CUSTOMER SATISFACTION WITH AIR TRANSPORT

Kanyarat Aueanantakorn*
Assumption University of Thailand

ABSTRACT

This research investigates factors that affect customer satisfaction in two Asian airlines, Levant and EAX. Three factor-types were chosen: logistics, marketing, and behavioral intention. Logistics factors included flight schedule and waiting time. Marketing factors included in-flight service quality, price and promotions, and brand image. The relationship between customer satisfaction and behavioral intention of the airline customers was examined. Finally, differences between the responses of customers of the two airlines were compared. Quantitative methodology was applied to data from questionnaire responses from 200 Levant Airway’s customers and 200 EAX Airway’s customers. Data testing used descriptive and inferential statistic tools. Regression and independent T-test analysis were used as inferential tests. The result showed that for passengers of both airlines there was a relationship between in-flight service quality and customer satisfaction. However, only passengers of EAX Airways showed a relationship with satisfaction by price and promotion, and brand image and service quality. This suggests that in-flight service quality is usually a factor in customer satisfaction. The result also showed that customer satisfaction does lead to positive behavioral intentions to use an airline again. In all seven variables tested, passengers of Levant Airways had a significantly higher mean than passengers of EAX Airways.

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Airlines are part of a fast growing industry. The airline industry had estimated revenues of USD710 billion in 2013, a 4.6% increase from 2012 (IATA, 2014). Of this, USD 856.9 billion, or about 80%, of the total revenues, was associated with passenger transport. In 2014, IATA estimated that there would be 3,320 million scheduled passengers at the end 2014 (an increase of 5.7% over 2013). This involved 36.4 million commercial flights across about 50,000 routes (ATAG, 2014). Over the past several years, the North America and the Asia Pacific regions have been the most profitable, as well as having the largest numbers of routes and passengers (ATAG, 2014; IATA, 2014).

The airline industry can be characterized as a high-volume and low-profit service industry. It has its own vulnerabilities, such as the volatile price of fuel, and the ever-present risk of danger. It employs over 58 million people globally, and represents 3.4% of global GDP (ATAG, 2014).

The size and complexity of the airline industry require logistics management as a key function. This ranges from flight scheduling and route selection, to long-term and short-term provisioning of equipment and personnel, to accomplishing the most important tasks of the airline – on-time, safe and efficient performance (ATAG, 2014). Airline logistics management is a highly complex process, involving substantial business intelligence and coordination as well as multiple automated systems. Real-time monitoring systems are required to ensure appropriate completion of logistics tasks, as well as to identify upcoming challenges (Anderson-Lehman, Watson, Wixom, & Hoffer, 2004). Customers are not likely to notice the logistics processes, but the outcomes are highly relevant to the firm’s success. In particular, customer service and on-time flight operation are the most important factors in customer satisfaction for airlines (Bowen,