



# Customer experience – An analysis of the concept and its performance in airline brands



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## ABSTRACT

This paper investigates the application of the concept of customer experience to the airline industry and the extent to which airline brands are delivering customer experience. Literature shows that the concept of customer experience is not well understood and has had no clear and consistent definition. The purpose of customer experience is identified as to deliver satisfaction throughout the customer experience that, in turn, leads to brand loyalty and advocacy.

The customer experience concept is applied to the airline industry. In order to measure its performance a study was undertaken using International Air Transport Association data collected over a twelve-month period from a sample size of 18,567 passengers on fifteen major full-service airlines in Europe, Middle East and Asia.

The elements of the airline passenger journey most strongly related to overall satisfaction, loyalty and advocacy were, for most airlines, cabin features followed by crew (for satisfaction) and inflight food and drink (for loyalty and advocacy). The analysis did not identify strong effects from the impact of airline continent, individual airline and flight class. The relationships between the passengers' satisfaction ratings for specified elements of the journey and the overall satisfaction, loyalty and advocacy were not moderated by flight class.

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## 1. Introduction on customer experience

How a customer experiences a service clearly impacts on how that customer will feel about the service provider and how he/she behaves in the future. It is therefore, somewhat surprising that the concept of customer experience has not, until recently, been at the forefront of marketing theory and application. In industries where standardised product offerings have led to a degree of commoditisation (where products offered by competing companies are very similar, such as the airline industry), Pine and Gilmore (1998) suggest that companies need to provide “experiences” that lead to customer satisfaction. Experiential differentiation is one area that companies operating in commodity markets may achieve a brand space that is their own.

Academic research on customer experience is somewhat limited and the concept is still considered to be relatively in its infancy (Frow and Payne, 2007; Gentile et al., 2007; Johnston and Kong, 2011; Klaus and Maklan, 2007; Verhoef et al., 2009). Researchers historically did not consider it a separate construct (Verhoef et al., 2009), however, customer experience as a concept is now being considered of fundamental importance (Shaw and Ivens, 2002; Temkin, 2008a,b). Hitherto there has been no clear and consistent definition of the concept of customer

experience (Bullock, 2009; Garg et al., 2010). This lends explanation as to why the concept is yet to be embraced by many organisations (Meyer and Schwager, 2007) with only a few companies leading the way (Smith and Wheeler, 2002).

Customer experience is a highly evolved view of the traditional concept of the ‘purchase process’ introduced by Patterson in 1965, which discussed the steps and interactions between company and individual before purchase. Instead these ‘steps’ have been developed into interactions which deliver experiences and provide reactions (Ryder, 2007; Temkin, 2008a). Customer experience may be defined as:

*the physical and emotional experiences occurring through the interactions with the product and/or service offering of a brand from point of first direct, conscious contact, through the total journey to the post-consumption stage.*

As such it is a separate construct from brand and an evolution from, the traditional marketing/product and service functions within organisations. The customer experience concept transcends simply offering consumers a product or service (Mascarenhas et al., 2006). Customer experience comprises of a series of interactions between the company employees and the customer, also called customer “touchpoints” (Meyer and Schwager, 2007). It is more than just a one-time transactional experience or simple linear journey (as discussed in Shaw and Ivens, 2002). Instead, the concept has been extended to envelop all

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interactions between customer and company, or consumer and brand, including pre- and post-consumption phases (Addis and Holbrook, 2001; Bilton, 2008; Chordiant, 2008; Garg et al., 2010; IBM, 2005; Johnston and Kong, 2011; Kim et al., 2011; Meyer and Schwager, 2007; Pine and Gilmore, 1999; Verhoef et al., 2009). It delivers both emotional and functional benefits to the consumer (Schuler et al., 2005).

The purpose of customer experience is to drive brand success by creating a brand-based customer experience which is differentiated from its competitors and for which consumers are willing to pay. By delivering total satisfaction in its execution, good customer experience delivers revenue, profitability and growth (Frow and Payne, 2007). Research has demonstrated (see, for example Temkin, 2008a,b) that when customers are truly satisfied they become loyal to the brand. The ultimate aim of this journey is for loyal customers to become advocates, willing to remain loyal to the brand through circumstances even of poor delivery and willing to both recommend and defend a brand to others (Schmitt, 2003; Shaw and Ivens, 2002).

There is no generally accepted method for measuring customer experience performance (Klaus and Maklan, 2007). The key indicator is customer satisfaction. However this is much more than one overall satisfaction score. Customer experience is predicated upon a series of steps along a journey, in which each individual consumer undertakes with a brand. Thus an understanding of satisfaction at these distinct stages is necessary to develop and refine the experience over time (Bilton, 2008; Meyer and Schwager, 2007; Smith and Wheeler, 2002).

Although achieving the excellent customer experience at each touchpoint would be a key aim of all commercial airlines, Thompson (2006) argues that airlines are not achieving this. In cross-industry study he found that only 18% of passengers believed that airlines delivered an excellent customer experience. This translates into commercial losses. According to Heskett et al. (1997) in a study of British Airways they found a potential revenue loss of over £26 million through not delivering passengers' required customer experience. In order to deliver excellent customer experience, airlines must first fully understand their levels of passenger satisfaction throughout all stages of their customer experience.

It is not clear whether many airlines simply do not apply the concept of customer experience or do not understand the passenger satisfaction levels across their entire customer journey. Meyer and Schwager (2007) suggest that whilst many Chief Executive Officers (CEOs) recognise the importance of customer experiences, companies have invested heavily in Customer Relationship Management – and airlines are a particular case in point with their powerful and complex loyalty schemes – in the past and are unwilling to invest into what is considered a relatively new and poorly understood concept (Verhoef et al., 2009).

## 2. Customer experience in airline industry

The growing perception of the importance and relevance of customer experience to the airline industry is demonstrated by new structures adopted by some airlines, such as Etihad Airways in 2011. Etihad's new structure saw the introduction of a customer experience department, the focus being on its passengers, as distinct from traditional product and service development. According to the CEO (Hogan, 2011) customer experience is a key strategy for achieving differentiation and for delivering total customer satisfaction, which generates loyalty and advocacy and delivers business growth. Introducing a customer experience function is seen as a key cornerstone of success for future profitability and growth for airlines (Baumgartner, 2011; Shave, 2011).

Managing various complex elements of the airline customer experience is a distinct challenge for airlines, made more challenging as many of the staff (for example airports, security, customs and immigration) are outside an airline's direct control and complicate the customer journey (Nigam, 2008; Verhoef et al., 2009). Smith and Wheeler (2002) suggest however that this is one of the key elements in achieving great customer experience within airlines, citing the examples of Virgin

Atlantic and Southwest, who embed their staff within the customer experience, and empower their team to deliver.

Driver (1999) argues that achieving differentiation in the airline industry is difficult, with essentially common environments, virtually identical aircraft and similar airports, as they are not in control of some of the crucial elements of their customer journey. Successful examples of achieving differentiation through elements of the customer experience are detailed in literature, however, these are limited to specific examples or short case studies, and not around customer experience as a construct (see Table 1).

More widespread in the literature is the research that focuses on the quality of service in the airline industry, particularly the application of the SERVQUAL model to the industry (see for example, Ostrowski et al., 1993; Zins, 2001; Gilbert and Wong, 2003; Park et al., 2004; Chen and Chang, 2005; Martín et al., 2008; Rhoades and Waguespack, 2005; Nadiri et al., 2008; Strombeck and Wakefield, 2008; Liou et al., 2011 amongst many others). Service quality (SERVQUAL) is a perceptual measurement of how an experience matches an individual's expectation. Whilst SERVQUAL is good for examining the gap between expectation and service deliver, it is not an effective means of scoring customer experience, which requires a measurement of a customer's satisfaction throughout each individual aspect of their journey.

In order to measure customer experience in terms of its major purpose – to deliver customer satisfaction to drive loyalty and advocacy (Frow and Payne, 2007; Johnston and Kong, 2011; Kamaladevi, 2010; Thompson, 2006; Thompson and Davies, 2008) – an individual customer satisfaction rating is therefore required at all the touchpoints structured along an airline journey; from booking, to check-in, lounge, boarding, in-flight, transfer, baggage, leaving the airport, etc. The individual elements of the journey can then be measured to ascertain which are the ones which are more closely correlated to driving satisfaction, loyalty and advocacy: critical for delivering customer experience (Strombeck and Wakefield, 2008). Therefore it is desirable to have customer satisfaction data throughout their experience, however, such data is hard to come by for academic researchers in this field.

Headley and Bowen (1997) detail the difficulty in obtaining research around customer satisfaction in the airline industry. Waguespack et al. (2007) give an overview of the data released by regulatory bodies but explain its limitations in terms of measuring customer experience. The measures reported by the US Department of Transportation and used for the annual 'Airline Quality Ratings' (available at <http://www.airlineinfo.com>) are limited to measuring on time performance, denied boardings, mishandled baggage and customer complaints. However customer experience data does exist in the airline industry produced either by the airlines themselves or by IATA, such as the Airs@t Benchmarking survey, which is either prohibitively expensive for academic purposes, or is confidential and not published (Headley and Bowen, 1997; Waguespack et al., 2007).

## 3. Research objectives

Customer satisfaction data structured around the airline passenger journey is required to measure customer experience. From such data, analysis can be conducted to give an overview of customer experience performance across the elements of the journey.

The reason that there have been limited numbers of published studies of airline customer experience to date is a consequence of not having access to consistent, regular airline passenger satisfaction data which (a) is reported periodically; (b) covers the entire passenger journey; (c) is on an international scale and (d) is collated for a number of airlines. Such data is something that is both discussed and desired by researchers (Ostrowski et al., 1993; Waguespack et al., 2007; Headley and Bowen, 1997).

The purpose of this study aims to provide insight into airline customer satisfaction levels by analysis of a large-scale survey of airline passengers. Data from 18,567 passengers from 15 airlines were analysed.

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