# Key drivers of passenger loyalty: A case of Frankfurt–Istanbul flights

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## ARTICLE INFO

## ABSTRACT

This study aims to analyze the effects of factors such as image, satisfaction, price, and service quality on passenger loyalty toward full-service network carriers and low-cost carriers. A structural equation modeling approach was applied to identify the factors that significantly affect passenger loyalty. Using LISREL, data were collected from 237 passengers in face-to-face interviews in the baggage claim area of international arrivals at Ataturk International Airport in Turkey who traveled from Frankfurt to Istanbul and were used to test the proposed model. One hundred seventy-five out of these 237 questionnaires were considered as valid. The results indicate that 71% of the passenger loyalty is explained by image and image is explained by satisfaction. In addition, service quality and price are found to have positive effects on satisfaction. Compared with price, service quality is found to be a stronger determinant of satisfaction. This study concludes with the recommendations for managers and possible future research.

## 1. Introduction

Airline companies are prone to attack by various challenges: (1) fuel prices, (2) low-cost carriers, (3) economic crisis, (4) increasing security precautions, (5) personnel shortage, (6) government regulations, etc. Although airline industry is a growing market, it is highly competitive because of low-profit margins. To survive in such environment, airline companies should not allow their customers to switch to any other airlines. In this approach, it is important to determine the key drivers that can affect customer choice and make this choice repetitive, which makes a passenger loyal to an airline.

## 2. Conceptual background

The main purpose of this study is to analyze the effects of factors such as image, satisfaction, price, and service quality on passenger loyalty toward full-service network carriers (FSNCs) and low-cost carriers (LCCs). This study makes a contribution to the existing literature in several ways. First, this study provides evidence to the influence of service quality and price on loyalty through satisfaction

and image. In the literature, several studies also researched the impact of factors on passenger loyalty (Akamavi et al., 2015; Forgas et al., 2010; Mikulić and Prebežac, 2011; Namukasa, 2013). However, to our knowledge, there has been no study related to the airline industry in which above-mentioned factors are modeled together. In the study of Akamavi et al. (2015), factors, such as service employees self-efficacy, service recovery, price, passenger satisfaction, and passenger trust influencing passenger loyalty in the LCCs were examined. Namukasa (2013) conducted a study to investigate the effects of preflight service quality, in-flight service quality, and postflight service quality on passenger loyalty through satisfaction in Uganda airline industry. Mikulić and Prebežac (2011) analyzed the factors affecting passenger loyalty in traditional and low-cost airlines. They proposed a research model including factors such as offers of flights and destinations, ticket purchase experience, airport experience, flight experience, service reliability, service quality, price, image, and loyalty. In the study of Forgas et al. (2010), antecedents of passenger loyalty were examined by the factors such as perceived value, satisfaction, and trust. So, the research model presented in this study differs from the other research models related to passenger loyalty in the airline industry.

Second, it is more realistic and more reliable that passengers participate in the questionnaire after they experience all environments of flights (check-in, boarding, flight, baggage claim, etc.) not before. In the literature, there are studies related to passenger loyalty that the data have been collected from passengers *waiting*

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for their flights in face-to-face interviews in the departure area of airports (Akamavi et al., 2015; Mikulić and Prebežac, 2011; Namukasa, 2013). However, in our study, the data have been collected from passengers in face-to-face interviews in the baggage claim area of international arrivals at Ataturk International Airport (IST) in Turkey who *traveled* from Frankfurt to Istanbul.

The last contribution of this study is the difference among airline companies, flight route, and region. In the study of Mikulić and Prebežac (2011) two FSNCs (Lufthansa and Croatia Airlines) and one LCC (Germanwings) operating at Zagreb Airport were used and Zagreb–Germany flights were chosen as a route. In the study of Akamavi et al. (2015), LCCs operating at London-Stansted Airport and Manchester Airport were taken into consideration and there was no distinction among LCCs and any flight departing from these airports was taken into account. In the study of Namukasa (2013), airlines registered within East Africa (Air Uganda, Precisionair, Kenya airways, Rwanda air, and Fly 540) which were operating at Entebbe International Airport are used, and there was no distinction whether they were FSNCs or LCCs. In the study of Forgas et al. (2010), two FSNCs (Iberia and British Airways) and one LCC (Easy-Jet) operating at El Prat (Barcelona) Airport were used and flights of Barcelona–London and London–Barcelona are chosen for the study. However, in our study, we have chosen one route, Frankfurt–Istanbul (IST) and as a result two FSNCs (Airline A and Airline B) and one LCC (Airline C) are involved.

The next section discusses the research model and hypothesis. This is followed by the methodology. Then, the results of the analysis are presented in the fourth section, and this article concludes with a discussion of the findings.

## 3. Research model and hypotheses

Loyalty is defined as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand purchasing despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver, 1997). In the airline industry, passenger loyalty is one of the crucial determinants that play an important role in affecting competitive benefits (e.g., share-of-wallet and market share) in the forcibly compelling marketplace. Sustainable market share and long-term success of airlines are predominantly depending on the loyalty of their passengers (Akamavi et al., 2015).

Image refers to the perception of the brand on customer's mind. Having a good and well-known image in the minds of customers is a key asset for any company (Kang and James, 2004). In the airline industry, an image of the airline company is commonly formed by customer reviews as well as print and television advertising (Chang and Hung, 2013). Mikulić and Prebežac (2011) suggest that an airline company's image is a strong indicator of passenger loyalty. If customers have favorable feelings and thoughts for an airline company, they will tend to reuse that company for future flights. Therefore, we hypothesize as follows:

**H1**. Image will have a positive effect on loyalty.

Satisfaction refers to "the summary of the psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the prior feelings of the consumer about the consumption experience" (Oliver, 1981). If passengers are not satisfied, eventually, they will reconsider the decision of using the same airline company for future flights and they will be more likely to try for a different airline company (Namukasa, 2013). Moreover, Blodgett et al. (1997) mention that dissatisfied passengers may complain to airline companies and start a negative word-of-mouth campaign that will cause a damage to company's reputation and image (Akamavi et al., 2015). Therefore, we hypothesize as follows:

**H2**. Satisfaction will have a positive effect on loyalty.

**H3**. Satisfaction will have a positive effect on image.

Price is one of the important factors, which is influential in customers' choice of an airline company. As air transport is a derived demand, price sensitiveness of passengers is greater than any other part of transport, that is why price of ticket is a significant element that passengers take into consideration while they are choosing an airline (Vlachos and Lin, 2014). Although FSNC passengers are not as price sensitive as LCC passengers, loyalty program discounts are also involved to include FSNC preferences. Affordable prices or higher rewards are the satisfying factors for both FSNC and LCC passengers (Mikulić and Prebežac, 2011). Akamavi et al. (2015) also assert that price is a determinant of passenger satisfaction. Therefore, we hypothesize as follows:

**H4**. Price will have a positive effect on satisfaction.

Service quality is about the evaluation of how performed service fulfills the expectations of customer. It depends on expected service and perceived service. If perceived service is equal or greater than the expected service, the customer will be satisfied (Grönroos, 1984). Quality of service is an important factor in satisfying needs and demands of customers (Munusamy et al., 2011). Rhoades and Waguespack (2008) assert that in the airline industry, service quality is related to "the ability of the airline providers to transport passengers to their required destinations while providing excellent standards of service" (Suki, 2014). If the quality of service of an airline company is poor and passengers receive rude service from the same airline company consistently, they will be dissatisfied with the service eventually (Namukasa, 2013). Therefore, we hypothesize as follows:

**H5**. Service quality will have a positive effect on satisfaction.

The proposed research model can be seen in Fig. 1.

## 4. Methodology

A survey methodology was used to gather data in this study. The questionnaire was applied to the passengers of Frankfurt–Istanbul flights. Route was determined based on following criteria: At least two full service and at least one low cost carrier should be provided on that route, flight duration should be neither very short (may be inadequate to evaluate on-flight service) nor very long (may be inconvenient for tired passengers), and daily frequency should be reasonable to collect data (Special daily permission is needed to enter the area where questionnaire will be implied). Under these conditions, the Airline A, Airline B, and Airline C provide a service for Frankfurt–Istanbul route with a total frequency of nine flights in a day and a block time of 3 h.

The questionnaire was formed by two main parts: The first part consisted of demographic questions designed to solicit information about age, gender, nationality, education level, annual income, number of flights in a year, an airline company used in Frankfurt–Istanbul route, and number of flights used with the airline company for Frankfurt–Istanbul route per year. A total of 237 questionnaires were collected between April 2015 and May 2015. One hundred seventy-five out of these 237 questionnaires were considered as valid. The summary of demographic profiles of the participants is given in Table 1.

The second part consisted of the items measuring loyalty (Akamavi et al., 2015), image (Nguyen and Leblanc, 2001), satisfaction (Bhattacherjee, 2001), price (Mikulić and Prebežac, 2011), and service quality (Kang and James, 2004). The items for the