprise. When expectations are not met, service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory. However, quality, which falls short of expectations, has a greater effect on customer satisfaction than quality which exceeds satisfaction pointed out that the emergence of low cost airlines has raised concerns on how satisfied are the customers with the services provided maintaining quality are the main concerns of business today. In general, service quality literature recognizes expectations as an instrumental influence in consumer evaluations of service quality. The notion that service quality and customer satisfaction are distinctive variables has achieved some degree of consensus among researchers there is a continuous increase in customers expectations and subsequent demands for improved service quality.
Airline service includes multiple service quality dimensions of core service - transportation, of facilitating service – check-in procedures and of supporting services in-flight meals concluded that reservation; ticketing and airport services dimensions are insignificant to satisfaction.

Empirical airline service studies mentioned the employee behavior is the key factor to attract more passengers in the airline service. One of the ways used to minimize the impact of the growing number of passengers in airline performances is to hear employees and customers. In accordance with the two most significant drivers of passenger’s satisfaction are on-board service and employee service. Staff ability, was highlighted by Brady and Cronin Jr. about its predictive power in creating emotional responses in customers and satisfying them.

A service cannot be stored (no inventory of services can be accumulated and it has to be consumed immediately. This applies to an airline seat, which perishes as soon as a plane takes off that services are intangible and require extensive customer contact. Moreover, they add that customer contact is an important determinant of service quality and it should be a key consideration in design and delivery of service. Cross sea passenger transport was chosen as the research context, as this segment of the travel industry market offers essentially undifferentiated core service benefits (transport between ports at similar prices) with no contractual or incentive obligation such as frequent flyer points, for customers to remain with the service provider. Consequently, variations in repeat purchase are expected to arise from relationship quality rather than price competition, or contractual obligation. A positive relationship has also been reported between satisfaction and commitment. That is, those consumers who are satisfied with their
interactions with the organization are provided with repeated positive enforcement, thus creating positive emotional commitment bonds with the organization.

Customer behavioral intention been associated with profitability and the market share of a firm; these customer behaviors are:

(1) word-of-mouth
(2) Repurchase intention
(3) Feedback to the service provider.

Word-of-mouth refers to a flow of information about products, services, or companies from one customer to another. As such, word-of-mouth represents a trusted external source of information by which customers can evaluate a product or service. Some researchers have found a direct positive relationship – with satisfied customers engaging in more word-of-mouth. Others have found a negative relationship – with dissatisfied customers engaging in more word-of-mouth. In contrast to these mixed findings about the details of the relationship, there is general agreement about the valence (positive or negative) of the word of-mouth: satisfied customers generate positive word-of-mouth, whereas dissatisfied customers generate negative word-of-mouth Although some studies have concluded that satisfaction is a necessary but not sufficient condition for positive word-of-mouth, it is agreed that positive feedback is always driven by satisfaction.
However, both the level and the valence of word-of-mouth are dependent on a range of other factors, including culture, incentives, emotion, and perception of the fairness of the encounter. With regard to the second behavior noted above, many researchers have found a positive association between satisfactions and repurchase intention. However, other empirical studies have not confirmed such a direct relationship. In attempting to explain these conflicting findings suggested that a satisfied customer might switch to an alternative supplier with a view to increasing the present satisfaction level whereas a dissatisfied customer might remain with the existing supplier because no better alternatives are available.

The third behaviour noted above – customer feedback – refers to the transmission of negative information (complaints) or positive information (compliments) to providers about the services used. Such information can be useful for providers in identifying areas in which adjustments of performance are required. The performance of a company leads to customer satisfaction with a product or service. Customer satisfaction is fundamental to the practice of consumer sovereignty. In recent research, customer satisfaction (or dissatisfaction) has become an important issue for marketing practitioners because of the rapid business environment. Customer 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. Firms are needed to gain a better understanding of the relationship between satisfaction and behavioral intention in the online environment and to provide online service to get more intention to the rapid purchasing.

Customer satisfaction has a strong influence on the customer retention and business effectiveness of a firm (Kwong, Wong, Chan, 2009). Steven, Dong, & Dresner (2012) believe that customer satisfaction of a firm will be increased by improving the customer service factor and as a result the company’s performance would be better. In other words, providing poor
service will lead to negative influence on the image and survival of a service company (Boshoff, & Staude, 2003). Being a fast developing country, Vietnam tends to integrate widely into the global market, people’s income is constantly improving, needs and demands for air travel grow rapidly. According to Thanh (2011) the domestic travel by air increased 14% in 2011 which is much higher than average rates in the world and Asia. In this context Vietnam is considered as an ideal market for airline industry. The participation of series Full Service Airlines (FSA) and Low Cost Airlines (LCA) into the airline industry such as Vietnam Airlines, Jetstar Pacific Airlines, Vietjet Air, Air Mekong, Vasco, and Indochina Airlines proves that judgment.

Chen (2008) has appointed that customer satisfaction is a holistic concept that it represents the overall emotional response after consumption, and it can range from the level of dissatisfaction to satisfaction. LCA in particular, customer satisfaction is a crucial factor of competitive advantage and helps to create the success for LCA who is a newly participations (Kim & Lee, 2011). Besides, customer satisfaction is penchant for the defence to retain customers rather than for the offence to find new customers in a competitive environment (Reichheld & Sasser, 1990). Within theories about the elements of customer satisfaction, it seems that price and service factors are core elements that influence strongly on customer satisfaction of a service company. In developing countries as Vietnam, LCAs are always attractive to customers through cheaper fares due to low cost strategies and diversified revenue sources. Nevertheless, some customers believe that low fares are synonymous with poor service quality. Therefore this chapter will give an overview of concepts, theories and models related to service quality, price, and customer satisfaction sectors in service companies, airline industry, and LCA particularly. In addition, this chapter also access to the theories, and definitions of the relationship between price, service quality and customer satisfaction.
Customers judge the service satisfaction through their feel and experience. Service price is always one of the core factors in the customer perceived level of satisfaction. Generally, high-quality services, greater cost than equivalent low-quality services (Chitty, Ward, & Chua, 2007). For most consumers, the best quality service is not sufficient to rule that it has satisfied customers. Customers tend to buy the services that make them satisfy, but they do not need to buy the best services (Cronin & Taylor, 1992). Besides, many studies argued that service price can strongly influence customer perception of service value, service satisfaction (Zeithaml & Bitner, 2000; Peng & Wang, 2006; Kim, Zhao, & Yang, 2008). More competitive prices will be a motive source to attract new customers because those customers often rely on the service price to judge the service through its price, while they are no experience to evaluate the service before buying or using it.

The value of the money to purchase services or products is another aspect in the customer satisfaction. According to Porter (1985) value is the amount that customers satisfy to pay for products or services of the firms. Feller, Shunk, & Callarman (2006) gave an excellent example about the value in the context of a person who is dying of thirst in a desert. If someone gives him water in one hand and money in the other, the money would be a little considered. Thus only water can satisfy him at that time. The example provides us the insights that the value is a subjective experience depending on particular circumstances. Therefore, the value appears when needs meet supply.

The concept of reasonable price is also applied to many researches to judge the customer satisfaction compared to the price of products and services. Customers are willing to open their wallets to by the services or products that they feel reasonable price (Oliver, 1997; Cheng, Lai, &
Yeung, 2008). Airlines in general and LCAs in particular do not ignore this principle in building the fare frame to meet the different demands of consumers, from that they launch out extended fare ranges compatible with the provided service, the flying time, or the booking season.

There are so many studies on the relationship between service quality and customer satisfaction. That leads to the result of behavioral outcomes. Generally, researchers agreed that high service quality leads to increase customer satisfaction. Consequently, the customer is willing to share the satisfaction to other people; the service firms gather the consumers’ loyalty, retention (Lee, 2011; Danaher, 1997; Magi & Julander, 1996; Levesque & McDougall, 1996; Bitner, 1990).

However, some other researches specified that link between service quality, satisfaction, and firm performance is not consistent with each other (Anderson & Mittal, 2000; Arthur, 1994; Ittner & Larcker, 1998). In another study on airline industry Steven, Dong, & Dresner (2012) demonstrated that the relationship between three factors of service, satisfaction and performance is non-linear and can identify the optimal point in which the company can get maximum profit at a specified customer service and satisfaction.

In general, most of studies agreed that there is a proportional relationship between customer service, customer satisfaction, and business performance. When firms provide higher service quality, increase customer satisfaction and lead to better performance results, the company earns higher profits (Banker & Mashrana, 2007; Behn & Riley, 1999; Dresner & Xu, 1995; Sim et al., 2010).
Satisfying customer is the main motto of any marketer. Price and service quality affects the customer satisfaction. Specifically consumers tend to consider the relative relationship between price and their expectations about the performance of the product. Price plays a major role in consumer satisfaction in aviation sector. From this study we can see that price sensitive consumer focuses on price and compares it with the utility and benefits of the services. If an Airline company is providing a compatible price and increase in price are fare then customer takes it positively which creates a sense of satisfaction among the consumers. In case of Airline services most of the customer focuses on the price of the ticket to travel. It is found that wherever and whenever they will get a ticket for a lesser price, the customers have a tendency to buy the ticket. Sometimes they wait for offer prices and if they also pay high prices for the service, they will expect a good service. Conversely, younger passengers or passengers with lower incomes are more price-sensitive, and usually purchase tickets based on the lowest price available, and also may have different levels of expectations. This may lead to a different service experience each flight, and make younger passengers or lower incomes passengers less likely to be satisfied with the level of service provided. If the price matches with their expectations they become satisfied.

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer’s evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success. 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. 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. So Airline managers should better serve their customers, monitor and develop service quality to achieve the highest level of their passengers satisfaction. From this research we have identified that price and service quality are two important factors which have huge impact on customer satisfaction in Airlines Industry. So the marketers should focus on these two factors and should take proper steps in terms of customer preferences in this changing competitive era. Delivering high-quality service to passengers is essential for airline survival, so airlines need to understand what passengers expect from their services.

The purpose of this study is to investigate the impact of the in-flight service quality on passenger satisfaction. This study entails that airline marketing managers has to develop various policies to provide guaranteed quality services to passengers. Airline service dimensions were found to have significant and positive influences on airline image and passengers’ satisfaction intentions. In this study, passengers are satisfied to the service provided and overall facilities delivered by the airline companies. The passengers are satisfied with the services quality delivered in in-flight service, in-flight digital service and back office operations. From three kinds of class of journey options, the passengers are highly rated to 9W airlines. While analyzing demographic profile of the passengers, educated and high income passengers are using flights more frequently. Failure to provide quality services to passengers may damage the formation of airline image and cause negative impact on passengers’ behavioral intentions. These findings imply that airline companies’ in-flight service quality depends upon the different delivery strategies deployed.
2.3. OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To study the history, evolution and growth of aviation industry in India.
2. To examine the factors influencing selection of airline operator.
3. To identify the socio-economic profile of the air travelers.
4. To analyze the brand loyalty of passengers towards airlines.
5. To evaluate the Service Quality and Passenger Satisfaction on airlines; and
6. To offer suitable suggestions for the improvement of aviation industry.

2.4. HYPOTHESIS

The following hypothesis has been formulated to test the reliability of the data.

1. \( H_0 \): There is no significant difference between Customer Expectations and Perceptions in terms of Tangible dimension

   \( H_1 \): There is a significant difference between Customer Expectations and Perceptions in terms of Tangible dimension

2. \( H_0 \): There is no significant difference between Customer Expectations and Perceptions in terms of Reliability dimension

   \( H_1 \): There is a significant difference between Customer Expectations and Perceptions in terms of Reliability dimension

3. \( H_0 \): There is no significant difference between Customer Expectations and Perceptions in terms of Responsiveness dimension
**H₁:** There is a significant difference between Customer Expectations and Perceptions in terms of Responsiveness dimension

4. **H₀:** There is no significant difference between Customer Expectations and Perceptions in terms of Assurance dimension

   **H₁:** There is a significant difference between Customer Expectations and Perceptions in terms of Assurance dimension

5. **H₀:** There is no significant difference between Customer Expectations and Perceptions in terms of Empathy dimension

   **H₁:** There is a significant difference between Customer Expectations and Perceptions in terms of Empathy dimension

6. **H₀:** There is no significant relationship between customer satisfaction and service quality.

   **H₁:** There is a significant relationship between customer satisfaction and service quality.

7. **H₀:** There is no significant relationship between brand loyalty and service quality.

   **H₁:** There is a significant relationship between brand loyalty and service quality.

8. **H₀:** There is no significant relationship between Income and air-travel.

   **H₁:** There is a significant relationship between Income and air-travel.

9. **H₀:** There is no significant relationship between Occupation and air-travel.

   **H₁:** There is a significant relationship between Occupation and air-travel.
2.5. **NEED FOR THE STUDY**

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. Now ordinary citizens easily access the aviation service from their respective air terminals. The last two decades, which marks the era of deregulation and reforms in aviation sector forms in the country, has been eventful one for the industry changing the face of the industry far beyond recognition. Technology has brought in substantial changes in aviation sector in terms of service quality and passenger services. It is necessary to know whether the deregulation and reforms are being fruitful or not. The review of various studies and literature on aviation sector revealed that, significant research has been carried out in foreign countries regarding Service Quality and Passenger Satisfaction on airlines. But there are very few studies that covered the Service Quality and Passenger Satisfaction on airlines in India. Technology place a pivotal and indispensable role in extending quality customer service leading to passenger satisfaction. It is in this context a study has been taken up to study the Service Quality and Passenger Satisfaction on airlines. The study would be useful to the policy makers, airline operators, staff of airline companies, customers and public at large.

2.6. **SCOPE OF THE STUDY**

The scope of the study refers only to airline passengers travelling from different airports in India. Airline passengers covers both domestic and international passengers.
2.7. METHODOLOGY AND SAMPLING

To achieve the stated objectives, the researcher has used both primary and secondary data. The primary data have been collected from the airline passengers through Structured Questionnaire. The secondary data and information have been collected from various sources like International Civil Aviation Organization, Ministry of Civil Aviation Reports and publications, Association of Private Airport Operators publications, business newspapers, journals, magazines are also relied upon.

Table No. 2.1: List of busiest Airports in India by passenger traffic (March 2014)

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the airport</th>
<th>City &amp; State</th>
<th>Passenger traffic March 2014</th>
<th>Change from Mar’2013 to Mar’2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indira Gandhi International Airport</td>
<td>Delhi, Delhi</td>
<td>34,01259</td>
<td>+ 7.30%</td>
</tr>
<tr>
<td>2</td>
<td>Chhatrapati Shivaji International Airport</td>
<td>Mumbai, Maharashtra</td>
<td>27,35910</td>
<td>+ 6.70%</td>
</tr>
<tr>
<td>3</td>
<td>Kempegowda International Airport</td>
<td>Bangalore, Karnataka</td>
<td>10,40328</td>
<td>+ 14.00%</td>
</tr>
<tr>
<td>4</td>
<td>Chennai International Airport</td>
<td>Chennai, Tamilnadu</td>
<td>10,37357</td>
<td>+ 0.90%</td>
</tr>
<tr>
<td>5</td>
<td>Netaji Subhash Chandra Bose International Airport</td>
<td>Kolkata, West Bengal</td>
<td>8,13988</td>
<td>- 0.70%</td>
</tr>
<tr>
<td>6</td>
<td>Rajiv Gandhi International Airport</td>
<td>Hyderabad, Andhra Pradesh</td>
<td>7,20681</td>
<td>+ 4.30 %</td>
</tr>
<tr>
<td>7</td>
<td>Cochin International Airport</td>
<td>Kochi, Kerala</td>
<td>4,26946</td>
<td>+ 10.30%</td>
</tr>
<tr>
<td>8</td>
<td>Sardar Patel International Airport</td>
<td>Ahmedabad, Gujarat</td>
<td>3,66776</td>
<td>+ 9.60%</td>
</tr>
<tr>
<td>9</td>
<td>Goa International Airport</td>
<td>Dabolim, Goa</td>
<td>5,50365</td>
<td>+ 12.90%</td>
</tr>
<tr>
<td>10</td>
<td>Pune International Airport</td>
<td>Pune, Maharashtra</td>
<td>2,85112</td>
<td>+ 9.20%</td>
</tr>
</tbody>
</table>


A sample of 1200 airline passengers has been taken for the study at random. After elimination of few partly filled questionnaires, the final sample is 1179. The sampling technique employed is convenient sampling.
2.8. DATA ANALYSIS AND INTERPRETATION

The primary and secondary data collected from different sources have been tabulated and interpreted meaningfully. The data have been analyzed and various inferences and conclusions have been drawn. The information has been represented in graphical method also. SPSS has been used for the analysis and interpretation of the data.

2.9. LIMITATIONS OF THE STUDY

In a study of this magnitude though meticulous care is taken in each and every aspect of study. Certain limitations are likely to be there in the study.

1. Some respondents were not aware of certain procedures and aspects of airlines.
2. A few respondents were hesitant to give 100% correct details.
3. There might be a sense of bias crept in answers given by the respondents.

2.10. SERVICE QUALITY AND PASSENGER SATISFACTION

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 consumers 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.

<table>
<thead>
<tr>
<th>S.No</th>
<th>SERVQUAL Aspects Airlines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>TANGIBLES</strong></td>
</tr>
<tr>
<td>1</td>
<td>It has in-flight modern looking and clean facilities (Cuisines Provided, child care / Bassinets, Seat Comfort, Cleanliness of cabin, Cleanliness of toilets, Newspapers / Airline magazines, Provision of Pillow / Blankets etc)</td>
</tr>
<tr>
<td>2</td>
<td>Its physical features are visually appealing</td>
</tr>
<tr>
<td>3</td>
<td>Its Employees Appearance, attitude and uniform are up to the mark</td>
</tr>
<tr>
<td>4</td>
<td>It provide Variety and choices of in-flight entertainment, Internet and meals facilities</td>
</tr>
<tr>
<td></td>
<td><strong>RELIABILITY</strong></td>
</tr>
<tr>
<td>5</td>
<td>When they promises to do something by a certain time, it does so (On-time departure and arrival)</td>
</tr>
<tr>
<td>6</td>
<td>When you have a critical problem, they shows a sincere interest in solving it</td>
</tr>
<tr>
<td>7</td>
<td>They performs the service right the first time</td>
</tr>
<tr>
<td>8</td>
<td>An Airline provides its service at the time it promises to do so</td>
</tr>
<tr>
<td>9</td>
<td>The Airline insists on error free service</td>
</tr>
<tr>
<td></td>
<td><strong>RESPONSIVENESS</strong></td>
</tr>
</tbody>
</table>
10 Employees can manage the delay time very effectively

11 Employees perform efficient check-in/baggage handling service

12 Employees are always willing to help you

13 Employees are never too busy to respond to your request (Reservation, Complaints etc.)

ASSURANCE

14 The behaviour of employees instills confidence in you

15 The airline provide very safe journey

16 Employees are consistently courteous with you

17 Employees have the knowledge to answer your questions (Foreign language level, other information)

EMPATHY

18 Employees show empathy to delayed passenger and give guidance

19 The Airline has operating hours convenient to all its customers

20 The Airline has employees who give you personal attention

21 The Airline has your best interests at heart

22 The employees of the Airline understand your specific needs

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.

2.11. CHAPTERISATION

The study has been presented in the following format.
Chapter I : Aviation Industry in India: An Overview
Chapter II : The Study
Chapter III : Socio-economic profile of Air-travelers
Chapter IV : Brand loyalty of airline passengers
Chapter V : Service Quality and Passenger Satisfaction
Chapter VI : Summary, Findings and Suggestions

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