

ADDIS ABABA UNIVERSITY
SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION
DEPARTMENT OF MANAGEMENT
MBA PROGRAM

**Assessment of Service Quality and Customer Satisfaction: A case study of Ethiopian
Air Lines**

**A thesis submitted to school of Graduate Studies of Addis Ababa University in partial
fulfillment of the requirement for the Degree of Masters of Business Administration.**

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Addis Ababa

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Declaration

I, the under signed, declare that this thesis is my original work and has not been presented for a degree in any other University, and that all sources of materials used for the thesis have been duly acknowledged.

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Date and place of submission _____

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List of Acronyms

EAL	Ethiopian airlines
SERVQUAL	Service Quality
WOM	Word of mouth

Abstract

Today competition is not only rife, but growing more intense constantly. However, companies need to start paying keen attention to their competitors, they must understand their customers. Airlines are suffering from each competition. They have to believe customers as core concept of their business; customer satisfaction is what guarantees the future of air lines and it is achievable by taking up their services and passengers' needs. In other words, service quality is typically defined in terms of consumer satisfaction. The purpose of this study is to measure the service quality and its subsequent effect on customer satisfaction at Ethiopian airlines using a model that describes various dimensions of service quality. To this purpose the researcher has studied the service quality of the air line using SERVQUAL model. Convenience sampling technique was used in the study to take a sample from the infinite population. A total sample of 150 respondents who have made a flight with Ethiopian airlines were taken as a respondent. A questionnaire was designed based on the model in order to examine all the five factors of service quality in the model for air line industry. It is inclusively concluded that passengers of EAL are not satisfied with the perceived services of three dimensions of the model and it warns the air line to focus on passengers expectations. Tangibles, assurance, responsiveness, reliability and empathy are five features of the model and in tangibles and reliability the passengers are satisfied, but in the remaining three passengers feel dissatisfied. Managers should train employees, improve visually attractive facilities and coordinate all people, departments and organizations involved with the services. Finally, managers at EAL should measure passengers' satisfaction and service quality seasonally to keep the services corresponded with customers' opinions.

Chapter One

Introduction

1.1 Background

To remain competitive, service providers must render quality service to their customers. Moreover, understanding and meeting customers' expectations and subsequently being different from competitors are important in order to survive in the today world of globalization.

The air transport industry is one of the world's most important service industries. Air transport is essential to economic progress. In an increasingly global community and market place, air transport makes possible the rapid movement of millions of people and billions of dollars worth of goods to the market around the world fast and efficiently.

Airlines are becoming more and more customer oriented with innovative ideas and approaches. Though price would remain the core competitive element especially in the leisure markets and short sectors, new product and service features will become increasingly important in long sectors. In the drive to secure individual and unique customer relationship in order to ensure customer loyalty, more and more airlines are striving to differentiate their products through branding, more individual treatment of customers.

Due to the increasing competitive pressure in their home markets and in order to benefit from untapped African markets, European and Middle Eastern airlines are focusing on the region's market more and more. They are opening new routes, forming alliances with African airlines, and offering competitive prices thereby imposing increased competition to African Airlines: KLM Airways and Emirates Airline are the two notable examples in this regard (Getachew Mersha, 2004).

The competition existing in the airline industry is a cutthroat competition and it is multidimensional. Ticket pricing, economies of scale due to alliance of group of airlines, employing the latest technology to enhance efficiency, etc., are some of the competing methods used.

Service Quality is another and major area of competition. The end product of an airline is the transportation services it offers to its customers. And the main performance indicator of an airline is its Service Quality. By Service Quality is meant all the chain of activities that must take place efficiently and effectively to transport the passenger from origin airport to the destination airport (Getachew Mersha, 2004).

Airline Service Quality is a key differentiator between the competing airlines. It is especially very critical in a highly competitive environment such as that of the Ethiopian Airlines operating environment. Therefore, Service Quality improvement is key issue that determines the very survival of the airline itself.

Past studies have attempted to measure customers' perception of service quality and the effect of customer satisfaction levels on their future behavior, and various strategies for achieving customer satisfaction and customer loyalty have been suggested to companies from the findings of these studies. The gap-model of the SERVQUAL instrument (Parasuraman, Zeithaml and Berry, 1991), that compares the perception of performance (P) to expectation (E), has been widely used in past studies in a variety of industries. This study attempts to replicate the SERVQUAL measurement of Parasuraman, Zeithaml, and Berry (1991) in determining the existence of 'service-gaps' in Ethiopian airline.

It is envisioned that the data that has been collected would reflect the quality of services provided by the airlines, assessing if whether its performance was on par with the expectations of its customers in terms of overall satisfaction and loyalty. The feedback from respondents provide guidelines for participating the airline in terms of strategies to improve its services and sustain loyalty among existing customers, as well as help in designing measures to attract new customers. From a consumer perspective, the findings uncover the values that consumers look for in the choice of airline services and other affecting factors.

1.2 **Statement of the Problem**

It is imperative that service companies' measure and monitor service quality and satisfaction with a view of influencing the behavioral intentions of their customers (Saha and Theingi, 2009). The speed and intensity of change in service offerings has accelerated in recent years within the airline industry (Atilgan et al., 2008). Challenge in the airline market is becoming globally tough as the passengers' needs and wants are growing in variety. In such an occasion, airline companies need to be aware of the latest shift and trend to be able to react on time. Thus, precise and timely information on a wide range of customer needs and expectations become critically important nowadays.

Airline services are made up of a very complex mix of intangibles (Gursoy et al., 2005). Thus, measuring customers' expectations, as well as their service quality is a real challenge because customer satisfaction is determined by many intangible factors such as neatness of the cabin, crews behaviors, etc.(Fitzsimmons and Fitzsimmons, 1994).

Ethiopian airline is exposed to a heavy competition against giant alliance in the international scene, regional alliance in Africa and the Middle East, and strong individual airlines from

Europe, Middle East and Africa. Unless the airline prepare and develops strategy to counter the upcoming competitive pressure, the consequences could be unmerciful.

Managers at Ethiopian air lines should be able to customize the air line service proposition according to the passenger service attitude by monitoring and controlling. More over it should have strong commitment to service excellence as they also act as the ambassadors that carry the image of Ethiopia.

There are a number of complaints on the service delivery system of Ethiopian Airlines both on the domestic and international flights. A Number of reasons are behind these customer discontents. Whatever the reasons may be, once the customer is dissatisfied, it would be very difficult to gain their trust back. In this regard, a research should be carried out to urge a major reform, to assesses the root causes of the problem and get the problem rectified.

1.3 Objectives

The main purpose of this study is to assess service quality using the five dimensions of SERVQUAL model at Ethiopian air lines and its subsequent effect on customer satisfaction. This study also seeks to determine the dimension(s) or factor(s) that significantly influenced the satisfaction level of passengers. The satisfaction level to be explored in this study is based on the gap between passengers' level of expectations and perception of the airline services.

The specific objective of the study includes:

- To measure the satisfaction level among passengers within Ethiopian air lines.
- To identify effect of service quality dimensions on the satisfaction level of passengers.
- To identify the key challenges and provide alternative options which enable the air line to improve its service quality.

1.4 Significance of the Study

Even if there are few documents about the service quality with regard to Ethiopian airlines, there are no previous well documented studies on service quality and its subsequent effect on customer satisfaction with regard to the air line.

This research is thus intending to fill the literature gap related to service quality and customer satisfaction using a model that will describe the various factors of service delivery through five dimensions. More specifically this study will serve as preliminary work or a stepping stone for further study on the issue.

1.5 Scope and Limitation of the Study

This paper takes as a respondent only those passengers that are waiting their flight at the international air port terminal. Hence other customers of the air line those who have no flight at the time of the data collection are not considered. This may affect the effectiveness of the findings. Moreover, the paper will not distinguish between citizenship among the travelers. From this point of view any passenger who has used the service of the airline before is considered as a respondent for the questionnaire regardless of their citizenship. So, the thesis does not consider the cultural difference of their view of aspects of service quality and their feeling of satisfaction. Moreover, because of lack of availability of time resource to the work the paper have not distinguished between domestic flights and international flights.

1.6 Organization of the Study

The remaining part of this thesis is organized as follows. Chapter two presents theoretical background on measuring service quality using a known service quality model (SERVQUAL) followed by a review of previous studies particularly empirical literatures related to the SERVQUAL model. In chapter three, the methodological framework of model, the research approach, method of data collection, and research design issues are presented in detail. The empirical results with descriptive statistics of the model are presented and analyzed in the fourth chapter. Lastly, in chapter five, the main findings of the study are summarized and some recommendations are discussed.

Chapter Two

Literature Review

2.1 Theoretical Framework

Since the development of SERVQUAL by Parasuraman, Zeithaml, and Berry (1985), service quality has been widely researched and applied in different types of industries. SERVQUAL is a 'diagnostic tool that uncovers a firm's broad weaknesses and strengths' in service quality (Hoffman and Bateson, 2006). The SERVQUAL model (performance minus expectation) focuses on the five 'gaps' affecting the delivery of excellent service quality. This study focuses on Gap 5: the difference between airline passenger expectations and perceptions of service.

The five dimensions of the SERVQUAL scale include (see Parasuraman, Zeithaml, and Berry, 1988):

- (a) The physical facilities, equipment, and the appearance of the staff (Tangibles);
- (b) The dependability and accuracy of the service provider (Reliability);
- (c) The ability to know and willingness to cater to customer needs (Responsiveness);
- (d) The ability of the staff to instill confidence and trust in the company (Assurance);
- (e) The ability of the staff to provide a caring service to customers (Empathy).

The service quality literature initially focused on measurement issues. Following the introduction of the SERVQUAL, attention centered on the determinants of perceived service quality with particular emphasis on the service delivery process. SERVQUAL, with its five dimensions (i.e. tangibles, assurance, reliability, responsiveness, and empathy) has come to symbolize the American perspective on service quality (Brady and Cronin, 2001), the European perspective represented by Gronroos service quality model.

SERVQUAL is designed to measure service quality as perceived by the customer. Consumers in the focus groups discussed service quality in terms of the extent which service performance on the dimensions matched the level of performance that consumers thought a service should provide. A high quality service would perform at a level that matched the level that the consumer felt should be provided. The level of performance that a high quality service should provide was termed as consumer expectations. If performance was below expectations, consumers judged quality to be low. To illustrate, if firms responsiveness was below consumers expectations of the responsiveness that a high quality firm should have, the firm would be evaluated as low in quality in responsiveness. Parasuraman et al. (1985) basic model was that consumer perceptions of quality emerge from the gap between performance and expectations, as performance exceeds expectations, quality increases; and as performance decreases relative to expectations, quality decreases. Thus, performance-to-expectations “gaps” on attributes are used to evaluate the quality of a service from the theoretical foundation of SERVQUAL.

The SERVQUAL model concentrates on five gaps impairing the delivery of excellent service quality: this study focuses on gap 5: the difference between air line passenger expectations and perceptions of service.

Before intensive efforts can be successfully undertaken to level out service management problems that impede the delivery of truly excellent service quality, it is essential to know to what degree customer perceptions of existing service fail to meet expectations; this study focuses on that primary issue. There after it becomes important to know whether differences exist in management perceptions of customer expectations (Gap 1), a discrepancy in management perceptions and the service specifications that are enacted (Gap 2), etc. Thus this paper deals

with gap 5 which focuses on the differences between consumer expectations and perceptions. This is the only gap that can be examined solely on the data from the consumer.

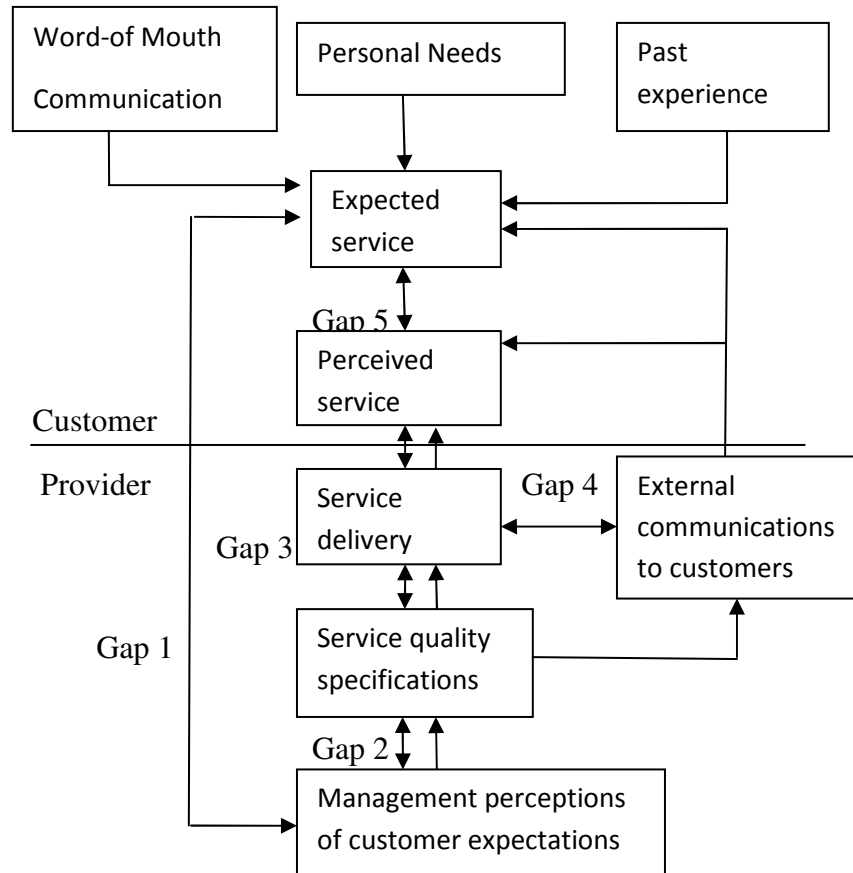


Figure 2.1 SERVQUAL Model

2.2. Service Quality

Gronroos (1982) and Parasuraman, Zeithaml and Berry (1988) were the pioneers in the conceptualization of the service quality construct, these authors maintained that the overall perception of quality was a disconfirmation of a customer's expectation and his/her evaluation of a service. Parasuraman et al. (1988) developed a disconfirmation measurement, the SERVQUAL instrument, to measure service quality and its dimensions. Although the definitions of service

quality vary, the definitions are all formulated from the customer perspective: that is, what customers perceive are important dimensions of quality.

However, Cronin and Taylor (1992) argued that service quality should be conceptualized as “similar to an attitude” approach and should be operationalized by the “adequacy-importance” model. Cronin and Taylor (1992), using a performance-based approach, developed the SERVPREF measurement instrument. Cronin and Taylor (1994) maintained that performance-based measurements display a slightly higher predictive power of customer perceptions of service quality.

Other empirical researchers (Pitt, Watson, and Kavan, 1997; Babakus and Boller, 1992) also provide evidence that the performance-based measure is superior. Moreover, Zeithaml, Berry, and Parasuraman (1993) also conceded that the performance-based measurement was more appropriate if the primary purpose of research was an attempt to explain the variance in a dependent construct.

The dimensions of service quality have also been debated in the literature. For example, Gronroos (1982) proposed technical (the tangible aspects of service delivery) and functional (the expressive performance of the service) qualities as two critical dimensions of service quality. Alternatively, Parasuraman et al. (1988) proposed five service quality dimensions, namely, tangibles, reliability, responsiveness, assurance and empathy. Rust and Oliver (1994) developed a three-component dimensional model and concluded that the service product (i.e. technical quality), the service delivery (i.e. functional quality), and the service environment were critical dimensions of service quality. Dabholkar, Thorpe, D.I (1994) tested a hierarchical conceptualization of retail service quality that proposed three levels: (1) customers’ overall

perceptions of service quality; (2) primary dimensions; and (3) sub dimensions. Brady and Cronin (2001) adopted the view that service quality perceptions were multidimensional and identified the primary dimensions of their model based on Rust and Oliver's (1994) findings.

In Brady and Cronin's (1992) conceptualization, each primary dimension has three sub dimensions that define the basis of service quality perceptions and customers evaluate the reliability, responsiveness, and empathy aspects of these sub dimensions. The aggregate evaluations of the sub dimensions form their perceptions of an organization's performance on each of the three primary dimensions, and those perceptions then lead to an overall service quality perception. The debate on service quality dimensions is still ambiguous, but it is generally accepted that perceptions of service quality are multidimensional and the dimensions are industry-specific.

Parasuraman, Berry and Zeithaml (1991) demonstrate perceived service quality as the customer-based performance measure. Headley and Bowen (1997) inform that service quality is the difference between what customers' needs and what they certainly perceive as outcome. Service quality can be defined in the marketing literature as a post consumption assessment of services by customers. Holdford & Reinders (2001). Perceived service quality is also seen in the customer's global point of view or judgment of the overall excellence or superiority of the service Ugboma, et al. (2004). According to Mostafa (2005), service quality has become a famous research topic because of its important relationship to costs, profitability, customer satisfaction, customer retention, service guarantees, and financial performance.

Service quality is defined as a form of attitude that results from the comparison of expectations with perceptions of performance over time (Parasuraman et al, 1988). The increasing

competition and uncertain economic conditions have generated an increasing demand of expectation for quality services. In the same vein, a decreasing tolerance for poor service quality is observed (Hart et al, 1990).

Customer perceptions on the other hand are also influenced by the indirect influence of the service providers' organizational structure, philosophy and corporate culture (Heskett 1987). Customers' expectations are diverse and constantly evolving and are formed by their experience with the companies at the time of the service delivery (Davidow et al, 1989; Zeithaml et al 1990).

However, the perceived quality is the discrepancy between the customers' expectations and their perceptions of the actual performance (Zeithaml et al, 1990). The measurement of services has to be based on perceived quality rather than objective quality because services are intangible, heterogeneous and their consumption and production occurs simultaneously (Brensinger, 1993).

2.3 The Importance of Service Quality in Airline Services

Quality has become a significant concern for those in the service industry, specifically the airline industry. Although people primarily use airplanes to satisfy their need to go from one place to another, procedures from ticketing, checking, boarding and traveling to baggage handling, etc. can also deeply influence travelers' attitudes to the services provided by airlines and their satisfaction with those services. Hence, airline passengers can experience many service encounters with front-line employees as well as in-flight attendants, this is called 'moment of truth'. Passengers may judge or evaluate airline service quality through a comparison between their experiences and expectations, over a number of quality attributes (Grönroos, 2000).

So far, many academic researchers have devoted themselves into studying the quality of airline service by following the simple logic of comparing expectations/experiences or gap analysis. In the research of Gourdin and Kloppenborg (1991), for example, indicated that identification of service gaps is the first step toward quality improvements. Their findings showed that the gap between passenger expectations, and management perceptions of passenger expectations, was the most crucial failure point. That is, a critical issue for airline managers is being aware of passenger expectations and meeting those expectations. Ostrowski, *et al.* (1993) also pointed out that superior service quality could lead passengers to a significantly higher propensity of retained preference. Some similar points also can be seen in the research of Lee and Cunningham (1996). Thus, the service quality of airlines is an important issue, not only for airline managers; it is also a key factor in building long-term brand recognition.

Whether for business purposes, official duties or for holidays, passengers traveling on airlines expect certain levels of service quality, and this applies to specifically Ethiopian air lines travelers as well. Consumers' overall impressions of service quality are linked to how efficiently an organization renders its services, and it is this impression that determines customers' behavioral intentions to continuously patronize the airline or not. Good service quality helps organizations increase profits (Buzzell and Gale, 1987) and maintains their competitive advantage within their specific industry (Park, Roberson, and Wu, 2004). Airlines also need to be aware of differences in service expectations among airline passengers (Sultan and Simpson, 2000; Cunningham, Young and Lee, 2002). Since service quality and delivery are tangible, customers can make comparison between good and poor service providers. Thus, it is important for airlines to develop passenger-focused services by making an effort to understand passengers' expectations (Park, Robertson, and Wu, 2004).

Some research has shown that, besides having to change planes, flight scheduling, ticket prices, in-flight service, employee attitudes, facilities and ticketing procedures are also key factors in determining how airline service quality is evaluated and can influence a traveler's choice of airline (Cunningham, *et al.* 2002; Sultan and Simpson, 2000).

2.4 Air line Service Quality

First, we perceive air transport as service retailers. Although airlines offer varying degrees of tangibility, airlines predominantly sell services. The demand for an airline seat is a derived demand based on the customers' desire to be in a different location at a certain time. One airline seat is really not much different from another. It is the quality of service given to the customers that will differentiate the competitors, determine market share and ultimately profitability (Ayling 1991, Ott 1993).

Second, the expectation from a customer from an airline is mainly service related. Airlines must surpass a passenger's expectation of timeliness, convenience and comfort (Ott, 1993). Third, it was revealed in an earlier study that convenient schedules is the most important service indicator for frequent (more than 10 trips a year) and moderate fliers (3- 9 trips a year) whilst light fliers (1-2 trips a year) ranked destinations as their main preference (Ott, 1993). This justifies that though the objective of flying from one place to another is for transportation purposes, the importance in ranking by airline passengers is mainly service related.

Most of the literature suggests that airline passengers look at service quality as a multi-dimensional variable, which is consistent with the Parasuraman's *et al.* (1988) conception of service quality popularly known as SERVQUAL. SERVQUAL measures service quality based

on five dimensions namely reliability, assurance, tangibles, empathy, and responsiveness. The instrument is based on the premise that customers' assessments of overall service quality are determined by the "gap" between their level of expectations and their perceptions of actual performance. The instrument has been used by researchers to measure airline service quality such as Sultan and Simpson (2000). In general, service quality literature recognizes expectations as an instrumental influence in consumer evaluations of service quality (Parasuraman et al., 1985 as cited in Sultan & Simpson, 2000).

According to Atilgan et al. (2008), in most of the service settings customers may not received the level of service they expected before the actual service experience. The performance of the service falls either under customers' expectations or above expectation. When expectations are exceeded, service is perceived to be of high quality and also to be a surprise. When expectations are not met, service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory. However, quality, which falls short of expectations, has a greater effect on customer satisfaction than quality which exceeds satisfaction (Zeithal and Bitner, 2000). The notion that service quality and customer satisfaction are distinctive variables has achieved some degree of consensus among researchers (Saha and Theingi, 2009).

The construct of service quality is evaluated by the actual service performance in terms of particular service attributes in the specific context; whereas satisfaction is measured by the customers' overall service experiences. Customer satisfaction depends on a variety of factors, including perceived service quality, customers' mood, emotions, social interactions, and other experience-specific subjective factors (Rust and Oliver, 1994). According to Crompton and Love (1995), the two constructs are likely to be positively correlated, but unlikely to be linear.

Although researchers have generally agreed on the conceptions and distinctiveness of service quality and satisfaction, their causal relationship is yet to be resolved including in the airline service consumption.

Quality has become a significant concern for those in the service industry, specifically the airline industry. Although people primarily use airplanes to satisfy their need to go from one place to another, procedures from ticketing, checking, boarding and traveling to baggage handling, etc. can also deeply influence travelers' attitudes to the services provided by airlines and their satisfaction with those services. Hence, airline passengers can experience many service encounters with front-line employees as well as in-flight attendants, this is called 'moment of truth'. Passengers may judge or evaluate airline service quality through a comparison between their experiences and expectations, over a number of quality attributes (Grönroos, 2000).

2.5 Customer Satisfaction

Yi (1990) defined customer satisfaction as "... an emotional response to the experiences provided by, associated with particular products and services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall market place" (Yi, 1990, p. 69). Although, there are a number of customer satisfaction theories in the literature such as contrast theory, dissonance theory, and equity theory, research shows that expectation-disconfirmation paradigm has received much empirical attention (Parasuraman et al., 1988). However, other empirical findings demonstrate that customer satisfaction can also be measured through product or service performance (Anderson and Sullivan, 1993; Churchill and Surprenant, 1982) or an outcome of service quality (Anderson et al., 1994). Investigating all these theories and providing an extensive review of the customer satisfaction is well beyond the

scope of this study, instead this study defines customer satisfaction and relates it to repurchase and word-of-mouth (WOM) intentions.

When customers praise the firm and express preference for the company over others, it means that they are likely to increase the volume of their purchases (Zeithaml et al., 1996). In the present study, repurchase intention refers to the airline passengers' plans to fly with the national airline company in their next trip.

There is overwhelming evidence in both service quality and customer satisfaction literatures that repurchase intention is an outcome of service quality perceptions as well as satisfaction obtained from purchase episode (Carman, 1990; Singh, 1988; Smith et al., 1999; Zeithaml and Bitner, 2000). On the other hand, WOM also received considerable research attention. Kau and Loh (2006, p. 103) delineated WOM as "... the informal communication between consumers about the characteristics of a business or a product". Schiffman and Kanuk (2004) argued that WOM communications tend to be highly persuasive and extremely effective in nature; thus companies need to understand factors creating WOM intention and to invest heavily in creating a positive one.

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Saha and Theingi, 2009). The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Bitner and Hubbert, 1994). Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions (Cronin and Taylor, 1992; Fornell, 1992). Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992; Halstead and Page, 1992). Several studies have concluded

that it costs more to gain a new customer than it does to retain an existing one. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Halstead and Page, 1992; Fornell, 1992).

In many industries, having satisfied customers also means that organization receives fewer complaints (Fornell, 1992), hence reducing costs in handling failures. Researchers also maintain that satisfied customers are willing to pay more for the benefits they receive and are more likely to be tolerant of an increase in price (Fornell, 1992). Bitner and Hubbert (1994) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

2.6 Customer Loyalty

Since airline companies are very concerned about customer loyalty, they need to review and reexamine their strategies not only to sustain customer loyalty but also to remain competitive. Natalisa and Subroto (2003) suggested that domestic airline operators need to honor promises made in their promotional and external communication materials. Continuous training activities should also be provided to frontline operators, in addition to developing various kinds of loyalty programs to ensure continued customer loyalty. Chin (2002) stated that an attractive frequent flier program could actually contribute to increased loyalty from the repeat business of an increased number of customers. In addition, Dick and Basu (1994) suggested that reliability and confidence might encourage loyalty to the service provider.

Even though customer loyalty is very important to the survival of service companies, Selnes, (1993) contend that this is an area that needs to be researched further. The result of customer loyalty can be depicted in customer behaviours such as repurchase intentions and purchasing

sequence (Day, 1969) and attitudinal outcomes, such as recommending the service to others (Cronin and Taylor, 1992; Zeithaml, Parasuraman, and Berry, 1990; Selnes, 1993).

2.7 The Relationship between Satisfaction and Service Quality

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin, Brady, and Hult, 2000; Anderson et al., 1994; Cronin and Taylor, 1992). However, the exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002). Parasuraman, Zeithaml, and Berry (1994) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult. Interpretations of the role of service quality and satisfaction have varied considerably (Brady et al., 2002; Cronin and Taylor, 1992; Parasuraman, Zeithaml, and Berry, 1988). Parasuraman et al. confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasuraman et al.'s categorization. Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.

The authors reasoned that consumers may not buy the highest quality service because of factors such as convenience, price, or availability and that these constructs may enhance satisfaction while not actually affecting consumers' perceptions of service quality.

Cronin and Taylor (1994) later conceded that the directionality of the service quality/satisfaction relationship was still in question and that future research on the subject should incorporate multi-item measures.

The authors suggested restricting the domain of service quality to long-term attitudes and consumer satisfaction to transaction-specific judgments. However, Bitner and Hubbert (1994) determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. The authors concluded that the constructs exhibited independence.

Adding to the debate about the distinction between service quality and satisfaction, customer satisfaction has also been operationalized as a multidimensional construct along the same dimensions that constitute service quality (Sureshchandar, Rajendran, and Anantharaman, 2002). Despite strong correlations between service quality and customer satisfaction in their study, the authors determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view.

Brady and Cronin (1992) had endeavored to clarify the specification and nature of the service quality and satisfaction constructs and found empirical support for the conceptualization that service quality was an antecedent of the super ordinate satisfaction construct. In addition, the authors found that explained a greater portion of the variance in consumers' purchase intentions than service quality. A reverse casual relationship has also been hypothesized between the two

constructs. Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which satisfaction was based, satisfaction was also one potential influence on future quality perceptions.

2.8 Relationship between Service Quality and Customer Loyalty

In various studies the relationship between service quality and customer preference loyalty had been examined (Boulding, Kalra, Staelin, & Zeithaml, 1993; Cronin & Taylor, 1992). In their study Cronin and Taylor (1992) focused solely on repurchase intentions, whereas Boulding et al. (1993) focused on the elements of repurchasing as well as the willingness to recommend. In the study by Cronin and Taylor service quality did not appear to have a significant (positive) effect on repurchase intentions (in contrast to the significant positive impact of satisfaction on repurchase intention), whereas Boulding et al. (1993) found positive relationships between service quality and repurchase intentions and willingness to recommend.

Chapter Three

Methodology

The aim of this section is to highlight the overall methodological considerations of the thesis. The methodology section is divided into five sub-sections. The first section outlines the general research approach which the paper relies on, and the second encompass a discussion of the actual research design applied throughout the thesis. The following third section elaborates on the sampling method used and the justification for it and the sample size determined for the research. Finally, section four and five respectively constitute the method of data collection and the description of the data analysis method.

3.1 Research Approach

Unsurprisingly, descriptive research involves describing a problem, context or a situation. This is a feature of exploratory research as well of course; however descriptive type questions are more structured, and more reliant on prior ideas and methods. We would more usually describing what was happening in terms of pre existing analytical categories, or relaying on other ideas in some way.

The knowledge obtained in the thesis is mainly based on primary research data. This is a result of no prior research conducted on service quality and its subsequent effect on customer satisfaction with regard to the airline as mentioned in the problem identification. Hence, in order to solve the research problem at hand, the thesis will rely on primary data sources mainly the use of questionnaires. Nonetheless, supporting arguments or patterns found in annual reports and brochures were involved where necessary.

This thesis is somewhat qualitative research because satisfaction should be described and it cannot be measured by numbers, it is somewhat quantitative research in the sense that we compare factors of service quality together and find top priorities.

3.2 Research Design

In order to answer the problem statement and pertaining research objectives carefully, the research design is reflected on and discussed in each step below.

In answering the research objectives, this paper will propose an integrated conceptual framework for measuring passengers' service quality perception and derived satisfaction as a point of departure. The SERVQUAL framework models and analyzes the passenger gap between expected and perceived service with respect to air line service attributes as indicator of the perceived service quality and satisfaction. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale in the following manner: much worse than expected, worse than expected, equal to expected, better than expected and much better than expected. Five different scores were assigned: 1, 2, 3, 4, 5, to represent this five-point scale. Hence satisfied passengers must have received perceptions equal to or more than expectations. So the hypothesized test value in this study is 3 and it can split passengers into satisfied and unsatisfied passengers and the null and alternative hypotheses can be specified as below.

Null hypothesis $H_0: \mu = 3$

Alternative hypothesis $H_a: \mu \neq 3$

The main aim of the study is descriptive because the study will assess service quality and depict customer satisfaction among Ethiopian air line passengers.

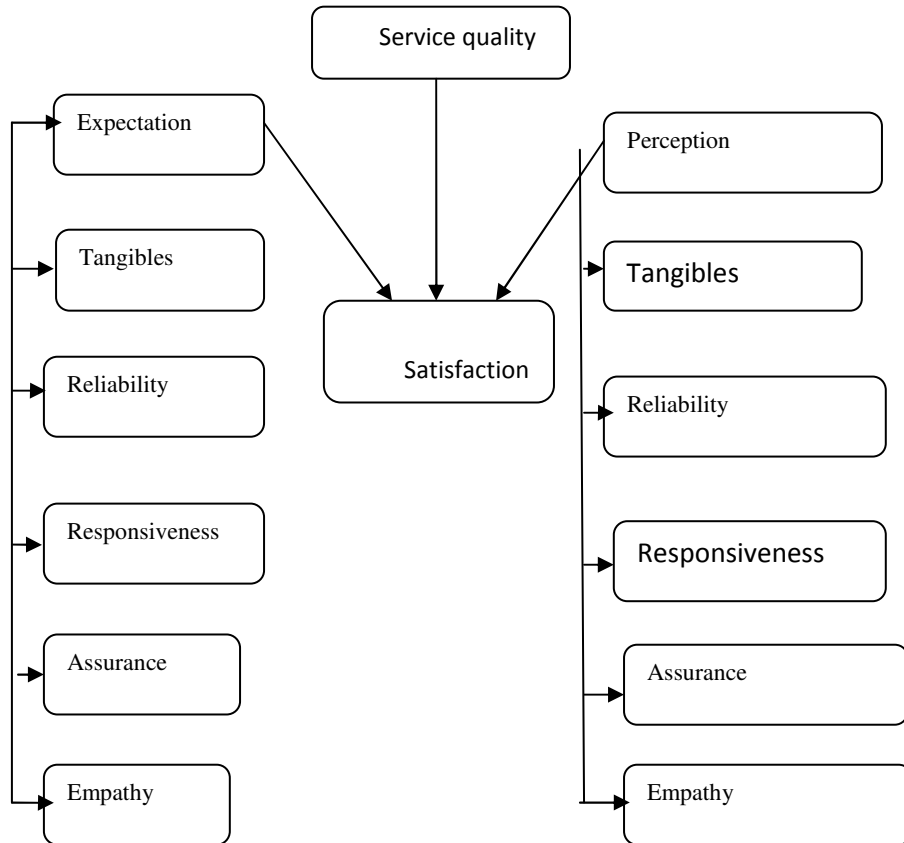


Figure 3.1 Frame work of the research design

3.3 Sampling Method and Sample Size

To conduct the research passengers who have flown on Ethiopian air lines on any route were selected as a respondent. The respondents selected at Bole international airport were those who waiting for their flight and transit passengers. Therefore, convenience sampling technique was used in the study. The reason for using convenience sampling is because the population is too large and it is impossible to include every individual and because of their convenient accessibility and proximity to the researcher. A total sample of 150 passengers who had traveled using Ethiopian airlines was taken as a respondent. Out of which 144 passengers returned a completely filled questionnaire, two passengers returned a questionnaire with missing data and four others returned unfilled. Therefore, 144 provide a response that served as data for analysis to present the findings and draw conclusion.

3.4 Data Collection Method

To measure the travelers' evaluation of airport services at Ethiopian air lines, a survey was conducted; using a questionnaire. During the research, a list of critical variables that influenced travelers' evaluation of airport services was prepared, which is largely based on the following literatures.

Parasuraman *et al.* (1991) undertook a significant work to measure service quality across a broad range of services and they come up with a framework known as SERVQUAL. The SERVQUAL is a five-dimensional construct of service quality consisting of tangibles, reliability, responsiveness, assurance, and empathy. It has a 22-item instrument that captures customers' expectations of service and their perceptions of the received service. The SERVQUAL model

constitutes the basis for the analysis of passengers' perception of in-flight service quality and derived satisfaction.

To develop the SERVQUAL scale, Parasuraman et al. (1991) gathered data from five different service categories. Even though these categories represent a broad range of services, SERVQUAL's five dimensions and 22 item scales drawn from those industries are difficult to apply to airlines. This is because the SERVQUAL instrument does not address other important aspects of airline service such as in-flight meals, frequent flyer programs and seat space. Against this back-ground, the present study tries to include the important determinants of airline service quality.

The SERVQUAL scale has been modified to fit the specific context of aviation industry by generating additional quality related measures or items other than the ones already included in the SERVQUAL instrument to develop a more appropriate scale for measuring air line service quality. This present study has been designed to include eight items related to the expectation on airlines service operation which are recommended by the international aviation industry in accordance to air line service quality. The respondents were asked to indicate the degree of offered services at Ethiopian airlines which corresponded to their expectations. The expectations and perceptions were captured in a single dispensation in terms of perception/expectation difference, which is consistent with the approach suggested by Carman (1990).

A total of 150 questionnaires were distributed to a sample of 150 respondents who had traveled by air, conveniently at the Bole air port terminal. Out of which 144 were returned, two questionnaires were rejected due to missing data and four were returned unfilled. Therefore, 144 questionnaires served as data for analysis to present the findings and draw conclusion. The

respondents selected at Bole international airport were those who waiting for their flight and transit passengers.

The purpose of this thesis was to find information to answer how and which objectives. The study focused on collecting, analyzing and comparing data to get the opportunity to find critical elements influencing passenger satisfaction and to make comparisons between them.

3.5 Data Analysis Method

The data received from the respondents was analyzed with help of statistical software program: statistical package for social sciences (SPSS). For the analysis of the five dimensions of the service quality and each respective attribute, a descriptive statistics of the mean difference was used and a T- TEST was conducted with 5% level of significance or a 95% confidence interval.

3.6 Description of the Study Area

Ethiopian Airlines (Ethiopian) is the flag carrier of Ethiopia. During the past sixty plus years, Ethiopian has become one of the continent's leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence. Operating at the forefront of technology, it has also become one of Ethiopia's major industries and a veritable institution in Africa. It commands a lion's share of the pan African network including the only daily east-west flight across the continent. Ethiopian serves 61 international destinations.

Furthermore, it is working diligently to make the Ethiopian Aviation Academy the leading aviation academy in Africa. Ethiopian is one of the airlines, in the world, operating the newest and youngest fleets. It is established in 1945 G.C and owned totally by the government. Its vision is to be the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering and ground services by 2025. The airline has three important missions which are expressed as; to become the leading Aviation group in Africa by providing safe and reliable passenger and cargo transport, aviation training, flight catering, MRO and ground services whose quality and price "value proposition" is always better than its competitors, to ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its owner and to contribute positively to socio economic development of Ethiopia in particular and the countries it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity.

Ethiopian airline has a total of 47 Aircrafts among which six are cargo aircrafts and the remaining 41 are passenger aircrafts. Out of the total aircrafts 32 are Boeing aircrafts. In addition

to the current fleets that the air line has there are 39 aircrafts ordered. The orders are from Airbus, Boeing and Diamond air craft industries. The order includes 10 Dream liner jets from Boeing.

Ethiopian air line serves a total of 78 destinations .among which 61 are international destinations and 17 are domestic destinations. When we see the regional classification of the destinations it has 39 in Africa, 7 in Europe & America, 15 in the Middle East & Asia, 17 Domestic. In addition to the passenger destinations the air line gives cargo service for a total of 25 destinations. Of these destinations 18 are in Africa, 5 in the Middle East and 2 in Europe.

Ethiopian has code share agreements with a total of eleven air lines. Of which two are African air lines, five are from Europe, three from the Middle East and one from Asia. The airline has also Signed Memorandum of Understanding with ASKY Airline on Strategic Partnership and Investment. ASKY Airline is a newly established airline based in Lome-Togo.

The air line has a special feature called Cloud Nine: Combined service of First and Business Classes, Cloud Nine has the space, comfort and a style of service that makes flying with Ethiopian a pleasure all the time. In the Economy Class, Passengers are offered 12 audio channels with access to a video library of more than seven titles. Sheba Miles is Ethiopian's Frequent Flyer customer loyalty program. As a member of Sheba Miles, passengers accumulate miles which will entitle them to ticket awards and many other privileges. The more they fly the higher the benefits. Since October 2007 it has reciprocal business partnership with Lufthansa's Miles & More.

As to its capacity building, the ultra modern airport terminal was inaugurated on January 21, 2003. This spacious terminal handles all international flights with its 21st century facilities.

Ethiopian is self-sufficient in all aviation training systems. The Ethiopian Aviation Academy offers training for pilots both for foreign nationals and Ethiopians, aircraft technicians, cabin crew (Service trainee), and marketing, management and finance staff. Ethiopian air line has won eight awards between the year 2008 and 2011 for different nominations including best air line of Africa for the year 2009.

Chapter Four

Results and Discussion

4.1 Data Sample Information

A total of 150 questionnaires were distributed at Bole Airport terminal. Out of which 144 were returned, two questionnaires were rejected due to missing data and four were returned unfilled. Therefore, 144 questionnaires served as data for analysis to present the findings and draw conclusion. Further the data analysis is performed to reach the findings.

Table 1 reveals the demographic information of the respondents. When we see the first demographic variable that is gender division of the respondents, majority of the respondents were males, i.e. 63.89% representing a bigger part of the sample group. However, 36.11% percent of the respondents were females. This study was only aimed at those passengers that were waiting their flight and transit passengers who were waiting their next flight at bole international air port terminal. The main reason for not involving the response of other customers of the air line is due to inconveniency because they are dispersed geographically. However, it seems that the information gained was sufficient enough to conduct the analysis.

When we see the distribution of the second demographic variable which is the level of education most of the respondents have an educational level above college diploma. When we see the specific qualification level 15.97% of the respondents have a qualification of doctorate degree, 26.39% have a second degree qualification, 20.14% of the respondents have a first degree qualification, 4.86% of the respondents have an educational qualification of college diploma and the certificate and other qualification level comprises of 32.64%

The other main variable that the respondents were asked is the number of flights they had made using Ethiopian air line. For this question majority (51.34%) of the respondents answered they had made a flight with the airline more than thirty times, 13.19% of the respondents answered the category one to nine flights, 20.83% of the respondents answered the category ten to nineteen flights and 14.58% answered the category twenty to twenty nine.

Table 4.1 Distribution of Demographic Variables (N = 144)

No.	Variable	Frequency	Percent
1.	Gender		
	A. Male	92	63.89
	B. Female	52	36.11
	Total	144	100
2.	Highest education qualification		
	A. Doctorate degree	23	15.97
	B. Postgraduate	38	26.39
	C. Degree	29	20.14
	D. Diploma	7	4.86
	E. certificate (other)	47	32.64
	Total	144	100
3.	Number of flights		
	A.1-9	19	13.19
	B.10-19	30	20.83
	C.20-29	21	14.58
	D. More than 30	74	51.34
	Total	144	100

Source: Questionnaire analysis, 2011.

4.2 Service Quality Measurement

A widely used method of measuring service quality is the gap analysis model, originally developed by Zeithaml, Berry, and Parasuraman in (1998). The model concentrates on five Gaps which can impair the extent of service quality deliver. This study focus on gap five: the difference between passenger experiences and expectations of services. The result can be either positive (the experience better than the passenger thought it would be) or negative (the experience was worse than expected). Although the other four gaps are also important factors in service quality, Gap five is the only that can be determined solely from data collected from airline passengers; in order to determine the other gaps, we would required data from the airline, itself. In order to measure gap five, which determine between customer expectations and perceptions, the SERQUAL instrument developed by Parasuraman, Zeithaml and Berry in 1985 was adopted. It contained five determinants; they are tangible, reliability, responsiveness, assurance and empathy. Details from these service attributes are presented in table 4.2.

Table 4.2 Service Dimensions and Measurement

TAN1	Appearance, attitude and uniforms of employees
TAN2	In-flight modern and clean facilities
TAN3	Varity and quality of in flight meals
TAN4	Varity and choices of in-flight entertainment facilities
TAN5	Providing visually appealing equipment
REL1	Efficiency of the check in process
REL2	Transfer service and efficiency at departure airport
REL3	On time performance of schedule flights

REL4	Remedial procedures for deployed or missing baggage
REL5	Providing ground /in-flight services consistently
REL6	Performing the services right the first time
RES1	Capable to response to emergency situations
RES2	Prompt attention to passengers specific needs
RES3	Understanding the specific needs of passengers
RES4	Keeping customers informed about when services will be performed
RES5	Prompt respond of employees of the airline to your request or complaint
RES6	Capacity to respond to canceled or delayed flights
ASS1	Sincerity and patience in resolving passengers problems
ASS2	Probability of flight breakdowns
ASS3	Safety performance of airline
ASS4	Knowledgeable and skillful provision and services
ASS5	Sincere and responsive attitude to passenger complaints
ASS6	Employees instill confidence to passengers
ASS7	Employees are consistently courteous
ASS8	Knowledgeable employees to answer customers question
EMP1	Numerous ,easy to use ticketing channels
EMP2	Convenient flight schedule
EMP3	Spontaneous care and concern for passengers needs
EMP4	Having a sound loyalty program to recognize you as a frequent customer
EMP5	Having other travel related partners e.g. car rental,hotels,travel insurance

4.3 Analysis of Service Quality and Passengers' Satisfaction

Based on the measurement scale for service quality proposed in the previous section, we further analyzed the differences in perceived quality between Ethiopian airlines passengers. Here, respondents were asked to separately evaluate each service attribute, according to the gap between their perception and expectations, using a five point likert scale: 'Much better than expected', 'better than expected', 'equal to expected', 'worse than expected', and 'Much worse than expected'. Five different scores were assigned: 5, 4, 3, 2, 1, to represent this five-point scale.

The researcher used one-sample t- test for the data analysis. The one-sample T test procedure tests whether the mean of a single variable differs from a specified constant. This test assumes that the data are normally distributed; however, this test is fairly robust to departures from normality. The sample size in my study was 144 and based on 'Central Limit Theorem' we were allowed to presume the data were normally distributed approximately. A 95% confidence interval for the difference between the mean and the hypothesized test value was supposed. Satisfied passengers must have received perceptions equal to or more than expectations. So the hypothesized test value in this study is 3 and it can split passengers into satisfied and unsatisfied passengers and the null and alternative hypotheses can be specified as below.

Null hypothesis $H_0: \mu = 3$

Alternative hypothesis $H_a: \mu \neq 3$

As noted earlier, the study specifies the level of sampling error (0.05) and thus the two-tailed critical value is ± 1.96 .

The scores for each attribute were then tabulated; the results can be found in Annex 2 (data analysis in details).

Table 4.3 One Sample t test

Test value=3

		t	df ¹	Sig(2-tailed)	Mean difference	95% confidence interval of the difference	
						Lower	Upper
TAN1	Appearance, attitude and uniforms of employees	9.123	143	0.000	0.383	0.300	0.465
TAN2	In-flight modern and clean facilities	7.435	143	0.000	0.291	0.253	0.387
TAN3	Variety and quality of in flight meals	8.322	143	0.000	0.341	0.284	0.431
TAN4	Variety and choices of in-flight entertainment facilities	7.21	143	0.000	0.453	0.312	0.543
TAN5	Providing visually appealing equipment	6.345	143	0.003	0.124	0.092	0.187
REL1	Efficiency of the check in process	9.490	143	0.000	0.474	0.376	0.572
REL2	Transfer service and efficiency at departure airport	2.262	143	0.025	0.117	(0.015)	0.220
REL3	On time performance of schedule flights	-5.006	143	0.000	(0.304) ²	(0.424)	(0.185)
REL4	Remedial procedures for deployed or missing baggage	-12.36	143	0.000	(0.643)	(0.746)	(0.541)

¹ df is the degree of freedom which is similar in all attributes (n-1).

² Numbers in brackets indicate negative value.

REL5	Providing ground /in-flight services consistently	0.596	143	0.497	0.034	(0.074)	0.153
REL6	Performing the services right the first time	5.634	143	0.000	0.365	0.247	0.493
RES1	Capable to response to emergency situations	-2.383	143	0.016	(0.127)	(0.235)	(0.021)
RES2	Prompt attention to passengers specific needs	-14.98	143	0.000	(0.796)	(0.902)	(0.698)
RES3	Understanding the specific needs of passengers	-8.584	143	0.000	(0.529)	(0.650)	(0.407)
RES4	Keeping customers informed about when services will be performed	2.352	143	0.020	0.126	0.020	0.232
RES5	Prompt respond of employees of the airline to your request or complaint	-15.42	143	0.000	(0.983)	(1.108)	(0.857)
RES6	Capacity to respond to canceled or delayed flights	-6.65	143	0.000	(0.390)	(0.501)	(0.271)
ASS1	Sincerity and patience in resolving passengers problems	-9.04	143	0.000	(0.604)	(0.736)	(0.473)
ASS2	Probability of flight breakdowns	-10.78	143	0.000	(0.585)	(0.692)	(0.478)
ASS3	Safety performance of airline	8.567	143	0.000	0.348	0.291	0.436
ASS4	Knowledgeable and skillful provision and services	-6.23	143	0.000	(0.352)	(0.469)	(0.224)
ASS5	Sincere and responsive attitude to passenger complaints	-3.35	143	0.005	(0.210)	(0.310)	(0.081)
ASS6	Employees instill confidence to passengers	-0.983	143	0.327	(0.057)	(0.170)	(0.057)
ASS7	Employees are consistently courteous	6.221	143	0.000	0.0352	0.244	0.465
ASS8	Knowledgeable employees to answer customers question	-2.719	143	0.007	(0.187)	(0.322)	(0.051)
EMP1	Numerous ,easy to use ticketing channels	3.954	143	0.000	0.248	0.124	0.371
EMP2	Convenient flight	0.432	143	0.312	0.031	(0.067)	0.142

	scheduling						
EMP3	Spontaneous care and concern for passengers needs	2.43	143	0.015	0.143	0.031	0.251
EMP4	Having a sound loyalty and mileage program to recognize you as a frequent customer	9.14	143	0.000	0.468	0.356	0.534
EMP5	Having other travel related partner e.g. car rental, hotels, travel insurance	-18.86	143	0.000	(1.048)	(1.157)	(0.938)

Source: Questionnaire analysis, 2011.

According to the figures listed in Table 4.3, and from the views of travelers, it can be seen that for the perceptions of service quality attributes which were better than expected have positive t-values and service scores while for those attributes which were worse than expected have negative t-values and service scores. The factors which had t-values greater than 1.96 were significant in positive direction and the factors with t-values less than -1.96 were significant in negative direction which implies that, in both cases, their p-values approach to zero and their respective mean difference values also largely deviate from the test value (3) as their t-values far from the critical value in both direction. In other words, in both directions the null hypothesis can be rejected. On the contrary, those attributes whose calculated t-value lies between 1.96 and -1.96 were statistically insignificant in both directions. That means their mean value do not differ from the test value and thus we cannot reject the null hypothesis for these attributes, which includes REL5, ASS6 and EMP2. Accordingly, we can say that in these attributes the airline is performing a service level that is more or less equal to what passengers expect. Hence, the airline needs to strive more to provide a service level that exceeds the expectation of its customers.

Based on the above general analysis, in those attributes such as TAN1, TAN2, TAN3, TAN4, TAN5, REL1, REL2, REL6, RES4, ASS3, ASS7, EMP1, EMP3, and EMP4; we reject the null hypothesis as their calculated t-values is larger than the critical value (1.96). In other words, their mean differences were positive and their means were greater than (different from) the test value (3). Therefore, from the perspective of these attributes the airline has scored a service level that exceeds the performance expectation of its customers. But when we see the specific mean value (see appendix B) for these attributes we can say that there is still some ample expectation or need that is not met by the actual service provided.

However, in the attributes such as REL3, REL4, RES1, RES2, RES3, RES5, RES6, ASS1, ASS2, ASS4, ASS5, ASS8, and EMP5; we reject the null hypothesis as their calculated t-values were greater than the critical value in absolute terms which implies that the mean differences had negative sign and the means of each were less than (different from) the test value. Therefore, we can say that in these attributes the airline has scored a service level that is below what passengers' expect. And when we see their mean value (Appendix B) the respective value for these attributes is much lower than the test value (3).

Accordingly, the top five attributes of service quality whose experience had better than expected for Ethiopian air lines were in the sequence of REL1 (Efficiency of the check in process), EMP4 (Having a sound loyalty and mileage program to recognize you as a frequent customer), TAN1 (Appearance, attitude and uniforms of employees), TAN3 (Variety and quality of in flight meals), and TAN2 (In-flight modern and clean facilities). On the reverse the top worst five qualities of service attributes were consecutively given as EMP5 (Having other travel related partner e.g. car rental, hotels, travel insurance), RES5 (Prompt respond of employees of the airline to your request or complaint), RES2 (Prompt attention to passengers specific needs),

REL4 (Remedial procedures for deployed or missing baggage), and ASS2 (Probability of flight breakdowns). ‘Efficiency of the check in processes was better than expected and it was the first best attribute. ‘Having other travel related partner e.g. car rental, hotels, and travel insurance’ was much worse than expected and shows most passengers agree that it is the first worst attribute.

In comparison of 5 groups item means (i.e. Tangibles, Reliability, Responsiveness, Assurance, and Empathy), the first attribute was ‘Tangible’ and ‘Reliability’ was the second. The others in priorities were ‘empathy’, ‘Assurance’, and ‘Responsiveness’. So we can conclude that from the point of view of passengers responsiveness items were the worst than expected and assurance items in following.

Table 4.4 Overall performances in dimensions from the passengers’ point of view

Dimensions	Group items mean difference
Tangibles	1.592
Reliability	0.043
Empathy	(0.158)
Assurance	(1.612)
Responsiveness	(2.699)

Source: Questionnaire analysis, 2011.

4.4 Describing the Findings

In the questionnaire, differences in travelers’ perception and expectation have been examined in connection with Ethiopian air lines, including the five dimensions of services defined by SERVQUAL model with 95% confidence interval. According to the services that are offered by

Ethiopian air lines, the researcher measured customer satisfaction among the passengers of this air line using the five dimensions of SERVQUAL model. All 30 attributes have been tested for finding out whether the passengers are satisfied or not. With these findings research objectives have been addressed and answered.

4.5 Customer satisfaction in Ethiopian Air Lines

Satisfaction of customers was measured and we observed that passengers were satisfied in seventeen attributes. But in thirteen attributes out of 30 attributes we saw dissatisfaction of passengers. Reliability (efficiency of the check in process) was the first most important aspect and gained the second highest mean difference in Ethiopian air line performance from the passengers' point of view. It shows that Ethiopian air line often gives high priority for security of the passengers in order to bring the desired outcome with appropriate time. On time performance of schedule flights and Remedial procedures for deployed or missing baggage were the least two mean factors. From these attributes point of view efficiency is what EAL requires and it can be achieved by doing things in the right way.

The second in the most important factors was empathy (having a sound loyalty program to recognize you as a frequent customer). However empathy items mean difference was negative and being in the third position. So, EAL managers and employees have to change their mind about delivering services to their customers. Warmth and supportiveness in behaving with passengers can create impressive results.

The third, the fourth and the fifth feature in order of most important features was tangibles (appearance, attitude and uniforms of employees, Variety and quality of in flight meals and In-flight modern and clean facilities respectively) based on passengers attitude. According to the

items mean difference tangibles were placed in the first position in Ethiopian air lines performance. So that it appears that Ethiopian air lines have lot of good points in tangibles that cause satisfied passengers. The management can provide some visually appealing equipment or some in flight entertainments to empower this dimension and thereby increase the satisfaction level among its customers or passengers.

In travelers' view assurance was the fourth dimensions in Ethiopian airlines performance as the group mean difference showed in the above table. We can observe that the items mean difference was negative and thus we can infer that passengers perceive less than what the passengers expect in assurance items. For instance, passengers made more complaints about sincerity and patience in resolving passengers' problems.

They pay for the service they perceive but they feel unsatisfied because employees lack sincerity. However the air line should put in its policies and promote it steadily to keep its customers for a long time.

The fifth in performance was responsiveness in passengers view in Ethiopian air lines. It shows that Ethiopian air line has not tried hard to improve its responsiveness as it seems that the air line should give more attention to customers' needs. "Capacity to respond to cancelled or delayed flights", "Prompt attention to passengers specific needs", and "prompt respond of employees of the air line to your request or complaint" made the most complaints of travelers about Ethiopian air lines responsiveness. So, in this regard managers at EAL have to pay more attention to responsiveness items and prepare a short term plan to create critical changes. In addition it means that managers need to redefine goals and policies, modify the organizational structure, reengineer job and design necessary specifications, likewise training and monitoring employees.

Chapter Five

Conclusions and Recommendations

5.1 Conclusions

This study used SERVQUAL framework to model and analyze the passenger gap between expected and perceived service with respect to air line service attributes as indicator of the perceived service quality and satisfaction. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale in the following manner: much worse than expected, worse than expected, equal to expected, better than expected and much better than expected. Hence satisfied passengers must have received perceptions equal to or more than expectations and vice versa.

Accordingly, in the three dimensions: responsiveness with a group mean difference of -2.699, assurance with a value of -1.612 and empathy with a mean difference value of -0.158 the passengers' perceived services were lower than what passengers' expected and in the other two dimensions: tangibles with a group mean difference of 1.592 and reliability with a positive value of 0.043 their experiences were better than expectations. This is measured by taking the overall mean difference from the test value which enables to compute the performance of the airlines. Thus in most dimensions Ethiopian air lines' passengers are dissatisfied with the services which they perceive.

But with respect to each attributes, they had better satisfaction than expectations in seventeen out of thirty attributes that have been considered in the questionnaire and in the remaining thirteen attributes they were dissatisfied. Accordingly, the top five attributes of service quality whose

experience had better than expected for Ethiopian air lines were in the sequence of REL1 (Efficiency of the check in process), EMP4 (Having a sound loyalty and mileage program to recognize you as a frequent customer), TAN1 (Appearance, attitude and uniforms of employees), TAN3 (Variety and quality of in flight meals), and TAN2 (In-flight modern and clean facilities).

On the reverse the top worst five qualities of service attributes were consecutively given as EMP5 (Having other travel related partner e.g. car rental, hotels, travel insurance), RES5 (Prompt respond of employees of the airline to your request or complaint), RES2 (Prompt attention to passengers specific needs), REL4 (Remedial procedures for deployed or missing baggage), and ASS2 (Probability of flight breakdowns). The first best attribute was 'Efficiency of the check in processes' and 'Having other travel related partner e.g. car rental, hotels, and travel insurance' was the first worst attribute.

5.2 Recommendations

Primarily, we can inclusively infer that in three dimensions of the model passengers of Ethiopian airlines are not satisfied with the perceived services and it warns managers to focus on passengers expectations. The airline should strive to gain more information about travelers' attitude and prepare plans to improve weak points.

In tangibles, the company has satisfied customers. For instance for attributes like appearance and attitudes of employees customers had get satisfaction. It makes the job easier for managers to empower this dimension. Since, in tangibles the passengers can see the changes visually. The management can provide some visually appealing equipment or some in flight entertainments. Providing variety and choices of in flight entertainment facilities should be there. There are many tools and programs to entertain passengers such as showing films, broadcasting music and various magazines.

EAL should pay attention more about reliability. Reliability consists of “efficiency of the check in process”, “transfer service at departure point”, “on time performance of scheduled flights”, “remedial procedures for delayed or missing baggage”, “providing ground/in flight services constantly” and “performing the services right the first time”. These six factors play an important role in satisfying passengers. EAL has achieved a good score on the attribute “efficiency of the check in process” and it should insist on providing this attribute efficiently in the future. But in attributes such as “on time performance of scheduled flights” and “remedial procedures for delayed or missing baggage” it has scored weak. So from this attributes point of view EAL should strive for better performance because this do not require spending more money and it can be achieved in a short term plan. Managers should only increase their controlling, commanding,

monitoring and coordinating effort. In other words, efficiency is what EAL requires and it can be achieved by doing things in the right way.

For assurance, EAL should train its employees and evaluate its performance consistently. “Sincerity and patience in resolving passengers’ problems”, “sincere and responsive attitude to passenger complaints”, “employees instill confidence to passengers” and “knowledgeable employees to answer costumers question can be obtained by learning and practicing. To achieve this attributes employees’ should participate in scheduled training courses and we all know that the behavior of employees is often instrumental in bringing about the desired outcome. By providing informative feedback on employees’ performance, using differential rewards and consistently training, EAL can improve its employees’ performance and subsequently its passengers’ satisfaction. Actually in addition to efficiency, assurance needs effectiveness. Effectiveness is doing right things and it can be acquired by a medium term plan.

To improve empathy in EAL, managers should study their target market precisely; what they really want and how they can be satisfied. The airline has a positive score in easy to use ticketing channel but the score is not that much satisfactory. Since expanding sales channels require investments, on line ticketing can be appropriate solution. “Care and concern for passengers needs” can be resulted by training employees and monitoring performance. The airline has a policy of rewarding frequent customers through Sheba miles program. Having a sound loyalty and mileage program to recognize frequent customers can bring a competitive advantage for EAL. Frequent customers will turn into loyal customers that they can help EAL to survive in competitive environments. EAL needs some strategic alliances and joint ventures to other travel related partners e.g. car rentals, hotels and travel insurance. Such programs have mutual benefits (both for the airline and the parties involved). This helps to increase the satisfaction level among

passengers. Nevertheless, some strategic alliances look not so economical but they bring long term benefits. It is more important to do what is strategically right than what is immediately profitable (Kotler, 2003).

As noted before, responsiveness is willingness to help customers and provide prompt service. “Capacity to respond to cancelled or delayed flights”, “understanding the specific needs of passengers” and “prompt respond of employees of the airline to request or complaint” are some examples of responsiveness in airline industry. There are some organizations which all employees have to perform marketing and the customer is the core of organization. They try to identify customers’ needs and work to satisfy them As to responsiveness for better performance employees should try to identify customers’ needs and work to satisfy them (Kotler, 2003). EAL should strive to be the same. It means that managers need to redefine goals and policies, modify the organizational structure, reengineer job and design necessary specifications, likewise training and monitoring employees. Moreover, managers should give priority to required actions for achieving effective and immediate outcomes.

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Appendix A. Questionnaire

Addis Ababa University

College of Management, Information and Economic Science

School of Business and Public Administration

MBA Program

This questionnaire is designed to gather information on “service quality and customer satisfaction on Ethiopian Air lines”. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at Addis Ababa University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. You do not need to write your name. Finally, I would like to thank you very much for your cooperation and sparing your valuable time for my request. Please circle one to show how much you agree or disagree.

Gender

1.male

2.female

Educational qualification

1.doctrate degree

4.diploma

2.2nd degree

5.certificate (other)

3.1st degree

No of flights using Ethiopian airlines

1. 1-9

4. more than 30

2. 10-19

3. 20-29

	Much worse than expected	worse than expected	Equal to expected	Better than expected	Much better than expected
Appearance, attitude and uniforms of employees	1	2	3	4	5
In-flight modern and clean facilities	1	2	3	4	5
Variety and quality of in flight meals	1	2	3	4	5
Variety and choices of in-flight entertainment facilities	1	2	3	4	5
Providing visually appealing equipment	1	2	3	4	5
Efficiency of the check in process	1	2	3	4	5
Transfer service and efficiency at departure airport	1	2	3	4	5
On time performance of schedule flights	1	2	3	4	5
Remedial procedures for deployed or missing baggage	1	2	3	4	5
Providing ground /in-flight services consistently	1	2	3	4	5
Performing the services right the first time	1	2	3	4	5
Capable to response to emergency situations	1	2	3	4	5
Prompt attention to passengers specific needs	1	2	3	4	5
Understanding the specific needs of passengers	1	2	3	4	5
Keeping customers informed about when services will be performed	1	2	3	4	5
Prompt respond of employees of the airline to your request or complaint	1	2	3	4	5
Capacity to respond to canceled or delayed flights	1	2	3	4	5
Sincerity and patience in resolving passengers problems	1	2	3	4	5

Probability of flight breakdowns	1	2	3	4	5
Safety performance of airline	1	2	3	4	5
Knowledgeable and skillful provision and services	1	2	3	4	5
Sincere and responsive attitude to passenger complaints	1	2	3	4	5
Employees instill confidence to passengers	1	2	3	4	5
Employees are consistently courteous	1	2	3	4	5
Knowledgeable employees to answer customers question	1	2	3	4	5
Numerous ,easy to use ticketing channels	1	2	3	4	5
Convenient flight schedule	1	2	3	4	5
Spontaneous care and concern for passengers needs	1	2	3	4	5
Having a sound loyalty program to recognize you as a frequent customer	1	2	3	4	5
Having other travel related partner e.g. car rental,hotels,travel insurance	1	2	3	4	5

Appendix B. Overall Mean Table

	Sample Size	Mean
Appearance, attitude and uniforms of employees	144	3.383
In-flight modern and clean facilities	144	3.291
Variety and quality of in flight meals	144	3.341
Variety and choices of in-flight entertainment facilities	144	3.453
Providing visually appealing equipment	144	3.124
Efficiency of the check in process	144	3.474
Transfer service and efficiency at departure airport	144	3.117
On time performance of schedule flights	144	2.696
Remedial procedures for deployed or missing baggage	144	2.357
Providing ground /in-flight services consistently	144	3.034

Performing the services right the first time	144	3.365
Capable to response to emergency situations	144	2.873
Prompt attention to passengers specific needs	144	2.204
Understanding the specific needs of passengers	144	2.471
Keeping customers informed about when services will be performed	144	3.126
Prompt respond of employees of the airline to your request or complaint	144	2.017
Capacity to respond to canceled or delayed flights	144	2.61
Sincerity and patience in resolving passengers problems	144	2.396
Probability of flight breakdowns	144	2.415
Safety performance of airline	144	3.348
Knowledgeable and skillful provision and services	144	2.648

Sincere and responsive attitude to passenger complaints	144	2.79
Employees instill confidence to passengers	144	2.943
Employees are consistently courteous	144	3.0352
Knowledgeable employees to answer customers question	144	2.813
Numerous ,easy to use ticketing channels	144	3.248
Convenient flight schedule	144	3.031
Spontaneous care and concern for passengers needs	144	3.143
Having a sound loyalty program to recognize you as a frequent customer	144	3.468
Having other travel related partners e.g. car rental,hotels,travel insurance	144	1.952