

Passenger satisfaction with airline service quality in Malaysia: A structural equation modeling approach



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ABSTRACT

This study aimed to examine the effects of aspects of airline service quality, such as airline tangibles, terminal tangibles, and empathy on levels of customer satisfaction. The relationship between these levels of satisfaction and the general perceptions about service quality were also investigated. An airline passenger survey was conducted among the population of the Federal Territory of Labuan, Malaysia. A total of 300 respondents who had regularly patronized either Malaysia Airlines or AirAsia over the last six months were selected via convenience sampling method. Empirical results via structural equation modeling (SEM) approach revealed that the relationship between customer satisfaction with airline service quality and 'word-of-mouth' recommendations is a consistent one. Furthermore, customer satisfaction is widely influenced by empathy, which is why flight punctuality and good transportation links between city venues and airports are prioritized by providers. Direction for future research is presented.

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1. Introduction

Malaysia provides domestic and international flight services via two principal operators: Malaysia Airlines and AirAsia. Tourist arrivals in Malaysia rose from 24,714,324 in 2011 to 25,032,708 in 2012, with earnings of RM60.6 billion compared to RM58.3 billion the previous year (Tourism Malaysia, 2013), inferring airline industry contributed to the growth of the travel and tourism industry and overall economy globally through international tourist arrivals.

In a highly competitive environment, the delivery of high-quality service to airline passengers is vital for the airline's survival, competitiveness, profitability and sustained growth. Airlines need to understand what passengers expect from their services in order to better serve their demanding needs and wants and achieve the highest level of satisfaction by continuously working on the in-flight product development and innovation. Indeed, excellent service quality can increase levels of customer satisfaction, leading to consumer retention (Hu, Kandampully, & Juwaheer, 2009) and encouraging recommendations (Nadiri & Hussain, 2005). This helps them to differentiate airline image from competitors which will result in retaining existing passengers patronage and enticing passengers from other airlines, and with this derives market share.

While several research studies have been conducted on the perspectives of airline passengers in Western countries (e.g. Gursoy, Chen, & Kim, 2005; Rhoades & Waguespack, 2008), little has been published on the perspectives of airline passengers in Asian countries, Malaysia included. Hence, this study aims to examine the effects of aspects of airline service quality such as airline tangibles, terminal tangibles, and

empathy on levels of customer satisfaction. The influence of customer satisfaction on customer word-of-mouth recommendations is also investigated. Results offer a clearer perspective for airline providers, enabling them to identify airline passengers' behavior for better market segmentation, targeting and positioning in the airline industry that could promote market demands. This study contributes to existing knowledge in two ways:

1. by investigating which factors influence customer satisfaction with airline service quality; and
2. by investigating whether customer satisfaction influences customers' word-of-mouth recommendations.

The next section presents a review of relevant literature. The paper then proceeds to discuss the methodology used in the study for carrying out the survey, before analyzing and discussing the resultant data. The final section contains the conclusion, considers the implications of the study and outlines suggestions for future research.

2. Literature review

Service quality in the airline industry is related to the ability of the airline providers to transport passengers to their required destinations while providing excellent standards of service (Rhoades & Waguespack, 2008) during the various interactions between passengers and airline employees, as well as anything that is likely to influence passengers' perceptions, such as the airline's image (Gursoy et al., 2005) towards attaining the highest level of passengers' satisfaction. Tangibles and

empathy are constructs on the service quality (SERVQUAL) scale created by Parasuraman, Zeithaml, and Berry (1988) which influence customers' evaluation of the company's service delivery and customer satisfaction (Zeithaml, Parasuraman, & Berry, 1990). In relation to airline setting, tangibles are split into airline tangibles and terminal tangibles.

2.1. Tangibles

Tangibles are related to the appearance of the physical assets, surroundings and facilities of a service company, such as equipment, machinery, signage, and communication materials (Bahia & Nantel, 2000; Bitner, 1992; Norazah, 2013; Parasuraman et al., 1988). The services are intangible, thus customers evaluate firms' service quality based on the tangible facilities, such as the atmosphere, building and physical layout of the company offices (Bitner, 1990; Yu & Tung, 2013). Consumers perform wide-ranging reviews encompassing in-store information, product advertising, product information signs, packaging, and point of purchase displays (Laroche, Cleveland, & Browne, 2004). Airline tangible-related quality traits include cleanliness of airplane interior toilets, quality of the catering and air-conditioning, comfort level of the plane seats and design of the aircraft are expected to impact on the customers' level of satisfaction with the service quality though their usage is infrequent and short term. This is also true in relation to the quality of the catering and air-conditioning. Terminal tangible-related quality elements include airport capacity, parking space availability, number of shops, availability of sufficient number of trolleys, comfort level of waiting halls, effective air-conditioning, and reliable security control system, are anticipated to determine customer satisfaction. Discoveries of prior research work by Kumar, Mani, Mahalingam, and Vanjikovan (2010), and Norazah (2013) noted that tangibles significantly influence customer satisfaction. Specifically, Nadiri, Hussain, Ekiz, and Erdogan (2008) found that airline tangibles were the most significant factor that affected customer satisfaction, followed by terminal tangibles. Based on the preceding literature, the following can be hypothesized:

H1. Airline tangible-related quality significantly influences customer satisfaction.

H2. Terminal tangible-related quality significantly influences customer satisfaction.

2.2. Empathy

Empathy is allied to how a company cares and provides individualized attention to their customers in order to make the customers feel valued and special (Norazah, 2013). This influences the cognitions, attitudes and evaluations of the customers towards products and services in building favorable service quality perceptions and customer satisfaction which includes a broad range of mixed emotions or ambivalence (Richins, 1997; Schneider & Bowen, 1995). Employees have an important effect on customer service (Jabnoun & Al-Tamimi, 2003; Yavas,

Bilgin, & Shemwell, 1997) because customers today are better educated than ever before (Mouawad & Kleiner, 1996) and require a high degree of personalized and empathetic attention (Donthu & Yoo, 1998). Consumers might experience a high level of satisfaction that consists of both positive feelings (e.g., pleasure, happiness) and negative ones (e.g., sadness, regret). Therefore, a service is of value to an individual consumer if it makes his/her life pleasurable, more tranquil, safe and/or harmonious (Thuy & Hau, 2010). Foregoing research by Ahmed et al. (2010), Kumar et al. (2010), Nadiri et al. (2008) and Norazah (2013) found that empathy has a significant relationship with customer satisfaction. Accordingly, the study hypothesizes that:

H3. Empathy significantly influences customer satisfaction.

2.3. Customer satisfaction and word of mouth

Word of mouth (WOM) is related to the informal communication of consumers who have used a product or a service and later communicate their experience – either positive or negative – about the characteristics of a business or a product to another consumer who plans to buy it (Anderson, 1998; Dichter, 1966; Kau & Loh, 2006; Ryu & Han, 2009; Westbrook, 1987). It includes recommendations and is allied to the consumer evaluations of products or services. Prior researchers found that WOM affects customer's attitudes, future behavior (Harrison-Walker, 2001; Lambrecht, Kaefer, & Ramenofsky, 2009) and customer satisfaction (Anderson, 1998), which influences new customer acquisition (Harrison-Walker, 2001; Mangold, Miller, & Brockway, 1999; McKenna, 1991; Mittal & Lassar, 1998; Murray, 1991; Tax & Chandrashekar, 1992), as well as increasing company's revenue and market foothold. Dissatisfied customers tend to be more active in post purchase word-of-mouth communication and reach considerably more people than the satisfied customers. However, Maenpaa, Kale, Kuusela, and Mesiranta (2008), and Nadiri et al. (2008) stated that satisfied customers are more likely to communicate word of mouth than those who are dissatisfied with the service. Increasing the level of customer satisfaction leads to improved profits, more word-of-mouth recommendations and less marketing expenditure (Beerli, Martin, & Quintana, 2004). Accordingly, this study hypothesizes that:

H4. Customer satisfaction significantly influences word-of-mouth.

Fig. 1 illustrates the proposed theoretical framework.

3. Methodology

This study applies a quantitative method based on the development of a structured self-administered questionnaire in order to assess the conceptual model and test the proposed hypotheses. A total of 350 questionnaires were sent out among the population of the Federal Territory of Labuan, Malaysia who were at the Labuan Airport Terminal and Labuan Ferry Terminal during the time of data collection using a convenience sampling method in October 2012 over a period of two

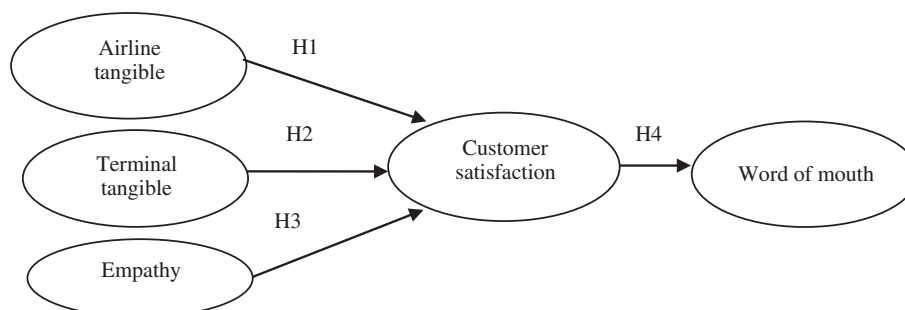


Fig. 1. Theoretical model.

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