

Service Quality Perception of Airline Passengers

**To Analyze the Service Quality Perceptions of Airline Passengers and To Link  
These Perceptions to Their Satisfaction and Loyalty**

By :

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## **Executive Summary**

The aim of this research is to analyze the service quality perceptions of Airline Passengers and to link these perceptions to their satisfaction and loyalty. Other objectives are to examine whether there is an inconsistency between consumer's perceptions about the service quality and its standard provided by the airlines. By affirming the necessity to maintain quality of the service the airline industries can very well generate more satisfaction among the airline passengers by improving the organizational thinking and management strategy through constant identification of service quality factors. This is essential for the progress of any service industry in the present times of globalization. The required data were gathered from both the primary and secondary sources, in which the primary sources are customer perceptions on the service quality obtained through questionnaires. Secondary data was collected from literature and academic reviews on service quality, as well as from European standards on the service quality, which gave an understanding of the written quality standards. In choosing the appropriate research methodology the collection and analysis of data were streamlined and it determined the sample of the study. The sample of the study was based on the customers who use the various airline companies that are operated from or via Cyprus. The non-probability sampling technique helped to determine selected samples of the population that were judged to be a typical representation of this population.

To analyze the qualitative information that has been collected in the study, the most suitable data analysis method that was used to analyze the statistical measurements derived from the Likert scale was the SPSS computer program which provided a descriptive analysis of the standard deviations and the frequencies that have been calculated for the five dimensions of the SERVQUAL scale which included airline tangibles, personnel, empathy, image and terminal tangibles. Through the research findings, it was clear that the airlines consumer incentives and marketing activities were only done during high seasons. Consumers were not segmented and hence services meant for one group were mistakenly given to another. Personnel were not adequately equipped and motivated to provide quality services to the clients. Hence this contributed to poor services offered. Lack of individual attention also influenced the perception of the customers. The airline firms should proactively seek to identify and satisfy consumer need priorities, instead of reacting to external pressures of competition.

The airline firms need to segment their customers according to their similarities which are based on their needs, expectations and satisfaction. Moreover, to get customer satisfaction and loyalty the firms must ensure that their employees are satisfied. This process starts from hiring quality personnel and providing with incentives that drive

them towards achieving customer satisfaction. Services offered can be communicated effectively to the consumers through the technique of making the services, tangible, by associating the service communicated with the particular tangible evidence.

## **To Analyze the Service Quality Perceptions of Airline Passengers and to Link These Perceptions to Their Satisfaction and Loyalty**

### **Chapter-1 INTRODUCTION**

Globalization has reduced the realms of the world virtually, and airlines have contributed much to save time and distance from one part of the globe to the other. The travel environment has advanced considerably, during the past two decades and the resultant competition is demanding delivery of quality in all modes of passenger services. The success and growth of the service industry depend on the quality of comfort and values extended to the passengers and their perception on what they have received as a service. This sort of growth in relation to the satisfaction and loyalty level of the customers is applicable to all of the service industries, and the airline industry is a prime example to point out.

According to Park et al. (2004); Morash and Ozment (1994), the airline industry faces increased challenges which warrants the advancement of the satisfaction level of the passengers. It is because service quality elements decide upon the passengers' patronage failing which the perception of quality of service and loyalty will be thwarted. Therefore, the loyalty to a passenger service provider is directly proportional to the perception on the quality of service given to the users, irrespective of whether it is internal or overseas. Various studies conducted on other service industry sectors have established that quality of judgments is crucial in

satisfying the expectation of the customers prior to the availing of services and the actual service imparted to them.

The survival of an airline in the changing environment is the outcome of the loyalty of the passengers to the company. As such, this research focuses on the ability of the airline industries in imparting quality of service to the passengers, and analyzes the customers' expectation management of service in the context of organizational strategic thinking. The analysis is meant for deriving quality in service to the airline passengers in comparison to the value of service that are provided to other service sectors. The airline industry is a major sector of the world economy and is vital in determining the progress and prospects of a country. This in reality underlines the truth that the survival of the industries is founded on how the environmental uncertainty is managed for elevating sustainability (Daft, 2006).

### **1.1 Background:**

The global marketplace has progressed a lot in quick pace influencing the working of every industry and the progression itself has invited intensification of overall competition in the business sector. The incessant change or evolution in technology, needs, and preferences together with the customers' urge in getting more and more value based services, propels the advent of innovated marketing strategies and philosophy of the service quality concept. The responsibility to provide quality is not limited to the manufacturers alone, but also is the concern of the air carriers (Ostrowski *et al.*, 1993). In order to make the competition advantageous, and to retain the customer's patronage in maintaining the market share consistent, proper balancing of service standard is imperative (Park *et al.*, 2004).

Robledo (1996, 1998) states that, "Customer satisfaction and loyalty – secured

through high-quality products and services providing value for money for the consumer, are essential for long-term survival, let alone long-term success.” As such, for the purpose of invoking better performance, several studies have been made about the service quality segments, but many of them have ended up in controversies (Parasuraman, Berry & Zeithaml, 1988). The findings reveal the reality that the conventional and obsolete marketing strategies require a total revamping to accommodate effective management of service quality on par with the expectations of airline passengers. It is because quality is identified as the cause to the satisfaction (Zeithaml and Bitner, 2000).

## **1.2 Significance of the Study:**

The previous study conducted by Nadiri et al. (2008) has established that the main element that affects the customers’ satisfaction, loyalty and their intention to repurchase a particular airliner service is the fruitful culmination of the airline tangibles. Mouth to mouth communication from the customers’ side has a direct and positive impact on the purchasers to become lenient to the service provider. This denotes that the core objective of any organization is retention and acquisition of new clients, and such retention and acquisition of clients are based on the quality of service rendered to satiate their anticipated service standards. The success of every industry lies in the management of an effective quality provision that extended to the customers, and the airline industry is not at all an exception. In the case of airline passengers, identifying and prioritizing the factors that are decisive in the matter of their satisfaction level during the course and after the utilization of service is of utmost importance.

In order to make the consumer sovereignty effective, consumer satisfaction

must be considered as the fundamental principle and guide. According to Bloemer and Kasper (1995), customer satisfaction is simply but mainly the judgment resulting from an encounter with a particular service; and loyalty and satisfaction are interdependent on the very judgment. The present study is significant as it analyzes the service quality perceptions of airline passengers and links these perceptions to their satisfaction and loyalty levels. Additionally, this will enhance the scope of previous studies and has the potential to contribute much to the airline industry.

### **1.3 Aims and Objectives**

The concept of customer satisfaction is inherent in all sorts of service industries and the act of providing quality service is the cardinal rule that leads such industries to survive the ever increasing competition. The industrial development during the past few decades has only extended more comfort and usability for the end users, and their likings and patronage is analogous to the intensity of quality added package of service. Frequent monitoring of quality essentials is mandatory for the streamlining of airline services. This is required because the current analysis phases are rampant with wrong speculations and incompatible services that jeopardize the passenger's expectations. Therefore, a pragmatic and reliable research is necessary to give enlightenment about the conditions that affect the perception of the passengers which in turn tells upon their loyalty. To achieve the above outcome, the research paper focuses on the following aims and objectives.

#### **Aims of the research:**

To analyze the service quality perceptions of Airline Passengers and to link these perceptions to their satisfaction and loyalty

Research objectives:

1. To examine whether there is an inconsistency between consumer's perceptions of the service quality and the quality standards offered by Airline industries.
2. To affirm the necessity to maintain service quality standards by the airline industries to generate more satisfaction among the airline passengers.

#### 1.4 Area of Study-Sources:

This study diagnoses the service quality perceptions of customers using different airline companies, especially companies that operate from the Larnaca Airport (Greek site). The airline companies studied here are (i) Cyprus Airline (ii) Austrian airlines (iii) Olympic Airlines (iv) Malev airlines (v) Lufthansa (vi) Czech airlines (vii) Easyjet (viii) Ryanair (ix) Etihad (x) Emirates, and (xi) British Airways. Most of the Cypriots avail the passenger service for leisure and business and are very sensitive to the quality of service rendered to them. In addition, a few other services oriented industries are also selected for comparing the quality of service they generally provide in comparison to these airliners.

This research study compares the actual reported data (written standards) on service quality factors with the results of an exploratory questionnaire on customers' perceptions. In order to meet the objectives of the research, it was decided to use a combination of both secondary and primary data as effective tools for data collection.

The primary means of investigation would be from the customer's perspective, being answered to the questionnaire, as the consumer is the ideal person to evaluate service quality as they are bound to be the direct receiver. In order to get maximum

output from the target group, a group of passengers are randomly selected from the economy class. It is assumed that the Business class usually gets more quality service than the economy class. Hence their perception may be identical, whereas those of the economy class will be mixed. The secondary data will include various literatures on the airlines and their service quality provisions. It also covers relevant academic reviews on service quality aspects.

### **1.5** Why is this study interesting?

The airline industry has a leading role to play in the travel and tourism industry of the countries of the world. In Cyprus, due to its vantage location on the globe, the tourist arrivals are found to be comparatively higher than that of the neighboring country. Therefore, the sample for this study is found, categorized and centered at Larnaca airport of Cyprus and the flights that operate from there, as it is impractical to focus the study at various airports and numerous airlines. In the wake of increasing competition and the acceleration in the service provisions, there is an urgent need for the airline managers recognize the importance of service management improvements.

It is evident that service quality promotes customer satisfaction, and it stimulates intention to return. Customer satisfaction increases profitability, market share, and return on investment. As such, airline managers have to find result oriented and innovative ways to make their services stand out amongst the others. To achieve this, they must explicitly identify and prioritize service quality factors and then use the resultant information to manage customers' expectations.

## 1.6 Structure of Dissertation

In order to find out answers to the research questions and objectives several constituents relating to the airline industry and perceptions of passengers on service quality are keenly studied and analyzed in this research paper. The effectiveness of the quality services and the loyalty of passengers are appraised with a critique's mind and approach by comparing the different departments of the services of the airlines. The study is thus compartmentalized and is brought under separate chapters, including what is stated in the previous pages. The chapters conceived are:

### 1. Introduction:

This chapter gives the background of the issue and leads to the specific elements that throw light on the outcome of the research paper.

### 2. Literature Review:

The entire literature and other data accessed on the issue are reviewed under this chapter. This will enable the researcher to strengthen the grip over the topic towards answering the research question and achieving the objectives. With proper review, the researcher can identify the areas to be tested as there may be gaps between the literature standards and the real time application.

### 3. Methodology:

Under this chapter are detailed the application of research methods and description and reasoning of such methods, including the data collection and its modes. A brief analysis of the data collection procedure is also given here. For this study, both qualitative and quantitative approaches are used meaningfully. The case study and survey methods are adopted to test the real and unique practices existing in the area of this research.

#### 4. Findings & Discussion:

In this Chapter, research findings will be discussed in detail with regard to the contents of the previous chapters. The results of the survey of passengers of various airline companies operated from Cyprus and graphical presentation of the survey findings are added and featured here.

#### 5. Conclusion

An interpretation of the inherent problems and solutions to them are given in this chapter. The conclusion is drawn from the evidences elaborated in the previous chapters and indicates problems, if any, that have been identified.

#### 6. Recommendation:

The recommendation section delivers a few suggestions to the furtherance of the remedial measures to the discussed issues.

#### 7. Reflections

This chapter contains the evaluation of the research procedures and an account of the limitations of the research study such as constraints encountered during the study process and how these were overcome in order to fulfill the research.

## **Chapter-2 LITERATURE REVIEW**

### **2.1 Introduction**

The success of businesses in general, and the service industries in particular are dependent on the satisfaction of the customers achieved through innovation and exploitation of pragmatic ideas relating to a service. The measuring of customer satisfaction in service businesses is largely determined by the perception of the customer on the service delivered. Therefore, the gap between the perception of customers and their expectation-levels of a service denote the amount of their satisfaction with the service and the service provider. Several researches were conducted earlier and models like SERVQUAL were adopted to determine and narrow the gap between the customer's perception and the actual service quality of an industry (Cauchick Miguel et al. n.a). Responding promptly to the customers' expectations with a positive gesture is what the customers expect from the service providers. The perception originated thereon, builds up the desired bond that leads to their loyalty (Hunt, n.d).

Since quality of service is neither intangible nor quantifiable, the companies lean to certain parameters that can elucidate the service quality attributes for evaluation and monitoring. It is evident that service quality is the basis to achieve success and overall efficiency, and therefore, it is vital for them to fulfill the customer's expectations and lead them towards the required satisfaction level (Churchill, 1979). It is on this foundation that the service quality of airline companies is constructed, by which, the level of satisfaction acquired through the flight experience makes the customer return to the same airline afterwards.

In order to evaluate the service quality of airlines, it is necessary to determine

the key factors associated with the perceived quality of service in consumer's perspective. Of these, the elements that weigh more require prioritization while imparting innovation and improvement to the quality of service (Nadiri, Hussain and Ekiz, n.d). The airlines used to monitor their service standards frequently, by implementing certain procedures and standards to avoid preferences on individual approach and uncertainties. There are always differences between the perception of an airline company management and that of the customers, and their expectations as well. When the gap between these perceptions of the two entities and the non consummation of the customer's expectations are at a minimal level, the customers tend to prefer the concerned airline. There is enough proof available from the previous studies on service quality and customer satisfaction that preference, loyalty and repurchase intentions are the result of customers' perceptions of service quality and the satisfaction derived out of the previous experience of the same service (Carman, 1990; Legoharel, 1998; Singh, 1988; Smith et al., 1999; Zeithaml and Bitner, 2000).

Since satisfaction is considered purely as the umbrella concept and the given service quality relates to the particular service attributes (Nadiri et al., 2008) Word of Mouth communication (WOM) is also considered as contributing to customer perception and loyalty. Kau and Loh (2006, p. 103) demarcate WOM as “. . . the informal communication between consumers about the characteristics of a business or a product”. Schiffman and Kanuk (2004) affirm that WOM communication is very persuasive and effective. This literature review, hence, strives to identify and evaluate the factors that are critical in the service quality of airline companies and the customer's perception on their services in general, with a particular mention about the

airline services that are operated from Cyprus region.

## 2.2 Necessity to maintain service quality to generate more satisfaction among the airline passengers

In a study conducted by Nick Johns and Antony Howard (1988), it was revealed that the customers used to construct service perceptions about certain generalized aspects of their expectation from the service provider, and accordingly have contributed the quality attributes to it, where the attributes were either the elements that gave satisfaction or dissatisfaction. The study has inadvertently established that it is possible to gather and analyze the expectation and perception without prompting any pre-assumptions on their satisfaction levels. The outcome of the study is applicable not only to the tangible goods producing industries, but also for any other service industries, including the airlines (Johns & Howard, 1998). Therefore, to become successful in the industry, the airline companies must market their services effectively among the target groups by adding value to their service, and at the same time avoiding chances of negative perception by the customers.

This has to be taken into account because Air travel industry, driven by liberalization and globalization, continues to remain the fast paced developing market. According to IATA (2007) report, it was estimated that over 2.1 billion passengers have undertaken air travels during the year 2006, which marked a growth rate of 5.9% than the previous year. The progress was achieved in the milieu of market liberalization and long range and fuel efficient airplanes to accommodate thinner air routes. This development convinced that improvement of service quality was essential to gain a better market share and greater financial achievement in domestic as well as international markets (Khan et al., n.d.)

### 2.3 Quality of service & customer perception - General concept

Quality of service is fundamental to get a competitive edge in achieving market leadership among service organizations. Therefore, it is imperative that they have to maintain a stable relationship with the customers. The ability of such organizations to retain a benefitting relationship with the customers is the result of long term service superiority, and it becomes mandatory for the survival of any sorts of service industries. And this, *inter alia*, is the service-devotion that promotes customer loyalty. It is true that loyal service gives an organization the advantage of understanding of the present needs of the customers and instills in them the capability to anticipate their futuristic and long term needs, which in turn delights the customers to be responsive to offer sustained dedication and patronage. In other words, while a service organization endeavors for its customer loyalty, the customers are found to be lenient to believe that the organization's service allegiance is the commitment of delivery of superior service to them in real-times to the present and that of the future. The primary aim of any of the service providers is identical to that of any of the tangible product manufacturers who yearn to satisfy their customers' need in order to reach economic survival. To facilitate this, the objective is attained only in relation to the evaluation of the rendered service and the preference they give for a particular service provider (Kandampully, 1998). It is so, because a business is virtually run by the customers when their expectations are fulfilled by its management through the process of constant monitoring of their perception and enhancement of the service or the product, with quality orientation.

Services are something that a consumer buys and are not necessarily be a tangible item. Kotler (2003) considers services on par with consumer goods as

intangible, perishable, inseparable, and variable. Usually, services are offered along with some tangible items which are included in the form of a service package, but they consumed as soon as they are produced, and are quite different from the products or goods that people buy. Services do not allow any physical ownership of any of the service items, and on the contrary, the tangible products deliver physical ownership to the buyer (Render & Heizer, 2008). Moreover, the services bring satisfaction or satiation of the requirement of an individual, irrespective of whether it is hired or bought (Churchill, 1982). It is something that provides experience or skill set, or even it may be the required space to carry out a particular task. Service is thus referred to as an act or performance of an individual or an organization that involves interaction with the customer for initiating satisfaction and perception in them about its quality. For, it is the customer who rates and evaluates the quality of a service rather than a quality control system meant for a product of a manufacturing company (Avrikan 1999).

According to (Parasuraman *et al.*, 1991a), “Delivering superior quality of service has been recognized as the most effective means of ensuring that a company’s offerings stand out from a crowd of look-alike competitive offerings” (Parasuraman *et al.*, 1991a). But, Berry *et al.*,(1988) regards service quality as a weapon by which many organizations lead. Whatever it is, the customers think that the deep relationship with a supplier is instrumental to the firm’s involvement whenever something goes wrong. This is an emotional bond that is evolved in the customer which is considered high in professional services such as medical and legal services. This relationship is developed through personal interaction by the employees of the service provider with the customer than its management personnel (Parkington and Schneider, 1979).

In relation to what is stated above, the service quality can be defined as the residual obtained, subsequent to the prudent comparison of service expectations and perceptions of the customer against the actual delivery of performance. It is ultimately a multidimensional concept (Parasuraman *et al.*, 1985). The physical intangibility that is coherent with the supply of services and the continual non-standardized product added by the interactive production process, emphasize the necessity of certain perceived quality profile that fits any services. However, the term of perceived service quality is commonly understood as the variation between the expectations of the customer against the customer's perceptions of the performance (Carman, 1990).

## **2.4 Quality of service, customer satisfaction and loyalty in airline industry:**

### **2.4.1 Concepts and contrasts**

Innovation is the keyword for exploitation of new thinking styles, which is more applicable to service areas, especially to the airline passenger service. It is the common driver for quality and novelty so as to meet the challenges that face the industry. The introduction of new air routes and air carriers demands competition among the flight services, which in turn necessitates higher quality service output (Prayag & Dookhony-Ramphul, n.d.). Since the airline passenger service is the sum total of new business models, the delivery of service, customer's satisfaction and their perception, together with the application of advanced technologies pave the way for innovation, which is essential for the proper and prompt working of both the airports and the operating airlines (Huang, n.d.). While focusing on delivery of quality service, it is essential for any airline to improve their market share and enhance financial performances. To meet this end, there should be certain reliable measures

that can lead to the understanding of the variables that tell upon the service quality based on the expectations and perceptions of the passengers (Khan *et al.*, n.d.).

Khan and Dutt (2006) states that the winds of competition in the service industry have changed altogether in these times, and as a result, more and more middle-income people prefer to travel by air, subsequent to the airfare drop that augments service quality in lieu of the competition. But, Parasuraman *et al* (1985) counter this argument by stating that the mere reduction of fares cannot bring competitive edge, whereas, it is the service quality that decides upon the competitive edge in marketing. Nevertheless, service quality is an indefinable intangible construct that is immeasurable within the given norms (Cronin *et al.*, 2000). Therefore, it can be stated that service quality is the difference between the customer's expectations and perception about the service delivered by the airline. If the expectations are greater than the performance, then it is clear that the perceived quality is less than satisfactory level and it results in customer dissatisfaction (Lewis & Mitchell, 1990).

The passengers evaluate the services of airlines on the basis of their satisfaction relating to the in-flight service (Park *et al.*, 2004). That means service quality in an airline is the perceived quality of service by the passengers (Garvin, 1984). But, according to Gronroos (1978) a service is not at all ambiguous and has different components such as technical and functional qualities, which when allowed interaction, brings out the overall quality. However, Parasuraman *et al.* (1985) after several previous studies have summarized service quality in three specific terms "first, service quality is more difficult for the consumer to evaluate than goods quality; second, service quality perceptions result from a comparison of consumer expectations with actual service performance; third, quality evaluations are not made

solely on the outcome of a service, and they also involve evaluations of the process of service delivery.” This statement is now widely accepted as the foundation of service quality, though there are two conceptualizations in this regard. The first one is the disconfirmation approach. The other one is performance-only approach. The disconfirmation service quality model implies a situation wherein the overall expectation of the customer in the matter of service is surpassed by the service delivered, which impact upon service quality. Due to this, service quality requires continuous refinements. Academically, the service quality which is based on the SERVQUAL considers disconfirmation and other service attributes in order to link them with management performance by means of a gap framework (Parasuraman *et al.*, 1985).

The previous researchers accepted the disconfirmation model that assesses the gap between the expectations and perceptions of customers (Santos 2003). In contrast, Parasuraman *et al.* (1985) adopted a stand that evaluation of service quality is founded on the gap that can evolve between the customer’s expectations and performance. Based on this approach, Parasuraman *et al.* (1988b) devised the multi-dimensional tool, namely, SERVQUAL, for measuring service quality. SERVQUAL focuses on the principles of tangibles, responsiveness, reliability, assurance, and empathy, which are categorized as 22 scalable elements of expectations and performance. However, Carman (1990) questioned the validity of the above SERVQUAL principles and opined that these factors would not support any well defined assessment of service quality and customer satisfaction, and that these are inapplicable to all of the service industries until further modifications on it are made. In spite of the strong criticism against it and contrasting observations from the proponents of the disconfirmation

approach, SERVQUAL is still widely applied in most of the industries. Cronin and Taylor (1992) hold the view that performance-based measurement of service quality can be treated as the advanced method of measuring the service quality concept.

## 2.5 Measurement of service quality:

In this context, it is very important to take into account the different aspects of airline service for estimating the quality factor, accurately. Chang (2003) regarded it as a service store on the basis of Davis (1999) model that points to the four kinds of services that come under two task dimensions. The services offered by airline companies are made of fixed characteristics as well as flexible characteristics (Chang et al. 2003). The fixed ones are that relate to the airplane, size of seats, cargo storage, etc., whereas the flexible ones include the food service during the flight that consists of tangible and intangible elements. Airline customers become loyal to specific airlines due to these traits. Nevertheless, certain customers, though they are dissatisfied with the service quality continue to keep preference to some particular airline, considering the mileage programs incorporated in its service provisions (Jones *et al.*, 2002). Additionally, the factors that tell upon transaction and switching cost will also determine the service-loyalty (Lee and Cunningham, 2001).

The debate about the gap between the quality of service and satisfaction has been tough but not irrefutable (Parasuraman et al., 1994). As per Zeithaml and Bitner (2000) the major difference between them is that the quality of service is causative to satisfaction, where quality denotes specific attributes of the service and satisfaction is the surmounting entity. According to Nadiri et al. (2008) the concept of perceived service quality and the derived satisfaction level is purely constructed on the antecedent factors. However, quality is measured in terms of the gap and its

directions towards perception as well as the expectation of the customers (Nadiri *et al.*, 2008).

Different service organizations may have likings to certain algorithm and technique and they adopt them conveniently to understand the level of satisfaction of their customers (Barsky & Labagh, 1992). Though there are no fixed rules to measure it, certain aspects such as user- friendliness, robustness, sustainability, cost effectiveness, reliability and value orientation can lead to a certain extent in the determination of quality of service. The importance to measure the service quality originates from the fact that the customers are the actual buyers of the service without whom the business will run no more. In the case of airlines, if the service quality is not up to the expectation of the customers, it will affect their quality perception, which in turn will thwart the prospects of the airlines. That is why it is vital to keep measuring and improving the service quality.

## **2.6 How quality of service influences satisfaction and loyalty in airline passengers:**

Customers may have a higher level of expectation and they may return delighted if the service is delivered beyond it. From the marketing point of view, when the customers are inspired to attract to a service it will elevate their expectation level. When the expectation level is increased and if the company fails to deliver the service on that level, the customer perception will become negative and that ultimately will destroy the business. Therefore, the quality of service in an airline industry is influenced by flight safety, appearance of flight crew, frequency of flights and comfort of the customers (Nejati & Shafae, 1984). Other factors that are involved in the quality, expectation and satisfaction concepts are the airport facilities, hotels, food and

other tangibles (Khan, n.d).

For improving service quality, it is necessary to interact with employees frequently and appraise their service experiences. It is because an internal customer will also consider the service attributes of reliability and responsiveness in making a judgment of the service. On knowing the quality dimensions, it is possible for a service organization to realize the quality of performance of both the employees and managers (Shahin, n.d.)

## **2.7 Quality of service-stipulations and benefits to passengers**

The air transport system, accelerated by the rise of the single market has caused dissatisfaction today due to the shortcomings in the quality output of the airlines. In spite of several steps taken hitherto at Community level, the passengers are still not aware of the compensation facilities against denied boarding, accident liabilities, non adherence to a code of conduct for reservation systems and travel packages. This has propelled the European commission to launch campaigns stipulating the charter of passenger rights in all of the European airports in accordance with community laws and legislative Acts. The operating airlines are supposed to make voluntary commitments to practice it, without jeopardizing competition and cooperation among them. The future legislations will guarantee more rights to airline passengers so that they could settle the disputes at the earliest and are well informed about the performance of the airlines to enable selections. This is because the ways the complaints addressed are very discouraging (Protection of air passengers-COM, 2000).

The Commission intends to make new legislations and voluntary commitments on the part of airlines to make it easy for the delayed passengers to continue their travel by the reimbursement of the ticket cost or providing alternative flights immediately. It will strive to set up certain requirements to favor the passengers in executing travel contracts so as to enlighten them about the services offered by the airlines. Additionally, it will institute voluntary obligation for the airlines to improve the service quality such as low travel fare, cabin conditions for passenger's health, access to information, easy complaint lodging and redressing procedures, care for delayed passengers and settlement of disputes without court interventions (Protection of air passengers-COM, 2000).

The Skytrax Product and Service benchmarking which was introduced in the year 1989, also contributes to keep better quality of service, maintenance of good management practices, employee-management-passenger interaction and relationship, and advancement of customer satisfaction through effective management. Skytrax evaluates competitive strengths and drawbacks of airlines in the matter of products and services, safety and security, better service features and eradication of degraded service practices. It also conceives plans to improve high satisfaction levels among the passengers (Airline Product & Service Benchmarking). Because of these measures, the airlines are forced to implement new strategies to promote low cost carriers, higher service quality, adherence scheduled timings and cheaper travel fares (Business Strategy and Competition for the Future in the Airline Industry).

### **2.7.1 Factors that influence the customers' Loyalty**

Previous studies conducted on the service quality and loyalty factors in the airline industry have evidenced that customer's perception is influenced by the quality

in the service provisions of catering service, seat cleanliness, hygienic cabin conditions, comfort level of the passengers, air conditioning inside the cabin, cleanliness of the toilets, reliability of security control room, effective sign system, availability of trolleys in the airport, employees attitude towards customers, flawless reservations, access and carrying of tangible items in the journey, flight frequencies, soothing waiting area environment. According to Kashif Hussain & Erdogan H. Ekiz (n.d) of the Eastern Mediterranean University and school of Hotel and Tourism Management, the most important and significant factors that contribute to the satisfaction of the customers and their loyalty are the tangible items provided by the airline company. This indicates that along with various other factors, the tangible items which are served during the in-flight service add to the customer's perception and the quality level of the service is assessed by them on this basis (Hussain & Ekiz, n.d.).

In addition to what is stated above, the other elements that extend the quality perception and loyalty are the responsiveness of the service during traveling, convenient and streamlined reservation facilities, empathy towards the consumers, reliability of the service and assurance of better safety to the customers. This is vital as the business profitability and economy relate directly to the customer satisfaction and loyalty towards their airline companies. In the case of the prestige class, there are six decisive service quality factors, and they are alcoholic and non-alcoholic beverage, responsiveness and empathy, reliability, assurance, presentation style and quality of food, while the economy class showed five important service quality factors, and they are responsiveness and empathy, food quality, alcoholic beverage, non-alcoholic beverage, and reliability (Hussain & Ekiz, n.d.)

In this connection, it has to be mentioned that there exist considerable differences between the service quality provided by major and regional airlines. Regional airlines are worse in offering service quality in all relevant fields (Rhoades et al., 1998). Therefore, it is essential to analyze the welfare aspects of passengers and how it varies from one airline to another and how the consumers reflects on it (Mazzeo, 2003).

Since the recognition of service quality in the airlines is tougher than that of other service industries, a flawless coordination of the various activities, by the organization is required for the betterment of airline service quality. Interactive approaches to customers and personalization will derive perceived service quality through satisfaction of the customers (Mittal and Lassar, 1996). Unanticipated delays will cause strong resentment in the customers, and it will reflect as negation in their satisfaction level (Butcher and Kayani, 2008). In the case of in-flight services, the major evaluation element lies in the in-flight meal service as it provides more time in interacting directly with the passengers. As such, it is necessary to plan the in-flight meal service effectively so that it will satisfy their expectation (An & Noh, 2009)

### **2.7.2 Customer's perceptions of service quality**

The service level during the travel time greatly influences the customer's perception as they focus much on the journey attributes rather than their daily chores. Quality of food, beverages, seats, comfortable sitting postures, responsiveness, safety assurance, individual attention and presentation style are the key factors that elevate the customer's perception of service quality. It is important that the airline company analyses the present level of satisfaction and perception, by the customers, so as to prioritize the areas that needs improvement. As customers are attracted only through

the delivery of high quality service, it is very important for the airline company to become competitive in the challenging market (Goliath 2006).

Many studies have been conducted so far to determine the relationship between what the management counts as service parameters and what the customers perceive. The Gap model proposed by Parasuraman et al (1985) and the subsequent SERVQUAL or the RATER model, being an acronym of Reliability, Assurance, Tangibles, Empathy and Responsiveness, are useful measures to judge the service quality and customer perception (Babakus & Mangold, 1992). In order to understand the customer's perception, it is important that the management realizes the levels of customer expectations and their fulfillment. Customer satisfaction level can be categorized as (i) Desired service (what customers expect) (ii) Adequate service (the minimum level of service by which a customer can be satisfied) (iii) Predicted service (the anticipated level of service based on past experience), and (iv) Zone of tolerance (the threshold level a customer may accept service).

SERVQUAL scale, which is the most widely used tools to decide the level of service quality and its monitoring (Carman, 1990), gives a company proper awareness about the level of the customer's expectation and perception of the service quality in order to support companies to identify the improvement areas. This involves coping up with the customer's expectation about the service and giving them what they want at a minimal cost. A customer's perception would become positive only if the services rendered by the airline company meets or exceeds the customer's expectations about the quality of the service provided (White & Galbraith, 2000).

Earlier studies have proved that the airline industry bears several cultural factors rather than a set of perceived factors (Ling, Lin & Lu, 2005). The company

must look into every step of service starting from the reservation department to the telephone ticketing and from baggage handling to the cabin crew. Then only it could contribute to the building up of the customer's perception about the service rendered, and that need be done through monitoring, standardization, proper control and procedures. Likewise, for prioritizing, there are other models in research, such as Multiple Criteria Decision Making or MCDM that uses techniques to prioritize the factors that influence the perception of service quality by the customer (Nejati, Nejati & Shafae, 1984). But utilizing these models and research studies, airline industry can reach the point where customer perception is clear to the management for identifying and prioritizing the areas where improvement given can enhance the customer perception of the service quality.

## **2.8 Inconsistency between consumer's perceptions on service quality& and the quality standards offered by Airline industries: Review of passengers.**

Given below are a few reviews/reports posted by certain passengers on the message boards on various websites after availing the services of some airlines, which are pointers to the inconsistencies between the standards offered by the companies and what is actually received by the customers. These reviews and complaints reflect their satisfaction level on the service quality received and show how it impacts upon their perception that leads to their corresponding loyalty to the airlines.

### **i) British Airways:**

The check-in was quick, but the bag drop took 3-4 minutes queuing and the staff ignored the extra weight in the hold baggage. The boarding place was only 3 minutes walk from the central shopping area. The service was quick and efficient. The aircraft was clean, but not up to the pristine standards that are seen in the Asian

airlines. The cleanliness and appearance were below the level of Lufthansa. The seats were covered with leather and were clean, but showed signs of wear, and headrest pads did not function at all. The complimentary beverages were tea, coffee and wine (options: cold or hot), and these were served with sweet or savory snacks. The cheese supplied was disgusting. However, considering the low fare, a passenger could not expect more than that, during the entire flight length. Entertainment facilities were very poor, for they could have at least provided some newspapers for self service at the boarding gate (Edwards, 2010).

The cabin staff did not greet at the main door at the time of boarding. There was only one service cart that took more than 25 minutes to appear for delivering the beverages. The staff cleared the waste only after 45 minutes. Though the staff was not rude they never took pains to have any interaction with the passengers and did not show any courtesy. On flight arrival, the baggage handling was horrible, and it took 35 minutes to appear (Edwards, 2010). Bite, M (2011) states: “Heathrow to Larnaca. FA's always efficient, meals good, apart from curry on our return flight. 767 seats a little worn, but enough legroom for short haul. Female pilot on return journey, very informative.”

ii) Cyprus Airlines:

According to a Cyprus news report, the Cyprus airline’s inspectors have discovered that the company’s catering services had been serving only substandard meals (Cyprus Airways Catering Under Scrutiny). Loannou, A (2011) after availing the service of Cyprus airways reviews, “Take off on time, service good, food ok, seat pitch suitable and aircraft was clean. The Cabin crew was friendly and helpful. A family with a child asked if they could sit in row 4 and they accepted it along with my

request to sit in row 5.” But, Pieridis (2011) from UK perceived the service quality, just opposite. He reported that the Aircraft was clean, and took off at 5 AM. The crew served breakfast for a full cabin, cleared the tables and disappeared only to appear again not long before landing. He could not turn down a hot breakfast, but this one he let it go due to its poor standard. IFE was limited to a very short documentary and was closed much before landing. It was sad for an airline of a country that has hospitality as the main industry.

iii) Emirates Airlines:

Jillot (2011) commented that there was not much leg room. The food was good, but the staff was not friendly; though they were not rude, and provided extra drinks. However, these good aspects did let down by the service received prior to the flight at the call point. According to Jillot (2011), “There was a problem reissuing the ticket after a change - this would not have been a major issue if it had been resolved when I first called a week prior to the flight, but I was still chasing the reissued ticket on the day of the flight (not having it meant I couldn’t check in online). 4 different people tried to fix it and gave me wrong info until eventually someone realized what the problem was and I was able to check in. However, the next flight from DBX-SIN I had the same problem and had to check in with the huge queue. These wasted phone calls really irritated me and costing me money for about 1.5 hours on the phone. Wouldn't choose Emirates again”.

iv) EasyJet Airlines:

Chappers (2011), in his Review of Easy Jet writes, “We flew with Easyjet from Alicante to Gatwick and then to Dalaman and Gatwick to Alicante. All our flights were on time and the service was very good. We were lucky; none of the

flights were fully booked so we had plenty of room. Without doubt they are the best charter airline we have flown with. Will definitely book with them next year”

v) Olympic Airlines:

According to Carr (2008), “Olympic employees truly seem to take a delight in keeping the passengers in the dark. When we arrived to check in for the 30-minute flight to Athens, the Olympic flight didn't even appear on the departures screen..... Did it not occur to a single OA employee to even walk over to the departures lounge to give the 29 of us a verbal update? Are the passengers really that worthless to this airline?”

vi) Lufthansa

Thomas Barnes (2002) commented that the service was cool, efficient and comfortable. He says, “Let me begin by saying that *Lufthansa* is one of the most efficient airlines I have ever seen....Their way of doing things ought to be mimicked by more airlines. If this were so, the flying public would be a happier lot, to be sure” (Barnes, 2002)

vii) Austrian airlines

As per Dirnberger (2011), the quality of service was excellent with friendly flight attendants serving water, soft drinks and iced tea frequently. The in flight food was good, and so was the entertainment, it showed latest films. But the seat pitch was not up to the mark.

**2.9** Role of Word of mouth communication (WOMC) in consumer perception leading to satisfaction and loyalty to airlines.

Word of mouth communication (WOMC) is significant in service industries.

Schiffman and Kanuk (2004) assert that WOMC is highly influential and effective mode of communication in developing a positive response to the service offered by a company. Therefore, the companies must realize its importance and strive to create WOMC intensions in the customers. Laczniak, DeCarlo and Ramaswami (2001) state, “It is an important marketplace phenomenon by which consumers receive information relating to organizations and their offerings”. Since WOMC develops through reliable sources that the consumers know, they will tend to believe the service is credible. That is why it is considered as a more powerful, decisive force to modulate the consumer’s lenience to a particular service. According to Ennew, Bannejee & Li (2000), word of mouth communication has a major role in service context because of its predominant nature in the matter of experience and credibility. It suggests that consumer’s experience in a service or a product has an increased level of perceived risk in effecting a purchase.

### **2.9.1 Loyalty, satisfaction and patronage**

Several previous studies made by researchers like Ganesan (1994); Mittal, Ross, & Baldasare (1998); Mittal & Kamakura (2001); Lam *et al.* (2004) on service quality, satisfaction and loyalty have shown that satisfaction of the customer affects certain variables that denote loyalty or orientation and patronage toward a long-term relationship. They state that a satisfied customer’s liking to a specific service provider will motivate another customer to go to the service provider, and that customer too will do the same thing to other prospective customers.

Heskett *et al.* (1997) suggested that the customer loyalty would rise quickly after the customer satisfaction passes through a particular threshold. That means there is an increase in the scale of the relationship between the customer loyalty and

satisfaction. Thus, satisfaction is defined and valued as the sense of the customer that the consumption will cause a standard of pleasure against displeasure. On the other hand, service quality is something regarded in the research literature as an exceptional construct that is derived out of customer satisfaction.

### **2.9.2 Linking of customer perceptions to their satisfaction and loyalty**

According to Gordon (1993), the present standard of perceived service quality has only less potential and loyalty of the customer which is not up to the satisfactory level. There is a significant relationship between service quality and retained preference which can be considered as a yardstick for customer loyalty. The research findings hitherto evidence that the repeat purchase or retained preference and loyalty are the effective step to identify a loyal passenger. There exist certain bidimensional matrixes which can be treated as the four kinds of loyalties such as, true, spurious, and low. These four types of loyalties are in existence in a series of service settings. These attributes can become instrumental to identify the real loyal customers, who are highly satisfied with the services that extend empathy and care for them. Generally, wealthy and high profile society-people look for only the highest quality service and as such they are more sensitive to quality perceptions (Gordon, 1993). It is service quality that stimulates perception that leads to satisfaction and loyalty (Nadiri and Hussain, 2005). Such perceptions of the customers relating to priorities and service frequencies will become decisive in their satisfaction level, which accounts for their loyalty to an airline (An & Noh, 2009).



## **Chapter-3                      METHODOLOGY**

### **3.1      Reviews of the Research Problems:**

This chapter deals with the research design and procedures adopted in conducting the study. It gives a clear understanding of the methodological choices made and the links between the purpose and research questions. The different aspects of the service quality perceptions of Airline Passengers are analyzed to associate them to their satisfaction and loyalty. Such an analysis will determine the inconsistency between consumer's perceptions of service quality as well as the quality standards offered by Airline industries. It will also affirm the necessity to maintain service quality standards by the airline industries to generate more satisfaction among the passengers. The literature review in the previous chapter has provided a foundation to the study by focusing on past research and studies that have been conducted on customer perception of service quality in the service industry. Accordingly, the service quality is measured by the tangibility of the consumers' surroundings which is represented by objects or subjects, the reliability of the service provider, their involvement and interaction, the assurance that the customer will get a wide range of services and the readiness of the company to provide the customer with individualized services (Nadiri *et.al.*, 2005). The measurement of the various aspects of service quality in the airline industry involves, analysing the airline tangibles like cleanliness inside the airplanes, the airport and the terminal's facilities. Service quality was also measured in terms of the readiness of the airline staff to help customers, the punctuality of the airline, the availability of health care facilities in the airport and the care of passenger luggage.

### **3.2      Research Approach.**

In this research, the sample of the study consists of customers who use the various airline companies that are operated through Larnaca Airport. The non-probability sampling technique is applied here to identify the samples of the population. Some of the most common methods in non probability sampling include snowball sampling, purposive or judgmental sampling, quota sampling and reliance on available subjects. For the purposes of this study, the non probability technique is used to sample the population will be the judgment sampling of passengers in the airport (Babbie, 2008).

The type of data collection technique that is incorporated denotes the use of questionnaires (see Appendix B) that were distributed to passengers of the various airlines. It is beneficial when sample population is large in number. Questionnaires provide a detailed explanation of the various aspects that are under study. When the questionnaires are self-administered the passengers will be encouraged to fill them out based on their general perception of the airline service quality. The items in the questionnaire will measure the dimensions of the SERVQUAL scale which is also known as the RATER scale. The dimensions of the RATER scale include reliability, assurance, tangibles (airline tangibles, terminal tangibles, and image and personnel tangibles), empathy and responsiveness. The SERVQUAL scale developed by Parasuraman et al (1988) was designed to address the gaps that existed between customers' expectations of service quality and their perceptions of the actual performance of the service.

The items in the questionnaire will, therefore, measure the reliability of the airline industry as well as the assurance that exists within the different airlines. The questionnaire will also cover airline tangibles under the SERVQUAL scale, such as

the cleanliness of the aircraft, the quality of food provided in the plane, the cleanliness inside the planes including toilet seats and the quality of air-conditioning within the planes. From the questionnaires, terminal tangibles like the cleanliness of the airport toilets, the number of shops in the airport, the availability of parking space as well as the comfort of waiting lounges in the airport, the level of air conditioning within the airport and the smoking areas, availability of trolleys and the number of passengers that the airport can hold at a given time (Parasuraman *et al.*, 1988).

The questionnaire will also measure other tangibles that are related to personnel within the airport that reflect the general attitude and responsiveness of airport and airline staff, the level of personal care accorded to every passenger, the level of personal attention extended to the passengers by the airline personnel. It will also reveal the level of training and experience that the employees have, awareness of airport duties and the standard of error-free reservations and transactions. Another item that can be measured will be the punctuality of flight arrivals, departures and transportation to the airport (Nadiri *et al.*, 2008).

Along with this, the compensation schemes available to passengers, the care of passenger's luggage, number of flights available to passengers, the locations of airline offices within and outside the airport and the availability of health care services during the flight are also measurable. The questionnaire will also include an image item that provides the general perception a customer has about the image of the airline, the low ticker price availability and the consistency of airline ticket prices. It will also project a customer satisfaction item that can give an account of the satisfaction level of the customer acquired from the airline (Nadiri *et al.*, 2008).

The questionnaire will deal with loyalty of the airline passengers by analyzing

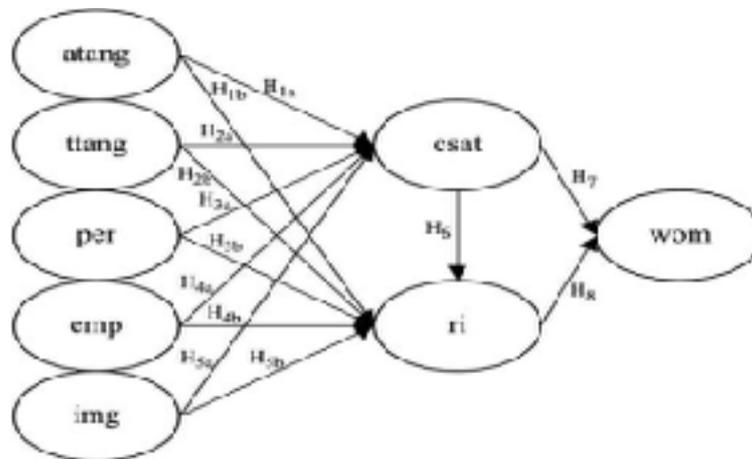
the repurchase intentions of them. The responsiveness aspect of the SERVQUAL scale will also be measured in the questionnaire to ascertain whether the airline industry is responding well to its customer's needs. Each item in the questionnaire will be measured by a five-point Likert scale where the scale items, reliabilities and corrected item-total correlations will be used to analyze the results of the questionnaire. Moreover, through the questionnaire, the consumers will rank the service quality factors according to their priorities.

The SERVQUAL scale is suitable for this study as it measures the behavioral intentions of airlines and airline passenger by measuring customer satisfaction and the service quality dimensions that are included in the RATER Scale (Parasuraman et al 1988). Through the consideration of Parasuraman et al's study on airline service quality and customer perceptions, several hypotheses for the study can be developed. The first hypothesis H1, based on the SERVQUAL scale will be a "high level of perceived reliability related to service quality will have a positive effect on customer satisfaction." (Nadiri *et al.*, 2008).

Another hypothesis that can be derived from the SERVQUAL scale, H2 will be "a high level of perceived assurance related to service quality that will lead to positive effect on customer satisfaction. With regards to tangibles on the SERVQUAL scale the hypothesis H3, there will be a high level of perceived tangibles related to quality and it has a significant impact on customer satisfaction. Hypothesis four which is related to customer empathy will be a high level of perceived empathy related to service quality will have a significant effect on customer satisfaction and repurchase intentions (Nadiri *et al.*, 2008).

The hypothesis that will be used to reflect the responsiveness of the airline

industry on the SERVQUAL scale will be “a high level of perceived responsiveness will have a significant positive effect on customer satisfaction”. After the questionnaires have been filled, the study dimensions within the questionnaire reflect the hypothesized relationships. The diagram below represents service quality dimensions of the SERVQUAL scale measured by airline tangibles (ATANG), terminal tangibles (TTANG), personnel (PER), empathy (EMP) and image (IMG) as well as their link with the hypothesized relationships within the study. The dimensions are represented by circles which demonstrate the independent and dependent variables of the study. The hypotheses demonstrated by the arrows are used to measure both customer satisfaction with the airlines operated in Cyprus and their repurchase intention (Nadiri *et al.*, 2008).



(Source: (Nadiri *et al.*, 2008).

### 3.3 Primary and Secondary Research Data

Research data can be collected either from primary sources of information or secondary sources of data. Primary data refers to information that has been collected by a researcher that has not been subjected to any forms of processing or manipulation. Primary data, which is also known as raw data, is the information that

the researcher gathers while conducting the research. Raw data are usually generated from the experimental and field studies where the researcher collects information that has not been previously collected by other researchers. For primary data to become information, it has to undergo selective extraction and analysis to ensure that it is suitable for presentation (Thyer, 2010).

Secondary data is information that has been collected by someone else apart from the user of the research. The most commonly used resources of secondary data comprise of surveys, questionnaires, census results, academic journals, articles, books, government records and data collected via qualitative or quantitative research. Secondary data are the most preferred source of data collection as it ensures that the researcher saves time while collecting the relevant information that pertains to the study. It also ensures that less time is spent in collecting quantitative data which requires the development of higher quality databases to capture quantitative information (Thyer, 2010).

The source of secondary data in quantitative research is from censuses, surveys and government statistics. The source of secondary data in qualitative research is derived from structured or non-structured interviews, observation, questionnaires and focus groups (Thyer, 2010). The type of data collection method for this study will be secondary data sources such as journals, articles, websites, textbooks, statistics, reports and surveys that contain information qualitative and quantitative information based on previous studies and research work that has been conducted on service quality and customer satisfaction with particular focus on the airline industry. The use of secondary data will be important to the study as it will save time and ensure that the research has a strong theoretical background and

framework based on previous research and theories.

#### **3.4. Research Design and Data Analysis Techniques**

The purpose of a research design is to determine whether the research questions of the study can be transformed into testable hypotheses. In selecting the most suitable research design, the researcher first assesses the research questions of the study. Once the research questions have been developed, the researcher has the option of selecting various research methods to structure the research in a suitable way. The most commonly used research designs include experimental designs, non-experimental designs and quasi experimental research designs. The experimental research design involves the researcher actively trying to change the circumstances of the research while the non-experimental research design involves the research study of two natural groups that are under conditions or circumstances that have not been manipulated (Creswell, 2003).

The quasi experimental research design is an observational study that is conducted on the subjects of a study who have not been randomly assigned to the groups that are under study. In a quasi experiment, people would be grouped according to the categories in which they fit in. The research design that will be used for the purposes of this study will be the non experimental research design as it ensures that the circumstances or conditions of the aspects or subjects that are under study have not been manipulated or changed in any way. The non experimental design ensures that a range of dependent and independent variables can be measured by the researcher during the study such as the various dimensions of the SERVQUAL scale and the customer perception of service quality in airlines (Creswell, 2003).

The data analysis technique will analyze the qualitative information within the

research. It provides a constant comparison or grounded theory assessment of the secondary data sources to determine whether any indicators exist that can explain the consistencies and differences in customer perceptions and service quality. With the constant comparison method the various theoretical frameworks and conceptual backgrounds that exist in various research works that have been conducted on the topic can be ascertained. That gives ability to the researcher to compare the various works of other researchers with regard to the airline industry (Ratcliff, 2011).

In analyzing the qualitative information that has been collected in the study, the most suitable data analysis method that will be used to analyze the statistical measurements derived from the Likert scale will be the SPSS computer program which provide a descriptive analysis of the standard deviations and frequencies that have been calculated for the five dimensions of the SERVQUAL scale which include airline tangibles, personnel, empathy, image and terminal tangibles. The psychometric properties of the collected data will also be measured on the basis of reliability, convergence and dimensionality.

### **3.5. Research Methodology**

The populace structure for this research was determined as by sampling the customers that took flight from the Larnaca Airport during the last twelve months. Additionally, some specific reflections of passengers for certain previous periods were selected randomly to know the progress of the management strategy in the promotion of service quality in increase the perception of the customers on the service rendered. The descriptions of the sampling structure are in line with propositions from Carman (1990) based on the recentness of the service understanding to get improved info on

anticipation and perception degrees. Past records of sales statistics from the airline offices exposed that, passengers could be sorted into three classes: (1) The students who are moving to studies (2) The tourers, who are locomoting for holiday purposes, and (3) Travel agents commuting for educational purposes. A blend of qualitative and quantitative research was utilized to measure expectations and perceptions of passengers. The qualitative method required three paired in-depth interviews with loyal airline customers who had been on holidays to Cyprus in the last twelve months. These passengers alleged that the workforce of the airline, that is, in-flight service by cabin crew, added greatly to their optimistic perceptions of good service provided by the airlines. According to one interviewee “the airline differentiates itself from the competition, SAA, based on its physical facilities, color combination for its cabin, employee’s willingness to help”. On the other hand, another respondent remarked that “boarding must be hassle free; employees must be consistent in service delivery, poor on time performance”.

Three travel brokers that had of late been involved in marketing the airline to international tourists were questioned. They had been on informative tours to Cyprus in the last twelve months. They were of the view that the airline’s welcoming staff, attention to particulars, good road development, in-flight service, and great quality perception of the destination added to perceptions of high service levels. On the other hand, technical troubles with the aircraft, poor on time functioning, criticisms about pre-flight processes were their major areas of anxiety. They found that training of workers would greatly add to the airline rendering a world-beating service. So far as the student population was related, three of them were questioned. They pointed out that they were very pleased with the service rendered. They had no objections to pre-

flight procedures, but they remarked discontentment with the food range, in-flight amusement and high fares.

The result, as mentioned above over and above the literature on SERVQUAL, was applied to devise the survey tool, which comprised of three parts. Section A included the 22 SERVQUAL batteries of expectation and perception statements. The 22 arguments have been established to be pretty good predictors of service quality in its totality (Sureschandar et al., 2001; Asubonteng et al., 1996). The SERVQUAL arguments were all formulated optimistically as recommended by Babakus and Boller (1992). A five point Likert scale as an alternative to seven was applied to cut down the dissatisfaction degree of respondents and augment the reaction rate and quality (Babakus and Mangold, 1992; Krosnick and Fabrigar, 1997; Johns et al., 2004; Jain and Gupta, 2004). Section B covered precise properties that customers linked with the airlines. The concluding section dealt with questions relating to demographic and flying conventions. For the quantitative study, a non-probability process was applied to gather the data from riders. An inconsistent quota sampling was applied due to the subsistence of three separate sub-groups of passengers that regularly travels the airline namely: students, tourists and travel agents.

The survey gadget was pilot examined with the responders for the qualitative study. No more than one trivial problem was observed with regard to phrasing of questions. The required corrections were made. A sample size of 100 was held to be suitable given the investigative nature of the study. Alike surveys on service quality have utilized sample sizes that diverge from 62 (Llosa *et al.*, 1998), 105 (Cunningham *et al.*, 2002), 162 (Nel *et al.*, 1997) to 450 (Ling *et al.*, 2005). Held that the mainstream of passengers was international tourists, the allocation for this sub-group

was fixed at 30 respondents, 15 each for the sub-group travel agents and students. Data collection was spread over a period of six weeks by means of face-to-face interviews. On the whole the reaction rate was 99.1%, as a travel broker did not fill out the survey tool due to time restraints.

## **Chapter-4. DATA COLLECTION AND ANALYSIS**

### **4.1 Introduction**

The Explorative questionnaires were administered to a sample of 200 respondents representing consumers of airline services. All respondents were passengers who travel across all the different airlines. Their opinions were sought with regard to the specific objectives of the study. The two main objectives are:

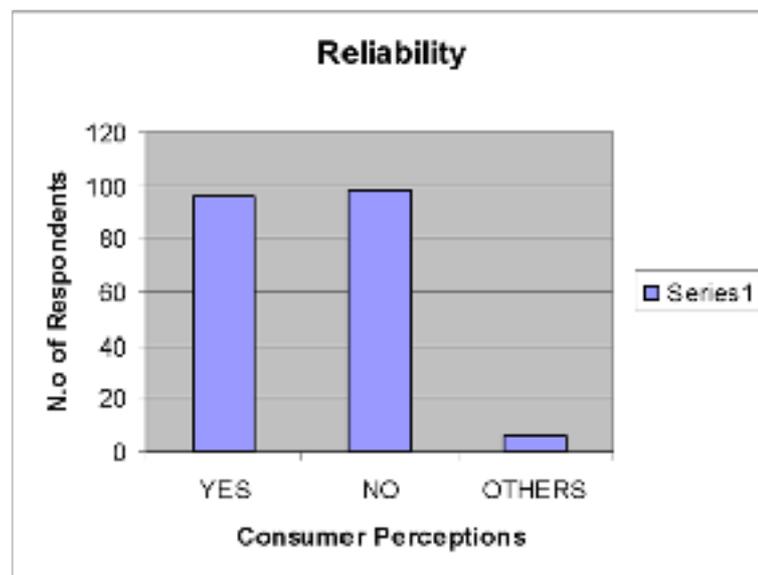
1. To examine whether there is an inconsistency between consumer's perceptions of service quality and the quality standards offered by Airline industries.
2. To affirm the necessity to maintain service quality standards by the airline industries, so as to generate more satisfaction among the airline passengers

### **4.2 Reliability and Dependability**

In line with the first objective respondents were questioned with regard to reliability and dependability of the airline industry overall. Out of the 200 respondents interviewed around 98 passengers showed their dissatisfaction in connection with reliability and dependability. This represents a mere 49% of the sample.

This percentage is significant enough and indicates that the service quality of airline industry needs revamping. 96 out of 200 respondents felt that the quality of

service provided by the airline industry was good and this represented 48% of the sample. About 6 respondents did not commit themselves with their opinions about dependability and reliability. This result helps in deducing that technical hitches are present in the organizational structures of the airline industry because of which the industry on the whole has attracted significant negative reactions from the customers.

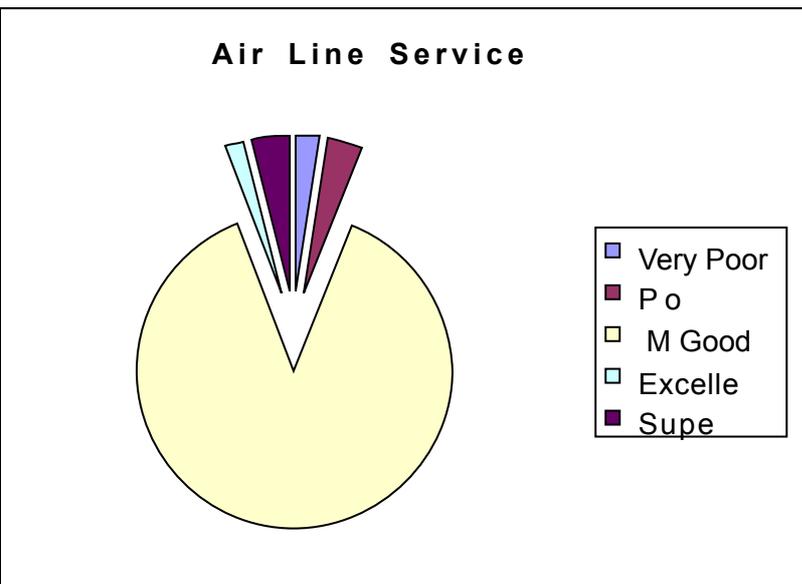


Related to the question of reliability, other aspects of quality service are the privilege and comfort. The discontentment of the respondents appeared to have been anchored on poor communication with regard to schedule changes and alterations. Thus, it can be inferred from the above results that the public responses to the quality of reliability has not yet derived a definitely important outlook.

#### 4.3 Quality of Service

The study also sought the respondents' opinions on whether they thought service quality factors of the airline industry were in line with the consumer expectations. On this score, the respondents were asked to give their views on the

question of service quality. 1.5 % respondents of the sample thought the services were of excellent quality. Respondents who thought the services were poor formed 3.5 % of the entire sample. Another 2.5 % of the respondents felt that the services were very poor. Those who rated the service quality as superb, represented 4 % of the entire population. However, 88.5 % of these respondents argued that the quality of the services of the airline industry was moderately good.



shows that the majority respondents of the ed were average. It can be pointed out that y be the loyalists and the optimistic ones attachment towards other companies that be due to their several positive attributes

The loyalty factor of a specific cadre of clientele is sometimes formed due to different reasons and objectives and not because of the commercial value of the product (Churchill, 1982; Vavra, 1997; Grigoroudis & Siskos, 2009). The few who rated the airline services as very good gave reasons of comfort, cost and convenience as their reasons for approval. Most of these were domestic travelers, especially holiday makers traveling in the country. This group mostly consisted of elderly couples, and pensioners who use the services mostly during the festive seasons. The working class, foreign tourists, business people and students forming 70% of the sample study felt that they were not happy with the services provided by the airline industry. Their disapproval was due to flight delays, flight cancellations, and

mishandling of luggage. But, at the same time, 68% of this group felt that the services could be improved by bringing in reforms in the policies of the airline industry. Another 32% of this group felt that the industry is beyond any repair to the quality of services provided by them. Studies have found out that in the face of fierce competition, companies that do not come up with quick consumer friendly initiative usually get an advantage over those that stagnate in this area of performance reforms (Churchill, 1982).

#### **4.4 Analysis of the Findings**

The data was encrypted and tabulated so that they can be analyzed. Table 1 shows the demographic profile of respondents. As can be seen from the table, the sample polled more females than males, an older target market, and a majority of students. The respondents' average monthly household income was in excess of US \$1033.

**Table 1: Sample Characteristics of Respondents**

<b>Variable</b>	<b>Overall (n=200)</b>	<b>Percent</b>
<b>Gender</b>		
Male	89	48.7
Female	111	51.3
<b>Age</b>		
10-18	6	5.1
19-27	38	31.9
28-36	6	5.1
37-45	33	27.7
46-54	21	17.6
55-64	12	10.1
55+	3	2.5
<b>Nationality</b>		
British	16	13.4
Cyprians	25	21.0
South African	66	55.5
Other	12	10.1

The next step of the analysis was to find out as to how well the SERVQUAL model displayed service quality when used in an airline services setting. The scales were supposed to have a five dimensional arrangement as in the unique model (Robledo, 2001). Individual measurements were submitted to service quality analysis in accordance with their anticipated proportions. As a factor of service quality, the reliability coefficient (Cronbach alpha), which is established on the inner substance of the items relating to the different service proportions were calculated individually for the five dimensions on the raw SERVQUAL scores. As revealed in Table 2, all of the

proportions are fairly reliable, with larger than 0.7 alpha values. The service quality reliability coefficients are more or less parallel with research conducted previously in the airline industry (Nel *et al.*, 1997; Frost & Kumar, 2001).

**Table 2: Dimensions Cronbach Alphas**

Dimensions	Item coefficient (alphas)	Service Quality Reliability item alpha	Standardized
Tangibles	4	0.738669	0.752660
Reliability	5	0.878466	0.878204
Responsiveness	4	0.846212	0.847372
Assurance	4	0.725037	0.734735
Empathy	5	0.722274	0.774002
Total scale reliability	22	0.927932	0.933913

More often than not earlier studies (Sultan & Simpson, 2000; Robledo, 2001; Juwaheer, 2004; Cunningham, *et al.*, 2002) of service quality have concentrated on applying procedures like regression analysis and factor analysis to appraise customers' expectations and perceptions. But, in this study, the researcher has used cluster analysis to group respondents established in differing anticipations and perceptions. Cluster analysis similar to discriminant analysis is a categorization technique. On the other hand under discriminant analysis the group classifications are recognized in advance, whereas cluster analysis assumes unidentified group memberships of objectives and goes forward to disconnect the objects into discrete groupings, each having its own individuality (Aaker *et al.*, 1998). This technique permits responders to be sorted out in different groups based on their service quality

perceptions and expectations. Therefore, the first purpose of this research, which is to recognize apparent differences in passengers' expectations and perceptions of the service quality of the airline industry, was looked into, using cluster analysis.

A k-means grouping process was undertaken on customers' expectations of service levels. The rationale of clustering customers based on service expectations was to make out identical groups of responders established on similarity of reactions. In general, the k-means technique will create precisely k different clusters of maximum potential difference (Churchill, 1995). Computationally, this technique is denoted as analysis of variance (ANOVA) "in reverse." The algorithm begins with k random clusters, and then moves objects among those clusters with the objective to initially, reduce unpredictability inside clusters and secondly to maximize variability amongst clusters. This is corresponding to "ANOVA in reverse" since the significance test in ANOVA measures between the group's unpredictability adjacent to the within-group variability when calculating the significance test for the hypothesis assuming that the averages in the clusters differ from each other. In the k-means grouping, the algorithm attempts to shift objects, like respondents in and out of clusters to get the most considerable ANOVA results. The study was forced a priori to three clusters initially, which ensued in one cluster comprising only one response. Accordingly, the investigation was run once more to make the most of original in-between clusters, but controlled to keying out only two groups. Cluster 1 contained 89 responders and 119 respondents made up cluster 2. Below is a graph which shows the plot of means (Figure 1).

**Figure 1: Plot of Means for each Expectation Cluster**

A close examination of the vivid statistics of each group exposed that Cluster 1 consists of respondents who were on average unconcerned with whether airlines should execute the service correctly the first time. Figure 1 shows that anticipations incline to differ much in group one for each of the SERVQUAL expectation statements where, EXPECT3 for instance, refers to anticipations 3<sup>rd</sup> statement in the SERVQUAL sequence of statements. It can also be inferred that respondents on regular consent that airlines should accomplish their guarantees and must demonstrate a genuine interest in figuring out customer troubles. Passengers should feel safe when they are interacting with the company. Riders on average ranked all other SERVQUAL anticipation statements as unconcerned. For Cluster 2, the stratagem of means depicts constancy in ratings of anticipation statements, namely, an average-most responders accorded to what the statements said.

The same process was followed for the perception statements. The k-means was controlled a priori to three clusters.

Figure 2: Plot of means for Each Perception Cluster

From Figure 2, we can figure out that Cluster 1 constitutes 30 respondents who on average roughly differ with the airline industry rendering eminent service quality across all five-service proportions. This group can be identified as riders who sensed service quality to be 'Poor'. 55 respondents fall under Cluster 2 and they on average are unconcerned to the service rendered by Airline industry. This group has been called as 'Indifferent' to service quality. Cluster 3 includes 70 respondents who comparatively agree that the Airline industry provides high quality of service. This group is called 'Good' service quality. On the other hand it must be mentioned that for Cluster 3, riders on average ranked perception statement 19, meaning that some flights in the Airline industry has suitable flight agendas, differently. They are unbiased to that argument. In actual fact, expedient schedule appears to be a trouble across all three groups as revealed by the relative intimacy of means for that variable

quantity.

**Figure 3: Plot of Means for SERVQUAL Scores Cluster**

Next part of the analysis was to cluster the untreated SERVQUAL score differences. The P-E score was calculated and grouped in a priori three clusters to be recognized. The cluster clarification established that one cluster comprised of only one respondent. Subsequently the investigation was run once more with a two-cluster key. The figure supra depicts that there is a service quality shortage on all five-service proportions. An optimistic mean in Figure 3 suggests that perceptions were more effective than expectations. The SERVQUAL score for group 1 is encouraging for only one statement referring to the tangibles proportion, that is, responders perceive Airline industries are equipped with latest equipments. On service measurement consistency, answerers from both Cluster 1 and Cluster 2 remark there are important

service quality under-performances. The same enforces for service dimensions reactivity, confidence and empathy. It must be noticed that once more, the statement that Airline industry has suitable flight schedules is a challenging one, as revealed by service quality score (SQ19). A chi-square test of affiliation disclosed that there is a substantial connection between groupings and sub-groupings of responders in the sample frame (p-level = 0.00157). Out of those who comprehend the service quality shortage on all service proportions, 53.3% are students. As a result, the opening point for service betterments in the airline industry should concentrate on the reliability proportion.

The supposed influence of nationality with regard to expectations and perceptions of service quality was looked into applying an analysis of variance. The outcomes established that expectations change by nationality groupings, with statistical substantial divergences found in 13 of the 22 expectation statements as depicted in Table 3. The vital F-Values and p-levels alone are indicated for each statement. Post-hoc comparing of means applying Scheffe test exposed important differences ranked the subsequent expectations arguments compared to respondents: workers of the firm will inform commuters precisely when the service will be accomplished (p-level=0.03), employees provides punctual service (p-level=0.02), employees are ever ready to assist passengers (p-level=0.04), passengers will feel safe when transacting with this company (p-level=0.02), and in the end the firm has the clients' best interests in their minds (p-level=0.009).

**Table 3:**

**ANOVA Critical F-Values & p-levels for Expectations & Perception Statements**

<b>EXPECTATION STATEMENTS</b>	<b>F-Value</b>	<b>p-level</b>	<b>PERCEPTION STATEMENTS</b>	<b>F-Value</b>	<b>p-level</b>
EXPECT1	1.3757	0.2012	PERCEP1	2.6654	<b>0.0060</b>
EXPECT2	2.0465	<b>0.0353</b>	PERCEP2	3.3384	<b>0.0008</b>
EXPECT3	2.8013	<b>0.0040</b>	PERCEP3	4.9536	<b>0.0000</b>
EXPECT4	0.8672	0.5660	PERCEP4	3.2270	<b>0.0011</b>
EXPECT5	2.0207	<b>0.0379</b>	PERCEP5	4.4651	<b>0.0000</b>
EXPECT6	2.0725	<b>0.0328</b>	PERCEP6	2.6199	<b>0.0068</b>
EXPECT7	2.3178	<b>0.0164</b>	PERCEP7	3.5160	<b>0.0005</b>
EXPECT8	2.4707	<b>0.0106</b>	PERCEP8	2.6228	<b>0.0068</b>
EXPECT9	1.5931	0.1182	PERCEP9	1.8677	0.0575
EXPECT10	2.8215	<b>0.0038</b>	PERCEP10	3.6016	<b>0.0004</b>
EXPECT11	2.8823	<b>0.0032</b>	PERCEP11	9.6657	<b>0.0000</b>
EXPECT12	2.8550	<b>0.0034</b>	PERCEP12	9.6011	<b>0.0000</b>
EXPECT13	1.9142	0.0507	PERCEP13	3.9883	<b>0.0001</b>
EXPECT14	2.4661	<b>0.0107</b>	PERCEP14	5.4758	<b>0.0000</b>
EXPECT15	3.0505	<b>0.0019</b>	PERCEP15	4.2842	<b>0.0000</b>
EXPECT16	0.8138	0.6159	PERCEP16	6.6335	<b>0.0000</b>
EXPECT17	2.1706	<b>0.0249</b>	PERCEP17	2.0644	<b>0.0335</b>
EXPECT18	1.0662	0.3946	PERCEP18	3.4895	<b>0.0005</b>
EXPECT19	1.2572	0.2639	PERCEP19	0.9005	0.5355
EXPECT20	1.0556	0.4030	PERCEP20	5.5932	<b>0.0000</b>
EXPECT21	1.5765	0.1232	PERCEP21	3.8683	<b>0.0002</b>
EXPECT22	2.9444	<b>0.0026</b>	PERCEP22	4.6198	<b>0.0000</b>

Likewise, ANOVA consequences of the perception statements depicted that riders' sensing of service quality diverged by nationality groups. Statistically

significant divergences were detected in 20 of the 22 perception statements as depicted by the spot lit p-levels in Table 3. The Scheffe technique for post-hoc-comparison of means, disclosed that the perception statement three, was ranked differently by different respondents (p-level=0.039), where the previous had improved perceptions than the latter. Some of the respondents had better sensing for that assertion when compared to some others (p-level=0.0007). The statement, Airline industry assures to carry out orders by a certain time, was ranked differently by the respondents. They were in reality unbiased to that statement equated to respondents who are frequent users of air travels (p-level=0.004). Whether Airline industries executed their services correctly was placed differently by the respondents (p-level=0.006). Some of the customers disagreed with the statement that the airline industries will inform as to the exact time when their services will be executed (p-level=0.001). A few of the respondents in fact agreed that they experienced punctual service from the company's workers compared to respondents who differed (p-level=0.000). The perception of the respondents with regard to employees of Airline industries willing to assist compared were not in agreement (p-level=0.0006). A comparable association can be demonstrated between the perceptions of frequent airline travelers with that who do not frequently opt for air travel (p-level=0.000). Additionally, some of the airline users were neutral to the statement that the workforce of the airline industries is by no means active to react to my petitions, compared to others (p-level=0.0009). Consumers on the whole (p-level=0.02) and of different nationalities (p-level=0.0001) had better perceptions of trust level with regard to the industries. Overall, the consumers were disinterested when questioned about the level of alleged safety of transactions with Airline industries (p-

level=0.003).

The influence of demographic variables on the keyed out groups of service quality precepts, was looked into utilizing chi-square tests of affiliations. A major conflict was detected amongst the different clusters of service perceptions and nationality (p-level=0.00013). Out of those who comprehended service levels to be good, 61.6% were other country citizens. Yet, some of the consumers perceived service levels to be poor and they formed the majority (81.8%). Gender had no influence on service precepts, age had a considerable control on perceptions (p-level=0.009). 72.7% aged between 19 and 27 years perceived service levels to be poor old. Test of connection between initially recognized sub-groupings of respondents (international tourists, travel agents and students) and the k-means algorithm applied to group respondents, brought out the presence of an important relationship (p-level=0.000). The greater part of the students (81.8%) felt service levels to be poor, while 51.6% of travel agents felt that service levels were good. 52.1% comprising of international tourists were indifferent to service levels.

A flight has many sub components and sustainable competitive advantage is derived from the ability of the airline to master each and every one of these sub-components, making it harder for competitors to imitate (Wirtz and Johnston, 2003). Service quality is one of these components that offer an organization a significant opportunity to create a differential advantage in the marketplace. An airline must create a 'wow-effect' and regularly surprise customers to maintain their loyalty levels. It must be recognized that changing the customer perceptions is somewhat difficult. However, having the right employees in the right place, the right technology and service culture in an organization can significantly improve the service encounter-experience, thereby forcing customers to review service quality perceptions.

Cluster analysis revealed that there were only two identified clusters of service expectations. They are the passengers who were indifferent to service levels and those who have agreed that the airline provided excellent service quality. Different service strategies need to be adopted for students, travel agents on educational tours, and international tourists. Despite the higher coefficients for Cronbach alpha for the different service dimensions, cluster analysis revealed major discrepancies between expectations and perceptions. On all service dimensions, there are service delivery shortfalls. The most problematic dimension is reliability, which is similar to the findings from previous studies applying the SERVQUAL model (Juwaheer, 2004; Sultan & Simpson, 2000; Robledo, 2001) but is also recognized to be the most important service dimension (Parasuraman *et al.*, 1991). The human interaction dimension or intervention in the service delivery is not perceived to be of high quality among students only. International tourists and travel agents have on average a

positive perception of the softer skills of employees. Cluster analysis of SERVQUAL scores showed that statements relating to service dimensions, responsiveness, assurance, and empathy had marginally lower gaps between expectations and perceptions compared to reliability. Llosa *et al.* (1998) suggest that these dimensions could be fused into the larger dimension of task related receptiveness. The lowest gap was for the service dimension tangibles that affect customers in physiological, psychological, sociological, cognitive and emotional ways (Sureshchandar *et al.*, 2001).

Likewise, experience and learning change both the nature and the number of service dimensions (Llosa *et al.*, 1998). Specifically, travel agents are knowledgeable about the service offered and are therefore better assessors of the service quality of the airline. They perceive reliability, responsiveness, and assurance in a more favourable way. The overall findings of the study seem to suggest that poor perceptions of service quality tend to be associated with students. Parasuraman *et al.* (1988) defines service quality as an individual general attitude towards a firm. This definition suggests that students have a negative attitude. The quantitative research findings support to some extent what was found in the qualitative research. The heterogeneity of the sample and the ANOVA results highlight the importance of crafting specific service strategies for each segment of the market and communicating the right service attributes to the different target markets. Service offering should be tailored to meet the requirements of travel agents, which are convenient schedules, on-time performance, flawless cabin crew service and excellent tangible cues. International tourists require convenient schedules, on-time performance, good in-flight entertainment and service, efficient pre-flight procedures and courteous staff. Students

require affordable fares, convenient schedules, good in-flight food, entertainment and service. The company must view each service encounter as an opportunity to enhance customer participation in service delivery and the customization of the service product.

There should be increased interaction between the management and the front-line employees to provide opportunities to share information on customer expectations and perceptions. A more in-depth understanding of service encounters dynamics (pre-flight, in-flight, post flight) will offer the management the opportunity to redesign the services and service control processes that are inefficient to achieve quality interactions at each and every service encounter. Customer satisfaction depends on management and monitoring of individual service encounters. In order to develop service-loyalty, the service encounter interactions must be flawless, resulting in a positive state of mind that is built over time (Coyne, 1989). Again, it is worth mentioning that all service attributes contribute significantly to the flight experience and therefore management has the task of ensuring flawless performance of employees in terms of service delivery at each encounter. Also, management commitment to service quality is perhaps the single most important determinant of good service delivery along with employee empowerment.

With regards to employee management, Gabbott & Hogg (1997) found that employees and customers perceived control is a critical determinant of the quality of interactions that institute the service encounter. Increased perceive control levels lead to more favourable perceptions of service experience. Organisational rules, procedures and culture are perceived to some extent to limit or enhance the employees' ability to provide outstanding service to customers. Both employees and

managers, through their own actions are perhaps hindering achievement of world class airline status. Moreover, the results indicate that there are significant differences in service quality expectations and perceptions based on nationality. South African and British respondents have better perceptions of service levels in comparison to others. This study further confirms the relationship between cultural background of passengers and service quality perceptions as suggested by Sultan and Simpson (2000). Marketing strategies should be altered to have the greatest effect on passenger groups, and to invest in training and development of staff to be responsive to the expectations of customers. The study validates the findings of Nel *et al.* (1997), who demonstrated that SERVQUAL as an instrument should be modified because of cross-cultural differences. Culture is also a major factor contributing to individual differences in behaviour (Liu *et al.*, 2001).

Finally, company image and reputation, brand image and personality depend on the extent to which the communication strategy of the airlines becomes effective. The company must invest in developing word-of-mouth, as this form of communication is more important to customers than mass media advertising in cross-cultural settings. Brand reputation for high service should be cultivated through flawless service delivery. It serves as an important proxy of quality. Therefore brand building must be a priority. There are positive relationships between brand images, service quality, repurchase intentions and willingness to recommend.

## **Chapter -6 RECOMMENDATIONS**

This research was exploratory in nature, and as a result a bigger sample is essential to further formalize the findings. Factor investigation was not utilized to substantiate the dimensions of conceptions and sample sizes between different cultural clusters. It should have been adequately huge to propose their succeeding interpretive validity. The survey document was projected in English due to which it has its own limitations in non-English speaking countries. It is also recommended that there should be further relative research on the perception of service quality for the betterment of the industry.

It was noted during the research that most of the airline firms react to certain external pressures for helping their customers. The firms must find out a proactive way of meeting the specific needs of customers. This can be done by establishing a satisfaction-relationship between the airline firms and their customers. This includes the process of understanding the expectations of the customer concerning satisfaction and service quality. It must set clear expectations in the minds of customers so as to deliver the service that is guaranteed and finally ask them to provide feedback that is essential to improve the quality of services.

The commercial status of the airline industry had experienced high and low seasons because of numerous factors. A lot of these have to do with the domestic, local, and worldwide market. Nevertheless, consumer satisfaction has developed to become an integral determinant of the direction that the industry is likely to take. This study has shown that structural weaknesses in consumer handling policies and the lack of innovation in the area of customer satisfaction are the two major forces which hold back the progress of this industry. Adjustments in these two key areas, with

specific focus on moderating profits, remain the keys to turning around the dysfunctional zones of the industry.

It is obvious that all customers in a given market cannot be the same and therefore this underlines the importance of segmentation. This refers to dividing customers according to their similarities which are based on their expectations and hence the subsequent satisfaction. For instance, the majority of those who gave negative opinions were consumers in business and other official trips, and bearing in mind that most airline industries did aggressive marketing during the high seasons, it was found that their products were basically focused on tourists. The business travelers' expectations will not be met with a satisfactory level until and unless the firms can market and provide services of tourist during the high seasons and focus on the business category during the low seasons.

The staff of the airline industry needs to give much attention to the clients, especially the contact staff that interacts directly with customers at every turn. The attitude, motivation and role of the workers are very important in meeting customer satisfaction and this starts at the time of hiring. The airline firms should ensure that they hire the staff that value customer service. The staff should be provided orientation programs that enable them to understand the relationship between the company's mission and service quality as well as customer satisfaction. Staff motivation is also an important element, particularly because staff satisfaction is directly related to customer satisfaction. These not only focus on the workers, but also the management. This can be done through adequate remuneration and rewarding exemplary performance of the staff based on motivation and also setting goals which ensures that performance is measured from time to time (Kandampully, Mok &

Sparks, 2001).

In order to monitor their progress as compared to their competitors, they need to come up with a plan, whereby the goals of the airline firms are determined and a description of the current firms' present activities is conducted together with an evaluation of customer information needs, expectations and preferences (priorities). Contrast the service it is providing currently, with those should have provided, as well as those are provided by international firms. This approach will secure a framework for airline services and a guide to their decision making. The firms should also set goals and objectives, which will define their priorities, by spelling out clearly what is important and what is not. For instance, a commitment can be written in the words of the customer, and each employee should adhere to that.

Pricing in service industries is mostly influenced by the objectives of the firm as well as the response of consumers to price changes. During the peak periods, the firms should charge high prices so that they maximize profit, particularly because of the high demand for airline services from the tourists that travel all over the world during their vacations. However, they should also deliver the value for money paid by the customer by way of providing high quality services. This means that the tourists should find comfort and convenience that they need during their holiday. Effective communication of services offered by a firm, and the associated benefit is a difficult task for most businesses, because one of the characteristics of services is intangibility. That was why some of the respondents have remarked that they were not at all aware of certain services provided in the airline industry.

## **Chapter -7 REFLECTIONS**

The dissertation has defined the aim and objectives of the research, and the hypothesis have helped in fulfilling the findings. The research, therefore, has managed to identify the service quality factors which are categorized as the deciding quality factors related to the personnel, airplane and the airport. To exhibit as to how the consumers prioritize the service qualities, the service quality factors were put in the order of preference so that they will help in meeting the second objective. It has also shown that there was inconsistency between consumer perceptions on quality viewed as a part of the managerial strategy in accordance with the written standards of service quality in the airline industry. The last objective was met by recommendations drawn from the research findings, which outlined the ways in which customer' expectations of service quality can be effectively managed. The research questions in the questionnaire were able to provide answers from the respondents that helped to capture data which was relevant in meeting the above objectives. There was a constant effort from the researcher to ask the consumer to state their feelings and perceptions on various variables in the airline industry and also rank them in order of priority. The research was also well planned because the researcher first contacted the secondary data sources and only after that collected the data from primary sources so as to determine and collect the missing points in the secondary sources (Kothari, 2008).

The information from previous researches gave a clear picture of the airline industry, the determining peak and off-peak periods and operations of the airlines and their strategies; In addition to this, the demographic information was also obtained

from secondary data. Through this research, it is found that there exists a gap between managerial strategies in meeting consumer needs and consumer expectation that leads to satisfaction and loyalty. There was also a contribution from the researcher to the management side on the ways of identifying and meeting specific customer needs. Suggestion on how to improve future dissertations would include a research on international airline companies to determine the customers' preferences.

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END OF PAPER

## **Appendix A**

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## **Appendix B**

### **Questionnaire**

Dear Sir/madam,

I am a student of MBA program at University of Leicester and I am currently working on my final research thesis entitled: “*An analysis of consumers perceptions on service quality in the airline industry: A study of airlines operated in Cyprus*”

In this matter I need your assistance in responding to the attached questionnaire. I value your thoughts, knowledge and perceptions on this issue. Your views would constitute an important element in generation of primary data.

The questionnaires are on an anonymous and confidential basis and your responses will be used for statistical analysis only.

If you have any questions about this research survey, please do not hesitate to contact me on: 00357-99677760.

Sincerely

Elena Loizidou Philippou

Researcher

## **QUESTIONNAIRE**

The questions below have been designed to gain useful information on customer perceptions of service quality in the airline industry in Cyprus.

**Qn1. Please select the answer that best reflects your perception of the level of reliability within the airline industry in any of the listed items.**

a. Do you find the airline industry that are operated from Larnaca to be reliable and dependable?

Yes  No

b. Have you ever experienced any flight delays in your experience with the Cyprus airline industry?

Yes  No

If yes, how long was the delay?

c. Are the airport and airline personnel reliable in taking care of passenger needs?

Yes  No

d. Are the time schedules given by the airlines that are operated from Cyprus accurate and reliable?

Yes  No

**Qn2. The questions below require your assessment of the level of assurance that exists in the airline industry. Please provide a detailed account of your answer.**

i) What is your understanding of service quality in the airline industry?

ii) In your own flying experience, explain whether the airline industry in Cyprus has knowledge on how to provide service quality to its customers?

iii) Provide examples of what you think are the aspects that determine whether an airline has knowledge of service quality?

iv) In your own understanding, what do you think are the most suitable

service qualities factors that should be used in the airline industry?

- v) Does the airline industry give any priority to service quality in its service delivery?

**Qn3. The following questions are meant to measure the tangibles of service quality within the airline industry. Select the answers that you think best reflect the tangibility aspect of the airline industry that are operated from Larnaca airport in Cyprus.**

i) **Airline service quality**

- a. Are the aircraft clean and modern-looking?

Very Poor  Poor  Moderately Good  Excellent  Superb

- b. Is the quality of food served in the plane of a high quality?

Very Poor  Poor  Moderately Good  Excellent  Superb

- c. Are the plane toilets clean?

Very Poor  Poor  Moderately Good  Excellent  Superb

- d. Are the plane seats clean?

Very Poor  Poor  Moderately Good  Excellent  Superb

- e. Is the quality of air-conditioning in the planes good?

Very Poor  Poor  Moderately Good  Excellent  Superb

- f. Are the plane seats comfortable?

Very Poor  Poor  Moderately Good  Excellent  Superb

ii) **Service quality in the airport terminals**

The table below is meant to measure the level of service quality within the terminals that are operated by various airlines in Cyprus' airports. Please tick the option that you think best represents the level of service quality in the airport terminals based on your experience as either a frequent or non-frequent flyer.

	<b>Description</b>	<b>V e r y P o o r</b>	<b>P o o r</b>	<b>G o o d</b>	<b>V e r y G o o d</b>
a.	Cleanliness of the airport toilets				
b.	Number of shops in the airport				
c.	Availability of parking in the airport				
d.	Ability of the airport to hold a large number of passengers in one day				
e.	Quality of air conditioning within the airport				
f.	Quality of signage within the airport				
g.	Availability of trolleys within the airport				
h.	Comfort of the waiting lounges in the terminals				
i.	Quality of security within the airport terminals				

iii) Please select the options that best represent your perception of airport personnel who include flight attendants, security personnel, terminal workers,

**Luggage handlers and check-in agents.**

a) What is the general attitude of employees in the airport?

Very Poor  Poor  Moderately Good  Excellent  Superb

b) Do airline personnel provide you with exact answers to your questions?

Yes  No

c) Do you think the level of employee education and experience is adequate for all

airport and terminal staff? Yes  No

d) Do the personnel show any personal care to passengers?

Yes  No

e) What is the awareness of airline personnel in their duties?

Very Poor  Poor  Good  Very Good

f) Have you experienced error-free reservations and ticketing transactions?

Yes  No

g) Do the employees have the proper knowledge to answer your questions?

Yes  No

h) Do the airline personnel have any empathy?

Yes  No

i) Do the airline personnel give passengers any priority in their duties?

Yes  No

**iv) Image of the airlines**

a) What is the availability of low price ticket offerings?

Very Poor  Poor  Moderately Good  Excellent  Superb

b) What is the consistency of ticket prices with a given service?

Very Poor  Poor  Moderately Good  Excellent  Superior

c) What is the image of the airline and airport?

Very Poor  Poor  Moderately Good  Excellent  Superior

**Qn4. Empathy is an important service quality of many businesses around the world. It refers to the ability of a company and its personnel to identify and sympathize with the patients needs.**

I) Based on your understanding of empathy, do you think that the airline industry is empathetic to your needs as a flying customer?

Yes  No

II) Have you ever experienced any delayed flight arrivals and departures during your flying experience?

III) Are you able to access transportation from the city to the airport?

IV) Have you ever lost your luggage when flying with any of the airlines in Cyprus?

Yes  No

If your answer is yes, was the airline sympathetic to your situation?

How did the airline and airport staff react to your situation?

V) Do you find the locations of the airline offices accessible?

VI) Do you have access to compensation schemes in the event of an accident while flying or within the airport?

VII) Are the numbers of flights enough to satisfy the passengers' demands?

**Qn5. What is the response rate of the airline industry that are operated from Cyprus to the following aspects of service delivery?**

Item	Description	Very Poor	Poor	Moderate	Fair	Excellent	Superb
a.	Service efficiency						
b.	Passenger comfort during flights						
c.	Lost baggage						
d.	Customer inquiries						
f.	Baggage handling						
g.	Communication of delayed flights						
h.	Meal service during flights						

i.	Response rate to customer complaints						
j.	Counter check-in services						

**Qn6. Please describe whether your satisfaction with the airline has increased or decreased.**

- i) Describe your current impression of the airline. Has it improved with the number of times you have flown with the airline?
- ii) What is your current attitude towards the airline company?

**Qn7. This section will measure repurchase intentions as well as the loyalty of airline customers**

a) Do know the meaning of repurchase intention? Yes  No

b) Have you ever repurchased an airline ticket? Yes  No

If yes, what was the reason?

c) Do you consider the airline to be your first choice of air transportation?

Yes  No

d) Will you continue using this airline for your future travel plans?

Yes  No

e) Will you recommend the airline to other people?

Yes

No

**Qn 8. The following questions are meant to measure the tangibles of service quality within the airline industry in order of priority. Tick appropriately.**

**i) Airline service quality**

Please tick the option that you think best represents the priority you give to each of the service quality factors in the aircraft

Description	Not important	Least important	Moderately important	Very important	Most important
Aircraft cleanliness and modern-looking?					
Quality of food served in the plane					

Cleanliness of plane toilets					
Quality of air-conditioning in the planes					
Comfort of plane seats					

**ii) Service quality in the airport terminals**

Please tick the option that you think best represents the priority you give to each of the service quality factors in the airport terminals

Description	Not important	Least important	Moderately important	Very important	Most important
Cleanliness of the airport toilets					
Number of shops in the airport					
Availability of parking in the airport					

Quality of air conditioning within the airport					
Availability of trolleys within the airport					
Comfort of the waiting lounges in the terminals					

**iii) Please select the options that best represent priority you give to the services offered by airport personnel who include flight attendants, security personnel, terminal workers, luggage handlers and check-in agents.**

Description	Not important	Least important	Moderately important	Very important	Most important
Whether the airline personnel provide you with exact answers to your questions					

The general attitude of employees in the airport					
Whether the personnel show any personal care to passengers					
The awareness of airline personnel in their duties					
Whether the airline personnel have any empathy					
Do the airline personnel give passengers any priority in their duties					

**Qn9. What recommendations, if any, would you suggest to improve service quality within the airline industry in general with particular mention about the flights that are operated from Larnaca in Cyprus?**

**Thank You for Your Kind Cooperation!**