



**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE DEPARTMENT OF MARKETING MANAGEMENT
POST GRADUATE PROGRAM**

**SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE
AIRLINE INDUSTRY: A COMPARATIVE STUDY OF GLOBAL
ALLIANCE MEMBERS AND NON-MEMBER AIRLINES**

**By: BezawitHagosTewoldemedhin
GSE/0718/05**

**May 2015
Addis Ababa, Ethiopia**



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Airlines**

THESIS

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**Addis Ababa University College of Business and Economics School of Commerce
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By: BezawitHagosTewoldemedhin

GSE/0718/05

Advisor: ZewdieShibre (PhD)

**May 2015
Addis Ababa, Ethiopia**

DECLARATION

I hereby declare that the research entitled “Service Quality and Customer Satisfaction in the Airline Industry: A Comparative Study of Global Alliance Members and Non-Member Airlines” is my original work done under the guidance of my advisor Dr. ZewdieShibre. It has never been presented in Addis AbabaUniversity or any other university for any purpose. All sources of the materials used for writing the research report have been acknowledged.

BezawitHagosTewoldemedhin

Signature: _____

Date: _____

ConfirmedByAdvisor

ZewdieShibre (PhD)

Signature: _____

Date: _____



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By: BezawitHagosTewoldemedhin

Approved By Board of Examiners:

Name

Signature

Date

External Examiner

Internal Examiner

Chairman, Department of Marketing Management

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ACRONYMS / ABBREVIATIONS

ADD: Addis Ababa International Airport

ATAG: Air Transport Action Group

Df: Degree of freedom

ETB: Ethiopian Birr

ET: Ethiopian Airlines

EK-Emirates Airline

GDP: Gross Domestic Product

IATA: International Air Transport Association

SERVQUAL – Service Quality

SERVPERF – Service Performance

SQ - Service quality

CS- customer satisfaction

P-perception

E- Expectation

RES -Responsiveness

T -Tangibility

A - Assurance

R - Reliability

E - Empathy

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ABSTRACT

The research was conducted to investigate the perceived service quality and satisfaction of Global Alliance member Airlines and nonmember Airlines (Ethiopian Airlines and Emirates). The SERVQUAL model with five dimensions namely Tangibility, Reliability, Responsiveness, Assurance and Empathy was used with slight modification on the 22 service attributes to the airline industry. Data gathered from 153 Ethiopian and 131 Emirates passengers' usable questionnaires was analyzed using descriptive and inferential statistical tools. It was found out that both airlines fell short of expectation in most of the 22 attributes, hence in most of the dimensions and overall perceived quality. It was also discovered that there is no major difference in perceived service quality with a difference in purpose of trip or frequency of travel. Overall satisfaction was also measured with a score ranging from 1 (highly dissatisfied) to 5 (highly satisfied) and the average result obtained was 3.35 for Ethiopian and 3.54 for Emirates showing that customers are slightly satisfied with the overall service despite the negative gap score in overall perceived quality. The linear regression analysis conducted by taking overall customer satisfaction as dependent variable and the five dimensions as independent variables, showed that perceived service quality explains 31.6% of the variation in customer satisfaction with Ethiopian Airlines and 38.9% of the variation in customer satisfaction with Emirates Airlines. The detailed analysis showed that, for Ethiopian Airlines, only Reliability and Empathy dimensions are the most important factors affecting customer satisfaction while for Emirates, the dimensions are Reliability and Assurance. Therefore, these Airlines need to improve their service quality by working better in these areas. It was also concluded that being a member of Global airline alliance cannot guarantee better service quality and customer satisfaction than a nonmember airline. Hence, Both Airlines should work on improving the service quality dimensions based on their importance and Ethiopian Airlines has to utilize the benefits of joining global airline alliance towards delighting its customers.

Key words: Airline Alliance, Customer satisfaction, Global Alliance, Service Quality

CHAPTER ONE INTRODUCTION

This chapter presents an overview of the entire study. It includes the background of the study, statement of the problem, research questions and objectives of the study, delimitations of the study, limitation of the study, significance of the study and organization of the paper.

1.1 Background of the Study

Air transport is one of the major industries in world economy. Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism. It plays a vital role in facilitating economic growth; particularly in developing countries (ATAG,2014) .The International Air Transport Association (IATA) released an industry traffic forecast showing that airlines expect to welcome some 3.6 billion passengers in 2016. That's about 800 million more than the 2.8 billion passengers carried by airlines in 2011(IATA.ORG 2014).

Over the past two decades, the intensity of competition in the global airline industry has increased substantially as a result of deregulation and globalization.This has forced many airlines to undertake major restructuring to improve productivity and reduce costs. One of the means to do so has been the formation of strategic alliances, which allows airlines to improve revenue, reduce costs, and offer greater benefits to customers by sharing their skills, experience and cost,(Stern & Hutchinson,2011).

Today, there are three major strategic alliances – Star Alliance, One World, and Sky Team. Their claims of benefits to travelers include greater network access, seamless travel; transferable priority status, lounge access and frequent flyer mile accrual benefits.These are taken from press releases, trade publications and the homepages of the global alliances.

In the last two decades several researchers have worked on the issues concerning exclusive alliance membership of an airline alliance and the potential benefits drawn by the alliance carriers in entering an alliance (Park & Cho, 1997). However, very little

attention has been paid to the benefits of the alliance towards customer satisfaction in comparison to a non-alliance member airline service.

The main objective of this study is to examine the differences in customer satisfaction levels between Ethiopian (Star alliance member) and Emirates (non alliance member) Airline. This is achieved by identifying the gap between expectations and perceptions among respondents who have used the services of each Airline.

1.2 Statement of the Problem

Air travel has always been classified as one of the more intangible service industries (Kloppenborg and Gourdin, 1992). The steadily growing trend in service sector not only offers business opportunities but also poses competitive threats for many service marketers, and this is particularly the case for the air travel industry.

As competitive pressures continued to increase, Providing excellent service quality and high customer satisfaction became the important issue among airlines. Most airlines began to offer various incentives, such as the frequent flyer programs, in an effort to build and maintain the loyalty of customers (Miller, 1993). Over the past few decades, airline alliances are expanding and, more and more international airlines are joining. Today, three large well established airline alliances, namely Oneworld, Skyteam and Star Alliance (Stern & Hutchinson, 2011)

Being a member of global airline alliance may provide advantages. It is very important for an airline to provide quality service to its customers. Most of the time, customers compare the perceived service performance to their expectations. Perceived service performance may exceed, meet, or fail to meet customers' expectations and it has an observable impact on customer satisfaction (Oliver, 1980).

Currently, there are 12 international airlines operating in Ethiopia. Ethiopian Airlines (ET) is the national carrier whereas the rest eleven namely Emirates (EK), Lufthansa (LH), Turkish Airline (TK), Kenyan Airways (KQ), Qatar Airways (QR), Saudia Airlines (SV), Yemenia (IY), Gulf Air (GF), Egypt Air (MS), Sudan Airways (SD), and Fly Dubai (FZ) are international airlines registered and operating in Ethiopia. Out of these

Airlines, Ethiopian Airlines, Lufthansa, Egypt air and Turkish are a member of Star Alliance while Kenya airways is a member of Sky Team and Qatar Airways is a member of One world. There exists a stiff competition among these airlines in a national and international scale which led them in seeking ways to be profitable through differentiating themselves in their activities.

Airlines claim that they offer customers greater service quality and satisfaction with negligible differences in alliance carrier's quality performances (Tiernan et al., 2008) better than non-alliance member carriers. However, there are carriers that are award winning such as Emirates in customer service, yet not a member of global alliance.

After carefully analyzing various research studies conducted so far, it is found that many research works have been carried on customer satisfaction and service quality of airlines. But, as far as the knowledge of the researcher goes, there is no comparative study conducted using the SERVQUAL model to assess service quality and customer satisfaction level of alliance member and nonmember airlines. The relatively recent formation of airline global alliances also means there are few scholarly papers that have reported on the benefits of alliances from the consumer satisfaction perspective.

This study aims at finding out the service quality and customer satisfaction level of Ethiopian airlines which is a member of Star Alliance and Emirates, a non-Alliance member carrier.

1.3 Research Questions

The research will answer the following questions:

- ◆ What level of service quality do customers of airlines expect?
- ◆ How do customers perceive the service of Ethiopian airlines and Emirates?
- ◆ Is there a significant gap between expectation and perception for the two airlines?
- ◆ Is there a difference in perceived service equality based on flight frequency of passengers?
- ◆ What is the effect of Service quality on overall customer satisfaction?

1.4 Objective of the Study

1.4.1 General Objective

The main objective of the study is to examine the satisfaction level of travelers with the service provided by a global alliance member, Ethiopian Airlines, and a non-member airline, Emirates.

1.4.2 Specific Objective

- To determine the extent to which the Airline is able to perform the promised service dependably and accurately.
- To determine the extent to which the employees are knowledgeable and can inspire trust and confidence
- To identify whether the staff are willing to help customers and provide prompt service
- To see if Caring and individualized attention is given to customers.
- To find out if the physical facilities are fit for customers.

1.5 Definition of Terms

- **SERVQUAL:** A model used for measuring service quality developed by Parasuraman et al. (1988).

SERVQUAL dimensions:

Reliability: The ability to perform the promised service dependably and accurately.

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Responsiveness: The willingness to help customers and to provide prompt service.

Empathy: Caring and individualized attention that the firm (service provider) provides to its customers.

Tangibles: Physical facilities, equipment, appearance of personnel and communication materials.

- **Perceived service quality:** refers to the customer's evaluation of an organization's service based on his or her overall experience of the continuous service encounter. It is viewed as an overall appraisal of service (Bitner and Hubbert, 1994) and as an attitude based on the customer's perception of performance (Cronin and Taylor 1992, 1994).

1.6 Significance/Contribution of the Study

There are a number of researches made in service quality and customer satisfaction in relation to airlines both globally and in Ethiopia mainly from Ethiopian airlines context (Baker 2013, Dawit 2013). However, as far as the knowledge of the writer of this paper goes, there is no comparative research made so far on customer satisfaction level of travelers with regard to airline alliance membership. Hence, it is the belief of the researcher that this paper can be used as a foundation for future researches and also for practical use by airlines in formulating marketing strategies. Furthermore, the study will:

- Add up to the store of knowledge on Airline customer satisfaction and Global alliance membership.
- Serve as an input for the formulation of policies on the quality of Airline services.
- Help recognize that customers hold different types of expectations for service performance.
- Generally, the finding and conclusions of the study may help Ethiopian and Emirates Airlines management in decision making by understanding the customer service areas that need improvement.

1.7 Delimitation/Scope of the Study

Airlines can be divided into two groups based on their core activity: passenger airlines and cargo airlines. Cargo airlines are out of the scope of this study as they don't carry people. The study is conducted on Ethiopian airlines, a member of Star alliance, and Emirates, non-Alliance carrier.

Ethiopian airlines is chosen for this study as it is the national carrier of Ethiopia and being a member of the biggest airline alliance, Star alliance, it is presumed to represent the service of global alliance member carriers. In order to become a member, all airlines must comply with the highest industry standards of customer service, security and technical infrastructure. Together, they offer convenient and comfortable travel to almost any destination in the world. (<http://www.staralliance.com>).

The rationale behind choosing Emirates from the non-alliance member carriers operating in Ethiopia is the fact that it's the biggest one from all other non-member carriers operating in the country.

The focus of the study was on multilateral alliances among networks of airlines, termed 'Global Alliances', and not bilateral agreements. The targets of this study are air travelers departing from Addis Ababa and who have a flight experience at least once within the past six months with the airline they are flying with now.

The study was conducted based on the conceptual framework that customer satisfaction is treated as a dependent variables affected by the independent variables tangibility, responsiveness, assurance, reliability and Empathy. Non probability sampling method was used to select respondents from the target population.

1.8 Limitations of the Study

The research scope was limited to Ethiopian and Emirates Airlines travelers departing from Addis Ababa international airport. Hence, the selected airlines may not be an ideal representative of the group they are representing. Moreover, the study is conducted by targeting passengers who had a flight experience at least once in the past six months.

1.9 Organization of the Paper

The study is divided into five chapters. First chapter gives a brief introduction to the study, including statement of the problem, research objectives and study limitations. The second chapter presents review of related literature and an overview of the airline industry and about strategic alliances.

Third chapter summarizes the method used to carry out the research: data collection process, target group as well as scales chosen for the survey. In the fourth part data analysis and interpretation of results is presented and summarized. Based on empirical findings, chapter five concentrates on the key deliveries of this study, summarizing theoretical and practical contributions as well as presenting the recommendations for airline industry management.

CHAPTER TWO REVIEW OF RELATED LITERATURE

This chapter covers the review of related literatures. It includes two main part; conceptual framework of the study and the Airline Industry profile.

2.1 Service

According to Kotler(2000), whether the production is tied with a tangible product or not, a service is any act or performance that one party offers to another that is essentially intangible and does not result in the ownership of anything. Using simple terms, services are also defined as deeds, processes and performances (Zeithaml and Bitner, 2003).

Characteristics of Service

Most literatures talk about four characteristics of services that differentiate them from that of physical goods. These unique characteristics have their implication on marketing strategy of services. Below are the descriptions as elaborated by Mudie and Pierrie(2006).

1. **Intangibility:** Unlike tangible goods, services cannot generally be seen, tasted, felt, heard or smelled before being consumed.
2. **Inseparability:** There is a marked distinction between physical goods and services in terms of the sequence of production and consumption: Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously.
3. **Variability:** An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided
4. **Perishability:** Services cannot be stored for later sales or use. Hotel rooms not occupied, airline seats not purchased and college places not filled cannot be reclaimed.

2.2 Service Quality

Due to the characteristics inherent to services, it is difficult to define and judge service quality. Quality in general is the ability of a product to successfully conform to the purpose of the user during usage. Service quality is exceeding customer's expectation (Garvin, 1988).

Parasuraman, Zeithaml and Berry (1985) also suggest that Quality is a comparison between expectations and performance. Meeting or exceeding customers' expectation means good service quality. They have outlined three basic principles that underline the concept of service quality:

1. Service quality is more difficult for the consumer to evaluate than the quality of a good
2. Service quality perceptions result from a comparison of what the consumer expected prior to the service with the actual service performance
3. Service quality evaluations are based not only on the outcome of a service but also involve evaluations of the process of service delivery

2.2.1 Dimensions and Measurements of Service Quality

A) DIMENSIONS OF SERVICE QUALITY

Different scholars (such as Gronroos (1990), Lehtinen and Lehtinen (1991), Beckford (1998)) have classified service dimensions in a number of ways. Service dimensions are criteria that customers use to evaluate service quality (Parasuraman et al., 1985).

The most popular classification of service dimension is the one which is given by Parasuraman et al. (1988). They identified 10 overlapping service components in 1985 and later in 1988 they merged them in to five service quality dimensions, as listed below:

1. **TANGIBLES:** This dimension is defined as the physical appearance of facilities, equipment, staff, and written materials. It translates to the restaurant's interiors, the appearance and condition of the cutlery, tableware, and uniform of the staff,

the appearance and design of the menu, restaurant signage and advertisements (Zeithaml et al., 2006). Tangibles are used by firms to convey image and signal quality (Zeithaml et al., 2006).

2. **RELIABILITY:** Reliability is defined as “the ability to perform the promised service dependably and accurately” or “delivering on its promises” (Zeithaml et al., 2006,). This dimension is critical as all customers want to deal with firms that keep their promises and this is generally implicitly communicated to the firm’s customers.
3. **RESPONSIVENESS:** Responsiveness “is the willingness to help customers and provide prompt service” (Zeithaml et al., 2006). This dimension is concerned with dealing with the customer’s requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. To be successful, companies need to look at responsiveness from the view point of the customer rather than the company’s perspective (Zeithaml et al., 2006).
4. **ASSURANCE:** Assurance is defined as “the employees’ knowledge and courtesy and the service provider’s ability to inspire trust and confidence”. The trust and confidence may be represented in the personnel who link the customer to the organization (Zeithaml et al., 2006).
5. **EMPATHY:** Empathy is defined as the “caring, individualized attention the firm provides its customer (Zeithaml et al., 2006,). The customer is treated as if he is unique and special.

B) MEASUREMENTS OF SERVICE QUALITY

Zeithaml&Bitner (1996) explains that the quality of service is the excellence or superior service delivery process to those with consumer expectations. There are two main factors that affect the quality of services, namely: expected service and perceived service. If the service is received as expected then the service quality is good or satisfactory, but if the services received exceed the expectations will be very satisfied customer and perceived service quality is very good or ideal. Conversely, if the service received is lower than

expected then the perceived poor quality of services. Quality of service will depend on how much the service provider's ability to consistently meet the needs and desires of consumers.

There are two main aspects that describe and affect both service quality; the actual service customers expected (expected service) and services perceived (perceived service). Fitzsimmons & Fitzsimmons (2001) explains that the creation of customer satisfaction for a service can be identified through a comparison between service perceptions with service expectation.

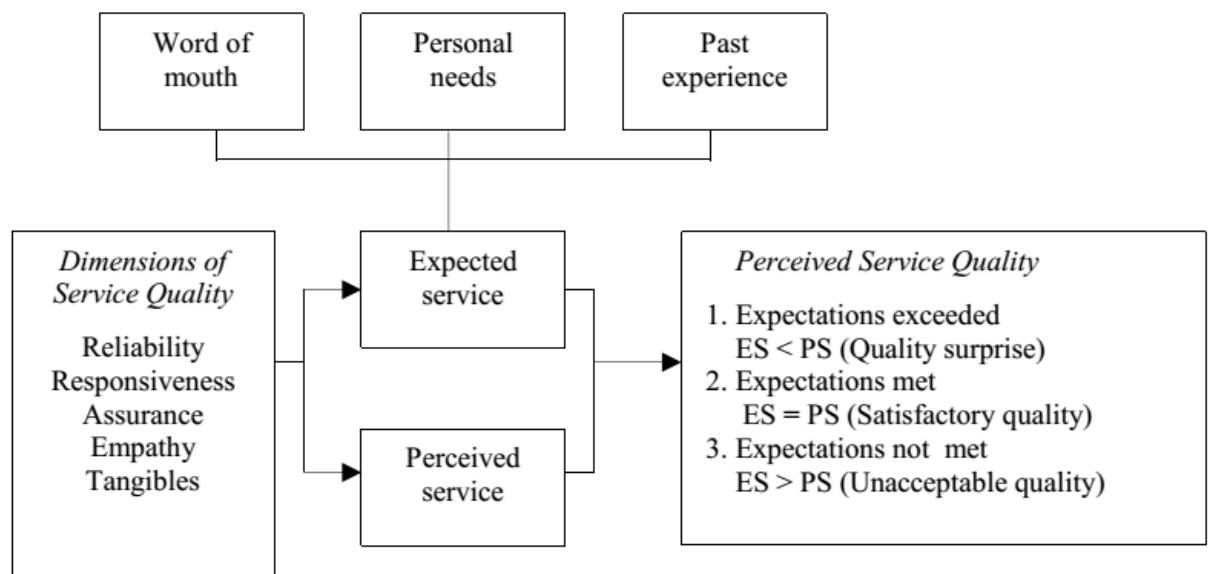


Figure 1: Perceived Service Quality Model, Source: Fitzsimmons & Fitzsimmons(2001).

Olson & Dover (Parasuraman, et al., 1995), customer expectation is the customer's confidence before buying a service which is used as a standard in assessing the performance of services. Customer expectations are formed by past experiences, talk through word of mouth and corporate promotions. After receiving a service, customer service experience to compare with the expected. If the service suffered under the expected, then the customer will not be interested again, otherwise if the service experience meets or exceeds customer expectations the customer will look to use these providers.

2.2.2 The Gap Model of Service Quality

The Gap model of service quality is one of the prominent models that were developed in order to evaluate service quality. Parasuraman et al. (1985) defined five gaps. The first four gaps are associated to the marketer or provider of the service leading to the fifth gap which is the measure of service equality from the customer perspective.

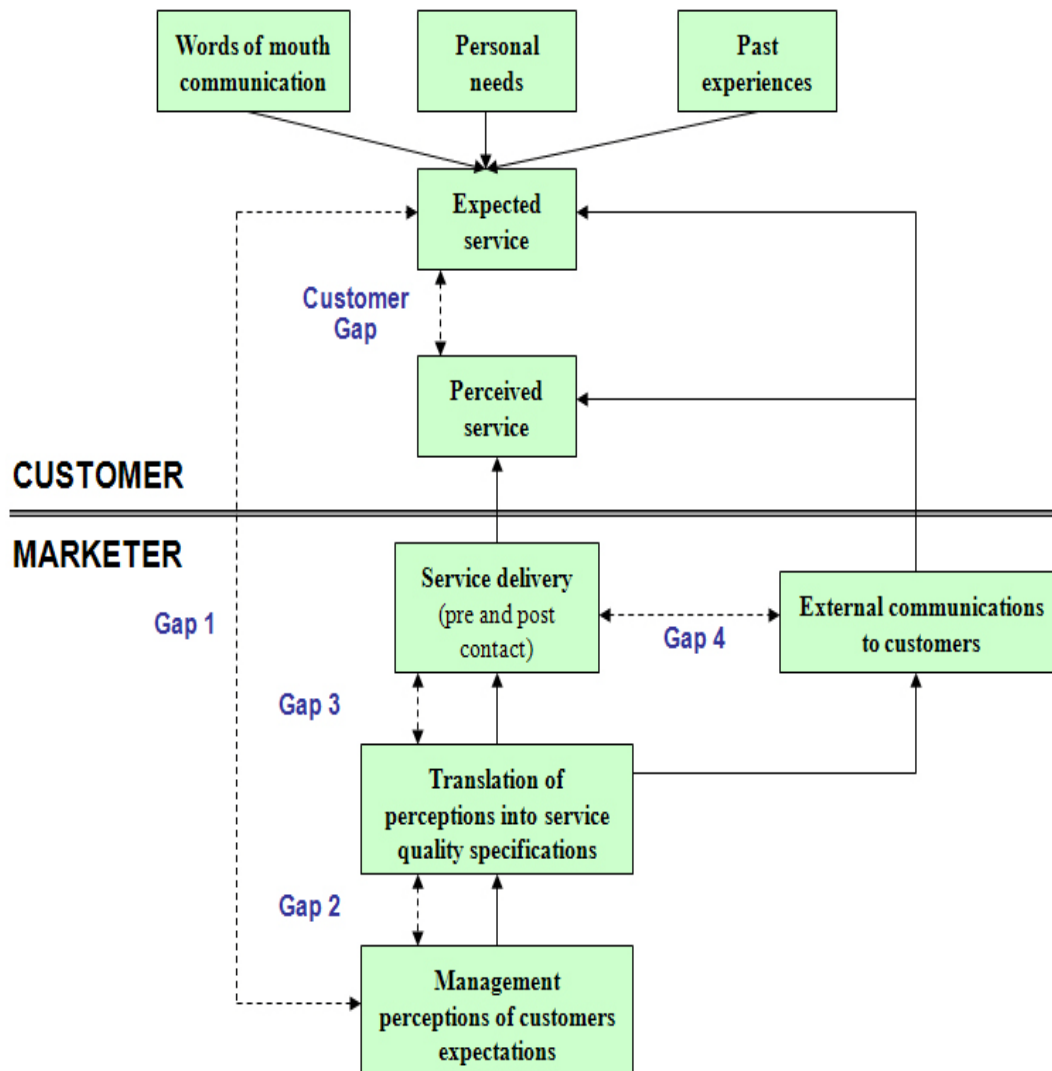


Figure 2: The Integrated Gaps Model of Service Quality, Source: Parasuraman et al. (1985.)

GAP 1: Consumer expectation-management perception Gap: - it is the difference between what customers expect from a service and what management believes customers expect from a service.

GAP 2: Management perception- service quality specification gap: - it is the difference between management's perception of consumer expectations of a service and the service quality specifications.

GAP 3: Service quality specifications –service delivery gap: - it is the difference between the service quality specifications for a service and the delivery of these specifications by the service provider.

GAP 4: Service delivery-external communications gap:-it is the difference between the service that was delivered and the external communications of the firm

GAP 5: Expected service-perceived service gap: - is the overall comparison of what consumer expected from the service provider and their perception of the service they received from the provider. A negative score indicates that the service did not meet consumer's expectations; a zero score means the service met expectations and a positive score means the service exceeded the customer's expectations.

2.2.3SERVQUAL Instrument

The SERVQUAL instrument is a multiple- item scale that was developed to measure customers' perception of service quality (Gap 5) by combining service quality dimensions with customer expectations and perceptions. Customer expectations in the service quality context are defined as the standards or reference points for performance against which service experiences are compared and are often formulated in terms of what a customer believes should or will happen. Perceptions are subjective assessments' of actual service experiences (Zeithaml and Bitner, 2003).

SERVQUAL measures service quality as the difference between customers' expectations and perceptions. It uses 22 items in order to express the five dimensions that are used by customers as the evaluation criteria. Its applications include: (Parasuraman et al., 1988, 1991)

- ◆ Assessing quality along each of the five service dimensions
- ◆ An overall measure of service quality

- ◆ Assessing the relative importance of the five dimensions in influencing customers' overall quality perceptions
- ◆ Categorizing customers in to several perceived-quality segments

A number of criticisms have been made regarding the conceptualization and operationalization of the SERVQUAL instrument. Cronin and Taylor (1992) suggested that it is unnecessary to measure customers' expectation in service quality research and it is enough to measure perception only. They argued that service quality should be measured as an attitude and developed a performance-based scale called SERVPERF. According to their justification SERVPERF is more adoptable and efficient than SERVQUAL.

Teas (1993) questioned the validity of perception-expectation gap with conceptual and operational problem in the definition of the expectation. Another one is a psychometric concern about the use of difference score. It argues that the gap model would have a poor reliability as a result of positive correlation between expectation and perception (Brown et al., 1993 cited in Shahin&Samea, 2010)

Despite the several criticisms, different authors have argued and explained that SERVQUAL is a generic instrument with good reliability and validity and broad applicability.

The gap model based on the SERVQUAL instrument is a well-known and widely used measurement approach (Mukherjee and Nath, 2005). Ladhari (2008) in his analysis of the different available models to measure service quality has argued that SERVQUAL is the most useful and widely used. He has also argued that the methodological approach used in developing and refining SERVQUAL was more rigorous than others.

2.3 Customer Satisfaction

Kotler (2003) explains that satisfaction is the feeling of someone who described feeling happy or disappointed that the result of comparing the perceived performance of a product with the expected product performance. If performance fails to meet what is expected, then the customer will feel disappointed or dissatisfied. If the performance is able to meet what is expected, then the customer will feel satisfied. If the performance can exceed what is expected, then the customer will feel very satisfied. Customer satisfaction or dissatisfaction is a response to the evaluation of the perceived discrepancy between expectations and service performance. Customer satisfaction is a function of expectations and service quality performance.

The concept of satisfaction and the quality is often equated even though these two concepts have a different understanding. In general, satisfaction is considered to have a broader concept than service quality assessment, which specifically focuses only on the service dimension. Quality of service is the focus of the assessment that reflects the customer's perception of the five specific dimensions of service. Conversely, satisfaction is more inclusive, that is, satisfaction is determined by the perception of service quality, product quality, price, situation factors, and personal factors (Zeithaml&Bitner, 2001).

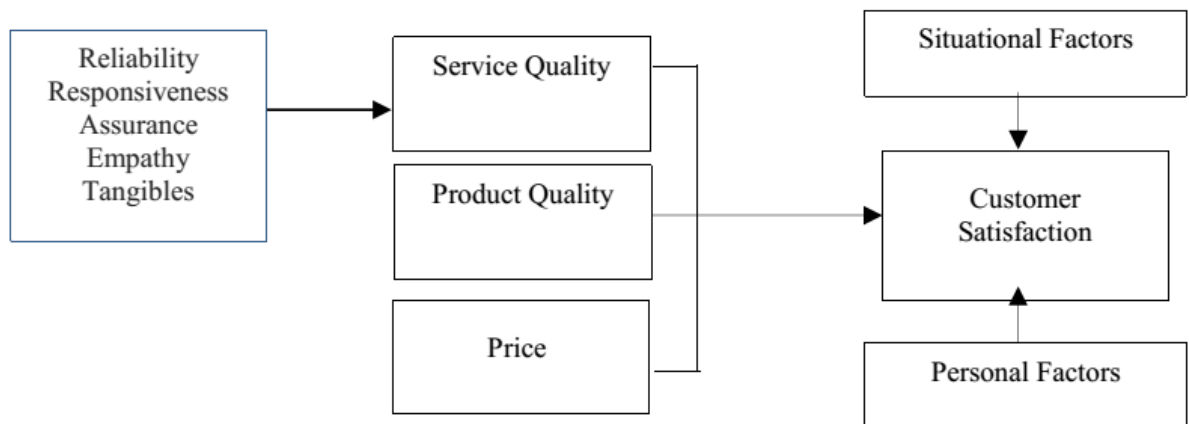


Figure 3: Customer Satisfaction Model, Source:Zeithaml&Bitner(2001).

In a company engaged in the service, the service is the products sold by the company. In some other service providers, such as; hotels, then the bias in addition to services are also offered to goods: such as; food and beverages. Studies conducted in various service

industries addressed the importance of the goods factor in influencing customer satisfaction (Kandampully&Suhartanto, 2000:, Zeithaml, 1996). Quality of goods offered in conjunction with services will affect customer perceptions of service. The better the quality of goods will increase customer satisfaction for services received.

Customers consider price as an indicator of the quality of a service, especially for services whose quality is difficult to detect prior to services in consumption. This is related to the fact that the nature of the services that have a risk level is high enough compared to the product form of goods and services to be purchased, the customer tends to use price as the basis for expected quality of a product/service.

Environmental or situation factors affecting the level of personal satisfaction with the services consumed. Situation factors, such as; conditions and circumstances will lead the consumer experience to come to a service provider, this will affect the expectations or the expectations of the goods or services to be consumed. The same effect occurs because the influence of personal factors such as emotional consumer (Zeithaml&Bitner, 2001).

Customer satisfaction occupies a strategic position for the company's existence, because a lot of benefits to be gained: First, many researchers agree that a satisfied customer tends to be loyal (Anderson, et al., 1994). Satisfied customer will also tend to buy back into the same manufacturer. The desire to buy back as a result of this satisfaction is the desire to repeat the good experience and avoid a bad experience. Second, satisfaction is a factor that would encourage communication by word of mouth.

Form of communication through word of mouth is delivered by people who are satisfied. This could be recommendation to other potential customers, encouraging colleagues to do business with the provider where the customer was satisfied and said things good about the service provider where he was satisfied. Third, the effect of customer satisfaction tends to consider the content providers are able to satisfy the first consideration if you want to buy products or similar services.

2.3.1 Benefits of Customer Satisfaction Assessment

Different companies can measure customer satisfaction for different reasons. Five important roles of customer satisfaction measurements as suggested by Naumann (1995) are:

- To get close to the customer – this will help to understand customers more, their needs, the attributes that are most important, and their effect on the customer's decision making, the relative importance of the attributes and the performance evaluation of the firm delivery of each attribute. This process helps to provide enabling communication with customers.
- Measure continuous improvement - the important attributes of customers can be incorporated into the internal measurement to evaluate the value-added process in the company. This process involves comparing performance against internal standards (process control and improvement), and comparing performance against external standards (benchmarking).
- To achieve customer-driven improvement – the data collected from customers can be developed into sources of innovations and this can help to achieve customer driven improvement. This requires a comprehensive database and not just records of sales. This process helps to identify opportunities for improvement (quality costing)
- To measure competitive strengths and weaknesses - determine customer perceptions of competitive choices and companies.
- To link customer satisfaction measurement data to internal system - the market share is not a gauge to measure customer satisfaction; rather it represents quantity of customers. Customer satisfaction is a measure of attitudes and perceptions of the quality and performance of a service.

2.3.2 SERVQUAL in Airline Services

Understanding exactly what customers expect is the most crucial step in defining and delivering high quality service (Zeithaml et al, 1996). Like in other industries, the problem in the airline industry is whether management can correctly perceive what customers want and expect. Expectations serve as a major determinant of a consumer's

service quality evaluation and satisfaction. After delivering the services, service providers should monitor how well the customers' expectation and perception have been met. For this task, SERVQUAL offers the most suited model for evaluating customers' expectation and perceptions. SERVQUAL has five main dimensions to measure service quality: tangibles, reliability, responsiveness, assurance, and empathy (Zeithaml et al., 1990). Customers evaluate the quality of service by determining whether there is any gap between their expectations and perceptions. SERVQUAL is based on the idea that quality is a subjective customer evaluation, as service is not a physical item, but an experience (Parasuraman et al, 1998). Therefore, customers' perception is a better measure than other performance measures (Akan, 1995), while expectations are considered a starting point in SERVQUAL

2.4 Conceptual framework of the study

The framework shows proposed framework to serve as foundation of this study. Using the SERVQUAL model, the purpose of this study is to examine the how tangibility, reliability, responsiveness, assurance and empathy of service which are the independent variables can bring effecton the dependent variables, customer satisfaction towards the service provided by each airline.

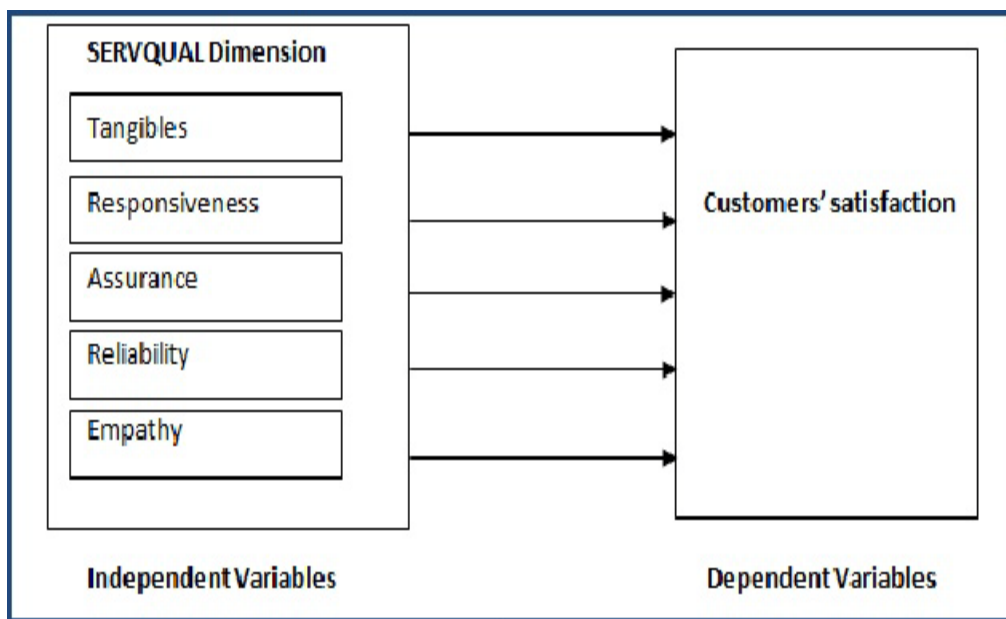


Figure 4: The Conceptual framework of the study. Source:

2.5 Industry Profile

The aviation industry through time has changed the way of life by altering the concept of distance, making it possible to visit and conduct business in places once considered remote. Airline industry is essential to global world as without airline transportation, such industries as Leisure and tourism would suffer and international business activities would become much harder to conduct (Tiernan et al., 2008/1).

According to data from the Air Transport Action Group (ATAG,2014), in 2013, 3.1 billion passengers were carried by the world's airlines. The industry supports an estimated 56.6 million jobs globally and contributes 3.5 per cent of the global gross domestic product (GDP). In fact, according to the same report, if aviation were a country it would be the 19th biggest economy in the world by GDP. In America, Commercial aviation helps drive more than 11 million American jobs and 5 cents of every dollar of U.S. GDP (Airlines of America, 2014).It also plays a vital role in facilitating economic growth, particularly in developing countries. Air transport supports 6.9 million jobs and \$80.5 billion in GDP in Africa (ATAG, 2014). In the Middle East, visionary leaders have long realized the aviation industry's potential to drive economic growth and consequently invested heavily in establishing world class airlines that, in no small measure, create jobs, facilitate global trade and stimulate economic growth. ATAG's data on the Middle East paints an incredible picture: by 2010, the region's air transport industry created direct and indirect employment for 2.7 million people. It also contributed \$129 billion to the region's GDP.

From all indications, the industry's growth is set to continue into the coming decades. According to economic think-tank Oxford Economics, the aviation industry's direct contribution to GDP will increase by 6.3 per cent per annum in real terms over the next 20 years, creating an additional 294,000 jobs in the region (Gulf news.com, 2015)

Despite its contribution, the airline industry has gone through some unfortunate incidents over the past decade. Among them are the terrorist attack on New York's World Trade Centre in 2001, the outbreaks of SARS and foot and mouth diseases and the wars in

Afghanistan and Iraq (Air Transport Association, 2002). The recent world economic downturn in 2008/2009 has had a great impact on aviation industry, particularly to the market of business travel. In 2014 there had been eight accidents and incidents involving commercial aircrafts.

The continuous turmoil and highly competitive market conditions in the airline industry pressurize airlines to deliver high-quality services. Since service is a performance, we have to measure and monitor performance to know where we stand in relation to customers' expectations and perceptions. Hence, understanding the nature and determinants of customer expectations is essential to ensure that service performance meets or exceeds expectations. To provide this, airline firms must first understand customers' needs and expectations. Next, they should focus on how to deliver the most convenient service to meet customers' needs. The delivery of high-quality service became a marketing requirement among air carriers as a result of competitive pressure (Ostrowski et al., 1993).

2.5.1 Background of Ethiopian and Emirates Airlines

Ethiopian Airlines

Ethiopian Airlines is Ethiopia's flag carrier and is wholly owned by the government. EAL was founded on 21 December 1945 and commenced operations on 8 April 1946, expanding to international flights in 1951. The airline has been a member of the International Air Transport Association since 1959 and of the African Airlines Association (AFRAA) since 1968. Ethiopian is a Star Alliance member, having joined in December 2011.

Its hub and headquarters are at Bole International Airport in Addis Ababa, from where it serves a network of 82 passenger destinations —19 of them domestic— and 23 freighter ones. As of September 2014, the passenger network comprises 83 international destinations and 20 domestic ones, including 49 cities in Africa (excluding Ethiopia), 13 in Europe and the Americas and 21 in the Middle East and Asia. Ethiopian flies to more destinations in Africa than any other carrier. It is one of the fastest-growing companies in

the industry and is among the largest on the African continent. It is also one of the few profitable airlines in the Sub-Saharan region

Services -Cloud Nine and Economy Class are the two classes available on most of Ethiopian Airlines' flights.

Foodanddrinks -On all flights, passengers are provided with food and complimentary beverages on board, in both classes. The food service consists of hot meals, hot or cold snacks, or light refreshments, depending on the length of the flight and the time of the day. The choice of acquiring complementary drinks at an extra cost is available too. The airline also offers assorted menus for passengers having special meal requirements.

In-flightentertainment-Cloud Nine -Ethiopian Airlines' Business Class is named Cloud Nine. Passengers travelling in this class are provided with onboard amenities and a wide variety of reading material. Passengers are provided with sleeper seats and on-demand audio and video services, with 85 channels on 15.4 inch IFE screens.

EconomyClass-A variety of meals —ranging from light snacks to hot dishes— and amenities are provided to passengers flying on this class, both depending upon the length of the flight. Reclining seats and on-demand audio and video, with 80 channels and 8.9-inched screens are available on most aircrafts.

Lounges-Ethiopian Airlines passengers are offered two lounges at BoleInternationalAirport. Cloud Nine passengers can wait for the departure of flights at the Cloud Nine Lounge, where they are provided with a wide variety of amenities, as well as personal computers or wireless connection. Likewise, Sheba Miles cardholders with Gold or Silver status can make use of the Sheba Miles Lounge facilities. Customer Service agents are available at both lounges in order to assist passengers with any query regarding their flights.

Alliances -In October 2007 (2007-10), Ethiopian Airlines' frequent flyer programShebaMiles and Lufthansa's Miles & More entered into partnership, allowing members of each program to earn and spend miles on both airlines' networks. In July 2008,the carrier entered a strategic partnership with Lomé-based start-up airline

ASKY Airlines, in which Ethiopian holds a 40% stake. Ethiopian Airlines is responsible for aircraft maintenance and operational management. The plan is to turn Lomé into Ethiopian Airline's regional hub for the West African market. ASKY started operations in January 2010 and became profitable after a few months. Ethiopian officially joined Star Alliance in December 2011 (2011-12).

Frequent-flyer program -Ethiopian Airlines' frequent flyer program is known as Sheba Miles. Sheba Miles is a three-tier frequent-flyer program operated by Ethiopian. It is used by over 1 million customers. The three primary tiers are Blue; Silver which requires 25,000 tier miles for entry; and Gold, which requires 50,000 tier miles for entry (www.ethiopianairlines.com).

EMIRATES AIRLINE

Emirates is one of two flag carriers of the United along with Etihad Airways and is based in Dubai. The airline is a subsidiary of The Emirates Group, which is wholly owned by the government of Dubai's Investment Corporation of Dubai. It is the largest airline in the Middle East, operating over 3,500 flights per week from its hub at Dubai International Airport, to more than 142 cities in 78 countries across six continents.

Emirates has built up a strong brand name as a leader in the aviation industry, particularly in terms of service excellence.

Cabin - First Class, Business and Economy class are the three cabins with Emirates. There are 3 types of first class seating; the full suite with doors, flat bed 'Skycruiser' seat (without doors) and 'Sleeper' seats. In Business class, the seat features adjustable headrests, a 600–1000 channel ICE In-Flight-Entertainment and in-seat laptop power-outlets on newer aircraft and laptop recharging facilities in galleys in older aircraft.

In-flight entertainment system - Emirates became one of the first airlines in the world to introduce a personal entertainment system on a commercial aircraft in 1992, shortly after Virgin Atlantic introduced a similar system throughout the cabin in 1991. All three classes feature a personal in-flight entertainment (IFE) system on Emirates aircraft. There are three types of entertainment system on Emirates: ice; ice Digital Widescreen; and Emirates tv&radio.

ICE -ICE (Information, Communication, and Entertainment) is the in-flight entertainment system operated by Emirates, since 2003.

Lounges- First and business class passengers and Skywards Gold members have access to 33 Emirates lounges in 32 cities. Skywards Silver members can use the lounges at Dubai Airport only. At an airport in which Emirates does not operate a departure lounge, a third-party departure lounge is usually provided for First and Business class passengers and Skywards Platinum and Gold members.

Chauffeur-drive -Complimentary chauffeur-driven airport transfer transportation is available to first class and business class passengers in some cities.

Frequent-flyer program -Emirates uses Skywards as their frequent-flyer program. Emirates Skywards is a four-tier frequent-flyer program operated by Emirates. It is used by over 8.4 million customers. The three primary tiers are Blue; Silver which requires 25,000 tier miles for entry; and Gold, which requires 50,000 tier miles for entry. The Platinum tier requires 150,000 tier miles for entry.

Alliance - Emirates is currently not a member of any of the three global airline alliances – One world, Sky Team and Star Alliance. (www.emirates.com)

2.5.2 Airline Strategic Alliances

A strategic alliance is not a unique phenomenon of airlines; it's evident in most manufacturing and service industries. A business alliance is defined as “an ongoing, formal, business relationship between two or more independent organizations to achieve common goals” (Seth &Parvatiyar, 1992). In the airline industry, carriers enter into cooperative agreement to generate greater revenue to reduce unit costs from economies of size, and to minimize or share risks by strengthening their position out of their domestic market. In the first approach, cooperation can be characterized as taking the form of either tactical or strategic alliance.

Tactical alliance - also called marketing or commercial alliances have usually consisted of bilateral agreements between airlines, which by joining efforts in a limited number of routes gain access to the other airlines network. This type of alliance began with airlines

cooperating at the marketing level through interline/pro rating agreements and code sharing and then the more coordinated joint ventures (JVs)

Interline consists of the transfer of passengers and cargo from one airline to another on the passengers route, and while each airline maintains its own identity and there is a very limited coordination between the airlines. The passenger is charged a single fare for the route and the airlines share the revenue by pro-rating.

Code sharing is the sharing of capacity between carriers on a given flight that has a code for each of the airlines involved in the agreement earning consumer recognition that the flights corresponds to the carrier to whom the itinerary was purchased. There are two mechanisms for placing interline passengers on each other's flight: airline A can sell an itinerary involving airlines A and B and pay airline B for accepting the passenger on one or more of the flight legs or airline A can have some seats reserved in airline B to sell at the price it sees fit. The so called "blocked seat arrangement"

Joint Ventures (JVs) are revenue –sharing or profit-sharing partnerships between carriers on international routes, so that a partner's revenue or profit generated from a passenger does not depend on which airline provided the service. The full implementation of this cooperative strategy on a given route requires the gathering of antitrust immunity by the regulatory bodies to allow partner alliance to set schedules and prices together.

Strategic alliances are bilateral or multilateral agreements in which the allied airlines share similar business objectives and they coordinate their services to achieve their common goals.

Fan et al.(2001) mentioned exclusive membership and joint marketing entity as the definitive characteristics of strategic alliance.

2.5.2.1 Benefits of an airline alliance from travelers' perspective

Though there are many benefits, the list below highlights a few important ones that are listed on the alliance's website (www.Staralliance.com, www.oneworld.com and www.Skyteam.com), press release and trade publications.

(1) Greater network access - Ability to offer a wide range of airline partners. An airline can offer greater value to customers by extending its network of relationships with other airlines. An alliance airline can offer more itinerary choices than non-alliance airlines of a similar size (Oum and Park, 1997).

(2) Seamless travel: Alliances provide passengers with seamless travel when transferring from one airline to another. For example, Star Alliance offers extensive code share flight options for its customers, manages quick transfers, and provides convenient check-in procedures. One additional benefit to seamlessness is the flexibility in changing or altering flight plans at short notice, especially for travelers flying on non-direct long-haul flights.

(3) Frequent Flyer Program (FFP) benefits: In the past, FFP benefits were not transferable between airlines. However, with the formation of global alliances, FFP points can be accrued and other benefits can be enjoyed among any airlines within an alliance. This means FFP members can earn priority status faster under only one program, and awards and royalty can be redeemed with any partner airlines of the alliance offering greater ability to reward passengers. Members of one FFP can earn miles from the flights made with any one of the alliance member carrier and can also use rewards on more destinations with different member carriers.

(4) Priority and extended lounge access: As a way to retain airlines' most valuable customers and maintain their customer experiences, special treatments have been provided and offered to customers in various forms, for instance, priority check-in, baggage handling, reservation waitlist, and airport standby. Global alliances also emphasize access to any alliance partner lounges as a part of benefits for their travelers with 'priority' status, offering greater access to priority benefits from all partner airlines.

CHAPTER 3: RESEARCH METHODS

This chapter explains the research methodologies to be used and it covers research design, source of data and collection methods, sample and sampling method, design of the research questionnaire, and method of data analysis

3.1 Research Design

The study is descriptive and explanatory in nature. Quantitative research method deemed necessary to conduct this study through objective data collection procedures. This emanated from the mere fact that quantitative research tools are ideal for descriptive studies.

Service quality construct was measured based on instruments developed by Parasuraman et al. (1988) consisting of reliability, responsiveness, assurance, empathy, and tangible dimension. The SERVQUAL model that was also developed and later modified by Parasuraman et al. (1985, 1988, and 1991) is used to measure the gap between perception and expectation of customers on the service provided by the two airlines. Even though SERVQUAL presents general quality dimensions for service industries, it does not include specific dimensions for airline industry service. Chang and Yeh (2002) asserted that, 'service quality attributes are context dependent and should be selected to reflect the service environment investigated'

3.2 Data Source and Collection Instrument

A survey is used as a primary method of data collection. Questionnaire is designed to identify customer service areas that are well provided by each airline. According to Malhotra and Birks (2003), this survey approach is the most common method of primary data collection in marketing research and the advantages are simple administration and data consistency. The questionnaire was distributed to the sample respondents by hand and email selected on purposive sampling basis.

The questionnaire was modified from the original questionnaire developed by Parasuraman et al. in sync with prior literature. It employed the Likert scaling technique. It is a widely used rating scale which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements or questions (Albaum,

1997). This rating scale is easy to construct and administer and respondents readily understand how to use the scale (Malhotra and Birks, 2003).

Accordingly, questions addressing expectations are rated from 1= unimportant to 5=very important and perceptions are rated from 1=highly dissatisfied to 5=Highly Satisfied. The descriptive variables for each airline were also determined and the overall satisfaction level of travelers was rated with a scale from 1=highly dissatisfied to 5=Highly Satisfied

Before designing and distributing the final questionnaire, an informal discussion was held with international passengers and airline experts to see if any of the statements were difficult for subjects to understand and to check for the appropriateness of the items used for the thesis. The expectation and perception questions revolve around the Five dimensions of Service Quality.

Table 1: Modified SERVQUAL dimensions and ItemsSource: Parasuraman et al

Dimensions	Item
Tangibility	Up to date equipment and comfortable interior/seat
	Food and beverage
	In-flight entertainment facilities and programming
	Availability of waiting lounge
Reliability	On-time departure and arrival
	Safety
	Consistent ground/in-flight services
	Perform service right the first time
	Seamless travelspecially for long distance flights
Responsiveness	Efficient check in/baggage handling
	Employees are always willing to help
	Employees handle requests/complaints promptly
	waiting time for the service
Assurance	The employees are polite and respectful.
	The employees have adequate product knowledge.
	The employees are good in instilling confidence in customers.
	Customers feel safe and secure in transactions with the employees.
Empathy	Individual attention to passengers
	Understanding of passengers' specific needs
	Availability of air/accommodation packages
	Availability of travel related partners ex. Hotel/rental car
	Enhanced Frequent Flyer Program benefits

3.3 Sampling Design

Sampling design includes determining the target population, selecting sampling techniques and determining the sampling size of respondents.

3.3.1 Population of the study

The target population for this research consisted of passengers who had experienced both Ethiopian and Emirates Airlines in the last six months. Since the study was comparative, the target population was one from which we can take a fair representation for both Airlines to compare. Accordingly, Emirates has one flight per day EK724 departing at 16:15, and on average, it carries 270 passengers. Similarly, Ethiopian has three flights per day to Dubai ET602 departing at 10:55, ET600 at 2:30 and ET 612 at 23:00. From these three flights, the average number of passengers traveling per day is 320. Hence, the target population of the study comprised passengers departing from ADD airport using EK724 and ET 602. ET602 was chosen as the timing is convenient for data collection.

3.3.2 Sample size

Using below the sample size determination formula and table developed by Krejcie & Morgan (1970) which uses a normal distribution (50%) to calculate the optimum sample size,

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where :

n = sample size

X^2 = Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = population proportion (.50 in this table)

ME = desired Margin of Error (expressed as a proportion)

For our case using 5% margin of error at a 95% confidence level, z at 95% confidence level is 1.96. Hence,

For Ethiopian Airlines, Target population being 320, sample size resulted in 175 passengers.

For Emirates Airlines, Target population being 270, sample size was 159 passengers.

Hence, the questionnaire was distributed to 175 Ethiopian airlines passengers and 159 Emirates passengers.

3.3.3 Sampling technique

Non-probabilistic purposive sampling technique was implemented due to the fact that the researcher can select a respondent only based on the criterion set. The criterion to select a respondent from this sampling unit was that the person should have a flight experience with the same airline at least once in the past six months. Travelers that used ADD airport between 18th Apr 2015 and 26th Apr 2015 flying with EK724 and ET602 were taken as sampling unit.

Addis Ababa international airport (ADD) is the hub of all travels originating from Ethiopia. The sample taken is believed to be a representative of the population because all international travelers from Ethiopia pass through the airport and the flights targeted are fair for comparison.

Data was collected from Monday to Sunday at the airport. The survey times were between 8 am and 10 am for Ethiopian passengers and between 1pm and 3pm in departure and arrival areas and in lounges in order to widen the coverage of the samples. Every passenger who passed through the gate was approached and given the questionnaire, if they have a flight experience with same airlines in the past six months, based on their willingness.

3.4 Procedure of Data Collection

The survey was carried out over the stated dates at international departure and arrival gates and airline lounges. After filling the forms, they were given the option of passing it to the boarding agent upon boarding or sending it via e mail.

3.5 Method of Data Analysis

Data was processed using the program SPSS version 21 by applying descriptive and inferential statistical instruments like mean, frequency, correlation, one-way ANOVA, paired samples t-test, and linear regression analysis.

Descriptive instruments were also used to determine the gap scores. The Pearson correlation (r) was used to see the correlation between the five dimensions and overall satisfaction. Multiple linear regression analysis was used to see how much of the variation in overall satisfaction was explained by the service quality dimensions.

3.6 Validity and Reliability

This research applied the SERVQUAL instrument that has been used by a number of researchers, as highlighted in the literature review, in different industries and countries who have confirmed its applicability and usability making it valid for this research.

The internal consistency of the scale was tested using the Cronbach's alpha. The result for all the dimensions was found to be above 0.7, indicating high internal consistency. Nunnally (1978:245), cited in Corbetta (2003) suggests that a cronbach's alpha value of 0.7 is a threshold of acceptability.

Table 2: Data Reliability

Dimension	Cronbach'sAlpha					
	EMIRATES			ETHIOPIAN		
	Expectation	Perception	No. of Items	Expectation	Perception	No. of Items
Tangibility	.896	.765	4	.934	.728	4
Reliability	.774	.715	5	.753	.742	5
Responsiveness	.818	.826	4	.807	.708	4
Assurance	.750	.739	4	.774	.721	4
Empathy	.821	.732	5	.708	.702	5
All the five dimensions	.781	.763	22	.707	.775	22
Overall	.766		44	.746		44

Source: own survey (May, 2015)

The values of all the 22 variables of expectation and perception for Emirates are 0.781 and 0.763 respectively with the overall value of 0.766. For Ethiopian, the 22 variables of expectation and perception scored 0.707 and 0.775 with overall value of 0.746.

3.7 Ethical Considerations

In order to keep the confidentiality of the data given by respondents, the respondents were not required to write their name and were assured the anonymity and confidentiality of their response. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires were handed out up on their consent only.

CHAPTER FOUR: RESULTS AND DISCUSSION

This chapter discusses the main findings and interpretations of the study

4.1 Demographic Analysis of Respondents

Out of the 159 questionnaires distributed to passengers of Emirates Airlines, 131 were completed and usable, representing a response rate of 82.4%.

For Ethiopian airlines, out of 175 questionnaires distributed, 153 were completed and usable, representing a response rate of 87.4%

Table 3: Profile of respondents

		Airline			
		Emirates(n=131)		Ethiopian(n=153)	
		Frequency	Percentage of Total	Frequency	Percentage of Total
Gender	Male	86	65.6	98	64.1
	Female	45	34.4	55	35.9
International round trip flights within one year	Less than 3	62	47.3	81	52.9
	4-6	52	39.7	56	36.6
	7-9	12	9.2	13	8.5
	More than 9	5	3.8	3	2
Purpose of trip	Leisure	20	15.3	13	8.5
	Business/corporate	44	33.6	51	33.3
	personal business/trade	47	35.9	77	50.3
	Visit of family and friends	20	15.3	12	7.8
Class of service	Business and above	11	8.4	14	9.2
	Economy	120	91.6	139	90.8

Source: own survey (May, 2015)

Out of 131 respondents for Emirates Airlines, 86 of them were males representing 65.6% and 45 of them (34.4%) female. The percentage of Female respondents was relatively higher in Ethiopian Airlines case with 35.9% and the remaining 64.1 were male travelers.

62(47.3%) of the Emirates respondents travel less than three times per year this group covers 81(52.9%) of Ethiopian Airlines respondents. Those travelling four to six times in a year were 52(39.7%) for Emirates and 56(36.6%) for Ethiopian. 12(9.2%) of Emirates Airline respondents and 13(8.5%) of Ethiopian Airlines respondents travel 7 to 9 times a

year. The remaining 5(3.8%) of Emirates and 3(2%) Ethiopian Airlines respondents travel more than 9 times in a year.

When it comes to purpose of travel, personal business or trade ranked first for both Emirates and Ethiopian Airline with 47(35.9%) and 77(50.3%) respectively followed by corporate business 44(33.6%) for Emirates and 51(33.3%) for Ethiopian. Third was leisure 13(8.5%), and fourth being visit of family and friends 12(7.8%) for Ethiopian airlines whereas for Emirates, leisure and visit of family and friends ranked third with equal percentage of 15.3%.

The last profile of respondents was the class of service and 120(90.6%) of Emirates and 139(90.8%) of Ethiopian respondents travel in Economy class while the remaining 11(8.4%) and 14(9.2%) respectively, travel in business and above class.

4.2 Gap Analysis

Table 4 and 5 below summarizes the mean expectation and perception scores of the five dimensions and the Gap scores for each airline.

From the Gap analysis of Ethiopian Airlines respondents (as shown in table 4 below), the highest mean expectation was registered for Assurance (4.00) while reliability (3.85) has the highest mean score for perception. Empathy has the lowest expectation score of 3.48 followed by tangibility with expectation mean scores of 3.67 and the lowest perception 3.21. Though assurance scored the highest expectation mean, it was with the highest negative gap score of (-0.47) indicating that the highest service quality issues of Ethiopian Airlines are related to assurance.

The second highest expectation was observed for reliability (mean=3.83) and third was for responsiveness (mean=3.71). The highest positive gap score was registered for Empathy (mean=0.28) followed by Reliability (mean=0.02) reflecting that passengers expectations are well met with regard to this two dimension.

The highest negative gap score of the assurance dimension means that Ethiopian is not performing as per the expectation of customers with the items “the employees are polite and respectful”, “the employees have adequate product knowledge”, “the employees are

good in instilling confidence in customers” and “customers feel safe and secure in transaction with the employees”.

Table 4: Summary of expectation, perception and Gap means for Ethiopian Airlines

Dimension	Expectation (E)			Perception (P)			GAP Score (P-E)		
	Mean (E)	*SD	Rank	Mean (P)	SD	Rank	Mean	SD	Rank
Tangibility	3.67	0.63	4	3.21	0.62	5	-0.46	0.93	4
Reliability	3.83	0.63	3	3.85	0.63	1	0.02	0.62	2
Responsiveness	3.81	0.65	2	3.70	0.71	4	-0.10	0.79	3
Assurance	4.00	0.62	1	3.53	0.52	3	-0.47	0.68	5
Empathy	3.48	0.61	5	3.76	0.47	2	0.28	0.74	1
Total mean score	3.76	0.51		3.61	0.59		-0.15	0.3	

**SD: Standard Deviation, Source: own survey (May, 2015)*

Though, Ethiopian has scored apposite gap score for two of the dimensions, the total Gap score of mean= -0.15 indicates that performance of Ethiopian Airlines has fallen short of customer’s expectations. According to Kotler (2006), if perception falls short of expectation, customers get dissatisfied. Hence, passengers of Ethiopian are found to be dissatisfied.

Table 5: Summary of expectation, perception and Gap means for Emirates Airlines

Dimension	Expectation (E)			Perception (P)			GAP Score (P-E)		
	Mean (E)	SD	Rank	Mean (P)	*SD	Rank	Mean	SD	Rank
Tangibility	3.79	0.91	3	4.05	0.50	2	0.26	1.06	1
Reliability	3.68	0.64	4	3.88	0.49	1	0.20	0.86	2
Responsiveness	3.83	0.73	2	3.74	0.52	4	-0.09	0.85	3
Assurance	3.98	0.64	5	3.78	0.55	3	-0.20	0.84	4
Empathy	4.13	0.56	1	3.72	0.53	5	-0.41	0.74	5
Total mean score	3.88	0.33		3.83	0.29		-0.05	0.45	

**SD: Standard Deviation, Source: own survey (May, 2015)*

The analysis of Table five shows that, the highest expectation and the lowest perception was found for Empathy with mean 4.13 and 3.72 respectively. The highest perception was found from Tangibility dimension (mean=4.05) followed by Reliability and Assurance. The second lowest perception was seen from responsiveness (mean=3.74) followed by assurance (mean=3.78). The highest negative gap score for Emirates, Empathy with -0.41, means that the airline is performing poorly towards “individual attention to passengers”, “understanding of passengers specific needs”, “availability of air/ accommodation package” and especially towards “enhanced frequent flyer program benefit”. Moreover, the result means that being a global alliance member can contribute a lot to the empathy dimension as mileage accrual and availability of accommodation packages are more available for flights with a global alliance member.

Out of the five dimensions, Emirates has a positive gap score for two of them. Tangibility ranked first with mean gap score of 0.26 followed by Reliability with scores of 0.20. This shows that the Airline is performing well in these areas and the overall gap score of -0.05 shows that the performance of Emirates is slightly below the Expectation of customers

The analysis of the above tables (4 and 5) emphasizes that Emirates scores high on the mean of all service quality parameters than Ethiopian. I.e. for Emirates expectation mean 3.88 and Perception mean 3.83 v/s Ethiopian Airlines expectation mean 3.76 and perception mean 3.61.

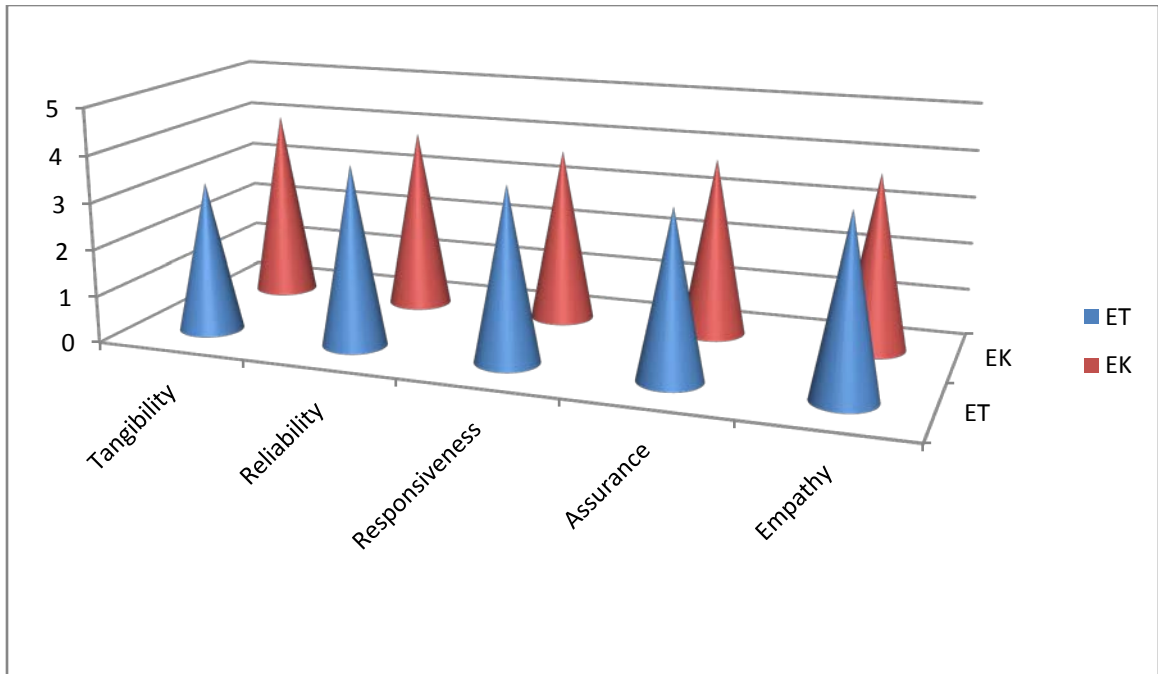


Figure 5: The average perception score of the two airlines on different service quality parameters Source: own survey (May, 2015)

The above figure also shows that Emirates scores higher perception level for four of the five service quality dimensions except Empathy for which Ethiopian scored 3.76 compared to Emirates with 3.72.

To check if the difference between the means of Expectation and Perception for each dimension are statistically significant or not, the study has used paired samples t-test between dimensions.

Table 6: Paired samples t-test between dimensions – For Ethiopian

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Tangibility (P)-(E)	-0.46	.93	.07	-.24	.05	-1.25	152	.005
Pair 2	Reliability (P)-(E)	0.02	.62	.05	.21	.41	4.16	152	.000
Pair 3	Responsiveness (P)-(E)	-0.10	.79	.06	-.18	.06	-.911	152	.000
Pair 4	Assurance (P)-(E)	-0.47	.68	.05	-.32	-.11	-4.00	152	.021
Pair 5	Empathy(P)-(E)	0.28	.74	.06	.16	.40	6.78	152	.000
Total Score	Perception(P)-(E)	-0.15	.30	.05	-.05	.04	-.23	152	.011

*Significant at P < 0.05

SD: Standard Deviation

Source: own survey (May, 2015)

The paired sample t-test results summarized in table 6 above and table 7 below, confirm that there is a significant difference between the mean scores for all the dimensions and overall perception and expectation.

For Ethiopian, the highest difference is registered for Empathy with $t(152)=6.78, P<0.05$ followed by Reliability at $t(152)=4.16, p0.05$. Assurance has the lowest t score of $t(206)=-4.00, p<0.05$ which is in line with the findings that assurance has the highest expectation mean score (4.00) and the lowest gap score(-0.47). Overall mean gap score (-0.15) of perception and expectation has a t value of $t(206)=.236, p0.05$, showing that the difference is significant and the overall perceived quality of Ethiopian Airlines is below the expectation of customers.

Table 7: Paired samples t-test between dimensions – For Emirates

Dimensions		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Tangibility (P)-(E)	.26	1.06	.09	-.10	.26	3.04	130	.022
Pair 2	Reliability (P)-(E)	.20	.85	.07	.07	.37	2.84	130	.003
Pair 3	Responsiveness (P)-(E)	-.09	.85	.07	-.22	.06	-1.07	130	.000
Pair 4	Assurance (P)-(E)	-.20	.83	.07	-.06	.35	-.84	130	.000
Pair 5	Empathy (P)-(E)	-.41	.74	.06	-.51	-.25	-5.86	130	.000
Total Score	Perception (P)-(E)	0.05	.44	.03	-.06	.08	-.95	130	.012

*Significant at P < 0.05

SD: Standard Deviation

Source: own survey (May, 2015)

From the analysis of table 7 above, for Emirates, a two tailed paired samples t test revealed that the highest difference is registered for Tangibility and Reliability with $t(130)=3.04$ and $2.84, p<0.05$ respectively. Empathy had the lowest t score of -5.86 followed by Responsiveness with t value -1.07 . These all are in line with the gap analysis results where Tangibility and Reliability were found to have highest mean gap scores.

Table 8: Mean Gap score of each item - Ethiopian

Items			Expectation		Perception		GAP mean		
			Mean	SD	Mean	SD	Mean	SD	Rank
Tangibility	1	Up to date equipment and comfortable interior/seat	3.95	1.00	3.19	.911	-.76	1.41	22
	2	Food and beverage	3.23	1.26	3.00	0.93	-.23	1.58	13
	3	In-flight entertainment facilities and programming	3.82	1.22	3.35	0.85	-.42	1.47	17
	4	Availability of waiting lounge	3.64	1.18	3.26	0.88	-.38	1.44	16
Reliability	5	On-time departure and arrival	4.05	.86	3.71	0.68	-.34	.94	15
	6	Safety	4.07	.70	4.12	0.57	.05	.89	6
	7	Consistent ground/in-flight services	3.80	.82	3.60	0.65	-.20	1.08	12
	8	Perform service right the first time	3.66	.98	3.88	0.52	.22	.98	4
	9	Seamless travel especially for long distance flights	3.41	1.10	4.00	0.67	.59	1.11	3
Responsiveness	10	Efficient check in/baggage handling	3.92	.75	3.73	0.71	-.19	1.02	11
	11	Employees are always willing to help	3.94	.79	3.82	0.68	-.12	1.08	8
	12	Employees handle requests/complaints promptly	3.56	.91	3.32	0.73	-.24	.98	14
	13	waiting time for the service	3.95	.83	3.94	0.65	-.01	1.08	7
Assurance	14	The employees are polite and respectful.	3.94	.86	3.49	0.80	-.46	.97	21
	15	The employees have adequate product knowledge	3.92	.78	3.48	0.71	-.44	.95	20
	16	The employees are good in instilling confidence in customers	4.00	.70	3.57	0.83	-.43	.94	18
	17	Customers feel safe and secure in transactions with the employees	4.09	.85	3.66	0.82	-.43	1.01	19
Empathy	18	Individual attention to passengers	3.61	.72	3.43	0.75	-.18	.94	10
	19	Understanding of passengers' specific needs	3.60	.87	3.45	0.64	-.15	1.13	9
	20	Availability of air/accommodation packages	3.67	.91	3.82	0.72	.15	1.25	5
	21	Availability of travel related partners ex. Hotel/rental car	3.25	.92	4.08	0.83	.83	1.22	1
	22	Enhanced Frequent Flyer Program benefits	3.26	1.06	4.06	0.86	.80	1.29	2

Source: own survey (May, 2015)

Table 8 shows the mean gap score of each service quality items for Ethiopian Airlines. The assurance item "Customers feel safe and secure in transactions with the employees." Has the highest expectation score (4.09) consistent with the second highest expectation score of the Assurance dimension. The second item in terms of expectation is "Safety" (4.07), which is a Reliability item. The third item "On-time departure and arrival" is also from reliability dimension with expectation mean of 4.05.

The reliability items "Safety" scored the highest perception score of 4.12. The second and third items in terms of perception are "Availability of travel related partners ex. Hotel/rental car" (4.08) and "Enhanced Frequent Flyer Program benefits"(4.06) which are empathy items. This is inconsistent with the dimension wise result in which the two dimensions scored the highest positive means

The lowest score in both expectation (3.23) and perception (3.0) is for "Food and beverage" which is tangibility item and shows tangibility to be a main area of concern when it comes to service quality.

The highest gap scores of 0.83 and 0.80 are for Empathy items "Availability of travel related partners ex. Hotel/rental car" and "Enhanced Frequent Flyer Program benefits", which is again consistent with the dimension wise result. The third highest gap score is for "Seamless travel especially for long distance flights" item of reliability with mean of 0.59. We can infer that the airline is performing well in these areas as a result of being a global alliance member carrier. An alliance airline can offer more itinerary choices than non-alliance airlines of a similar size (Oum and Park, 1997). The gap scores for most of the items were negative indicating a service quality shortfall in each of the service attributes

For Emirates, table 9, the mean gap score for 8 out of 9 tangibility and reliability items were positive. The negative score was -0.03 for the last item of reliability, "Seamless travel especially for long distance flights". The highest negative score was for "Enhanced Frequent Flyer Program benefits" with -0.75 consistent with the lowest perception score of 3.72 for Empathy dimension. The highest perception score was found for items of tangibility. The negative scores for each item show the gaps in service that need improvement.

Table 9: Mean Gap score of each item – Emirates

Items		Expectation			Perception		GAP mean		
		Mean	SD	Mean	SD	Mean	SD	Rank	
Tangibility	1	Up to date equipment and comfortable interior/seat	3.94	.90	4.19	0.75	0.25	1.00	4
	2	Food and beverage	3.46	1.18	3.89	0.77	0.43	1.05	1
	3	In-flight entertainment facilities and programming	3.89	.97	4.06	0.55	0.17	0.94	7
	4	Availability of waiting lounge	3.87	1.03	4.03	0.76	0.16	1.12	8
Reliability	5	On-time departure and arrival	3.64	.96	3.96	0.83	0.32	1.12	3
	6	Safety	4.09	.68	4.31	0.80	0.22	1.06	5
	7	Consistent ground/in-flight services	3.57	.86	3.97	0.81	0.4	1.04	2
	8	Perform service right the first time	3.42	1.10	3.62	0.77	0.20	0.94	6
	9	Seamless travel especially for long distance flights	3.73	1.10	3.70	0.79	-0.03	1.12	11
Responsiveness	10	Efficient check in/baggage handling	3.88	.96	3.91	0.86	0.03	1.09	10
	11	Employees are always willing to help	4.05	.86	3.71	0.78	-0.34	0.83	19
	12	Employees handle requests/complaints promptly	3.56	.91	3.61	0.73	-0.05	0.94	12
	13	waiting time for the service	3.94	.96	3.82	0.74	-.12	0.95	13
Assurance	14	The employees are polite and respectful.	3.98	.76	3.85	0.79	-0.13	0.95	14
	15	The employees have adequate product knowledge	4.05	.81	3.89	0.74	-0.16	0.75	15
	16	The employees are good in instilling confidence in customers	3.96	1.04	3.75	0.83	-0.21	1.02	17
	17	Customers feel safe and secure in transactions with the employees	3.93	.85	3.76	0.82	-0.17	0.96	16
Empathy	18	Individual attention to passengers	4.12	.66	3.74	0.81	-0.38	0.77	20
	19	Understanding of passengers' specific needs	4.06	.74	3.83	0.86	-0.23	1.11	18
	20	Availability of air/accommodation packages	4.27	.69	3.62	0.90	-0.65	1.23	21
	21	Availability of travel related partners ex. Hotel/rental car	4.06	.73	4.15	0.79	0.09	1.07	9
	22	Enhanced Frequent Flyer Program benefits	4.14	1.01	3.39	0.73	-0.75	1.13	22

Source: own survey (May, 2015)

Kotler (2003) asserts that, if performance fails to meet what is expected, then the customer will be dissatisfied. On the other hand, if the performance is able to meet and/or can exceed what is expected, then the customer will feel satisfied and/or very satisfied.

Table 10: Summary of expectation, perception, and satisfaction means comparison between Ethiopian and Emirates.

Airline		Tangibility			Reliability			Responsiveness			Assurance			Empathy		
		E	P	S	E	P	S	E	P	S	E	P	S	E	P	S
ET	Mean	3.67	3.21	-.46	3.83	3.85	.02	3.81	3.70	-.10	4.00	3.53	-.47	3.48	3.76	.28
	N	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153
	SD	.63	.62	.93	.63	.63	.62	.65	.71	.79	.62	.52	.68	.61	.47	.74
EK	Mean	3.79	4.05	.26	3.68	3.88	.2	3.83	3.74	-.09	3.98	3.78	-0.2	4.13	3.72	-.41
	N	131	131	131	131	131	131	131	131	131	131	131	131	131	131	
	SD	.91	.50	1.06	0.64	.49	.86	.73	.52	.85	.64	.55	.84	.56	.53	.74

E=Expectation; P=Perception; S=Satisfaction

S=P-E

Source: own survey (May, 2015)

As presented in table 10 and figure 6 below, it was found that respondents have a higher mean expectation on the services of Emirates Airlines for three of the service quality dimensions compared with Ethiopian Airlines.

Corresponding to expectation, perception of services quality on Emirates Airlines (Mean = 3.83) is higher than Ethiopian Airlines (Mean = 3.61). The mean expectation for both airlines is 3.82 compared to mean perception of 3.72 resulting in service gap of mean - 0.1.

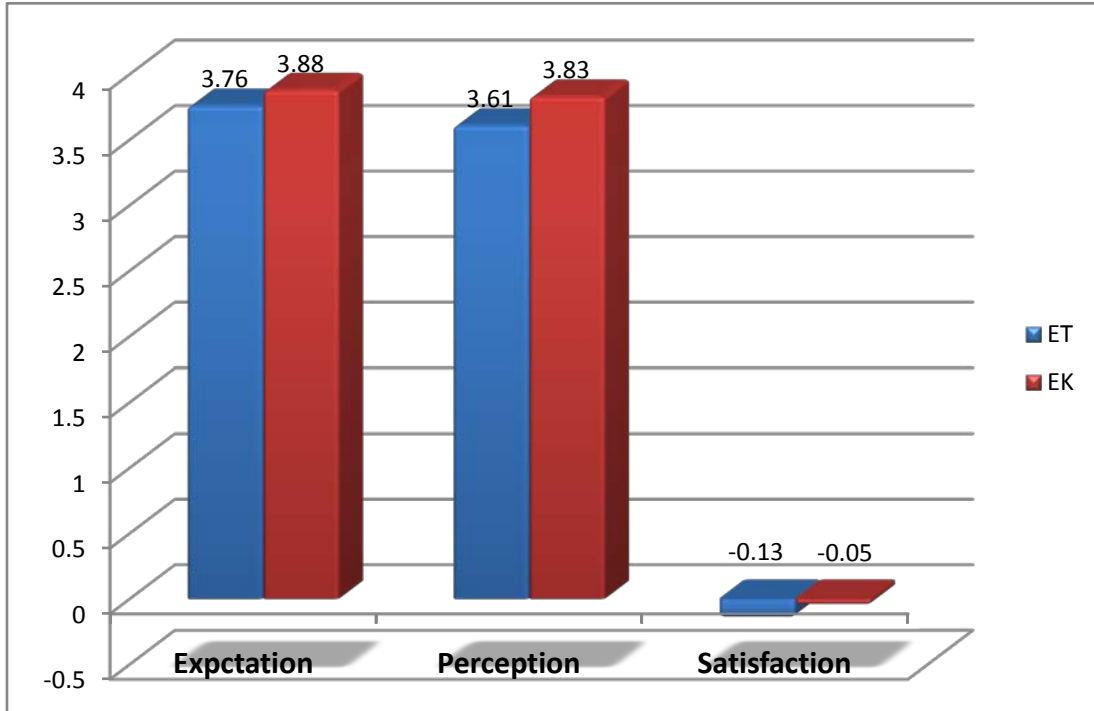


Figure 6: Summary of expectation, perception satisfaction means for ET and EK
Source: own survey (May, 2015)

Figure 6 summarizes the expectation and perception levels for the two airlines and the resulting satisfaction level. Accordingly, Emirates airline is near to meeting the expectations of its customers as compared to Ethiopian airlines.

4.3 One-way Analysis of Variance (ANOVA) Test

In order to see whether there is a variance in the gap score means of the five dimensions, with a difference in the “Round trip flight per year”, a one way ANOVA test at significance level $P < 0.05$ was conducted. Accordingly, as shown in table 11 and 12, there is no statistically significant difference.

Table 11: ANOVA for round trip flights per year –ET

Dimensions		Sum of Squares	df	Mean Square	F	Sig.
Tangibility	Between Groups	1.385	3	.462	1.858	.140
	Within Groups	31.537	127	.248		
	Total	32.922	130			
Reliability	Between Groups	.251	3	.084	.336	.799
	Within Groups	31.616	127	.249		
	Total	31.867	130			
Responsiveness	Between Groups	.155	3	.052	.183	.908
	Within Groups	35.843	127	.282		
	Total	35.998	130			
Assurance	Between Groups	1.035	3	.345	1.145	.334
	Within Groups	38.265	127	.301		
	Total	39.300	130			
Empathy	Between Groups	.975	3	.325	1.138	.336
	Within Groups	36.264	127	.286		
	Total	37.239	130			

Source: own survey (May, 2015)

From the analysis of Variance (ANOVA), that tests whether two or more means are significantly different from each other, all the five "Sig." values resulted in higher values than $P < 0.05$ which shows that there is no statistically significant difference between the means of each dimension with a difference in the “Round trip flight per year”.

Table 12: ANOVA for round trip flights per year –EK

		Sum of Squares	df	Mean Square	F	Sig.
Tangibility	Between Groups	2.173	3	.724	1.933	.127
	Within Groups	55.813	149	.375		
	Total	57.985	152			
Reliability	Between Groups	.547	3	.182	1.415	.241
	Within Groups	19.194	149	.129		
	Total	19.741	152			
Responsiveness	Between Groups	.658	3	.219	.842	.473
	Within Groups	38.827	149	.261		
	Total	39.485	152			
assurance	Between Groups	3.913	3	1.304	5.098	.260
	Within Groups	38.117	149	.256		
	Total	42.029	152			
Empathy	Between Groups	2.275	3	.758	3.490	.419
	Within Groups	32.374	149	.217		
	Total	34.649	152			

Source: own survey (May, 2015)

For Emirates also, all the values of "Sig." resulted in higher values than Pvalue which shows that there is no statistically significant difference between the means of each dimension with a difference in the “Round trip flight per year”.

4.4 Analysis of Customer Satisfaction

The dependent variable customer satisfaction was analyzed with the descriptive statistics, frequency distribution. The below table presents the result of the analyzed overall customer satisfaction

Table 13: Mean score of overall customer satisfaction

	Airline	N	Minimum	Maximum	Mean	Std. Deviation
overall level of satisfaction	ET	153	1.00	5.00	3.35	.90
	EK	131	1.00	5.00	3.54	.93

Source: own survey (May, 2015)

Overall customer satisfaction was measured at 5 point likert scale; (5 = highly satisfied, 4 =satisfied, 3 =neutral, 2 =dissatisfied and 1 = highly dissatisfied). The mean scores given by the 153 respondents of Ethiopian airlines as shown in table 15 is 3.35, which is above the average and shows customers in general are satisfied with the service they get.

From the 131 respondents of Emirates Airlines, the mean score of overall satisfaction is found to be 3.54 showing that customers are generally satisfied. Compared to Ethiopian airlines, Emirates airlines customers are better satisfied

Table 14: Break down of overall satisfaction level by number of respondents

Airline	level of Satisfaction	Frequency	Percent	Cumulative Percent
ET	Highly Dissatisfied	5	3.3	3.3
	Dissatisfied	23	15.0	18.3
	Neutral	45	29.4	47.7
	Satisfied	73	47.7	95.4
	Highly Satisfied	7	4.6	100.0
	Total	153	100.0	
EK	Highly Dissatisfied	3	2.3	2.3
	Dissatisfied	20	15.3	17.6
	Neutral	22	16.8	34.4
	Satisfied	75	57.3	91.6
	Highly Satisfied	11	8.4	100.0
	Total	131	100.0	

Source: own survey (May, 2015)

Looking at the break down of the respondents as summarized in table 14 above, from the total 153 respondents of Ethiopian 47.7% indicated they are satisfied, 29.4% remained neutral, 15% Saied they are dissatisfied 4.6% said they are highly satisfied while the remaining 3.3%represent high dissatisfaction.

For Emirates, 57.3% of the sample respondents reported that they are satisfied with the overall service. 16.8% of them gave a neutral response while the next 15.3% and 8.4 of them said they are dissatisfied and highly satisfied respectively. Only 2.3% of Emirates Respondents were highly dissatisfied.

4.4.1 Correlation of service quality attributes with overall customer satisfaction

The correlation analysis was done to assess the relationship between service quality dimensions and overall level of satisfaction and the correlation among service quality dimensions. It helps to gain insight into the direction and strength of correlation between variables. Correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+). The sign of the correlation coefficient defines the direction of the relationship. The absolute value indicates the strength of the correlation.

As per the general principle suggested by Cronk(2008), correlation values less than 0.3 are considered weak, correlations between 0.3 and 0.7 are considered moderate, and correlations greater than 0.7 are considered strong as the closer it gets to 1 the stronger it becomes and the closer it gets to zero the weaker it is.

Table 15: Summary of Pearson Correlation analysis for Ethiopian Airlines

Dimensions		Tangibility	Reliability	Responsiveness	Assurance	Empathy	Overall level of satisfaction
Tangibility	Pearson Correlation Sig. (2-tailed)	1					
Reliability	Pearson Correlation Sig. (2-tailed)	.558** .000	1				
Responsiveness	Pearson Correlation Sig. (2-tailed)	.319** .000	.483** .000	1			
Assurance	Pearson Correlation Sig. (2-tailed)	.400** .000	.351** .000	.544** .000	1		
Empathy	Pearson Correlation Sig. (2-tailed)	.580** .000	.665** .000	.508** .000	.582** .000	1	
Overall level of satisfaction	Pearson Correlation Sig. (2-tailed)	.509** .000	.712** .000	.512** .000	.402* .000	.659** .000	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey (May, 2015)

As shown in table 15, all the values of the Pearson correlation(r) were found to be significant at $p < 0.01$ showing a reliable relationship. The magnitude of relationship ranged from .319(between responsiveness and tangibility) to .665(between reliability and empathy) and for most of the variables, the strength of the correlation was found to be moderate. There was a moderate to strong correlation between overall satisfaction and all the dimensions with r value ranging from .402 to .712. The highest score was with reliability dimension ($r=.712$) which indicates that reliability has a stronger positive correlation with overall satisfaction followed by empathy ($r=.659$) and responsiveness with $r=.512$. Hence, suggesting improving on the Reliability, Empathy and Responsiveness item will improve the satisfaction level of customers.

Table 16: Summary of Pearson Correlation analysis for Emirates Airlines

Dimensions		Tangibility	Reliability	Responsiveness	Assurance	Empathy	Overall level of satisfaction
Tangibility	Pearson Correlation Sig. (2-tailed)	1					
Reliability	Pearson Correlation Sig. (2-tailed)	.458** .000	1				
Responsiveness	Pearson Correlation Sig. (2-tailed)	.319** .000	.483** .000	1			
Assurance	Pearson Correlation Sig. (2-tailed)	.500** .000	.411** .000	.678** .000	1		
Empathy	Pearson Correlation Sig. (2-tailed)	.420** .000	.665** .000	.508** .000	.618** .000	1	
Overall level of satisfaction	Pearson Correlation Sig. (2-tailed)	.535** .000	.723** .000	.412** .000	.588** .000	.352** .000	1

** . Correlation is significant at the 0.01 level (2-tailed). Source: own survey (May, 2015)

From the correlation analysis of Emirates airline respondents, table above, the correlation between overall level of satisfaction and each of the dimensions was found to be statistically significant. The highest correlation was found with reliability ($r=.723$) followed by Assurance ($r=.588$). The lowest correlation that overall satisfaction has was with Empathy with $r=.352$.

The correlation among each of the variables was also found to be significant ranging from .319 to .665.

From these analyses, alliance member carrier's customers' satisfaction is more related to the Empathy and Responsiveness dimensions whereas Reliability is a dimension strongly related to overall customer satisfaction of both alliance member and nonmember airline.

After examining the correlation between services quality dimensions and overall customer satisfaction, multiple regression analysis was conducted using overall customer satisfaction as a dependent variable and the perceived service qualities of the five dimensions as independent variable. The regression analysis helps to see the relevance of the five dimensions in affecting customer satisfaction

Table 17: Regression analysis result per dimension

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1 ET	(Constant)	2.808	1.052		2.669	.000
	Tangibility	-.072	.127	-.049	-.567	.572
	Reliability	.147	.213	.299	.693	.003
	Responsiveness	.017	.164	.010	.106	.075
	Assurance	.221	.175	.102	-.293	.470
	Empathy	.391	.183	.248	.496	.010
2 EK	(Constant)	1.960	1.089		1.801	.000
	Tangibility	-.161	.165	-.121	1.585	.004
	Reliability	-.050	.169	.361	-.298	.000
	Responsiveness	.200	.171	.181	-.581	.037
	Assurance	.191	.170	.223	1.121	.002
	Empathy	.111	.167	-.264	.665	.507

a. Dependent Variable: Overall level of satisfaction* Significance at $p < 0.05$

Source: own survey (May, 2015)

The results summarized in table 17 above show that for Ethiopian, Reliability and Empathy are the only two important factors affecting overall satisfaction at significance level $P < 0.05$, which is in line with the correlation analysis. Reliability has the highest Beta (.299) and t value (.693) score followed by Empathy with Beta (.248) and t value (.496).

Assurance and Tangibility for Ethiopian Airlines scored a higher P value i.e. $P > 0.05$ showing that these two factors are not affecting the overall customer satisfaction level at a significant level.

For Emirates, the results indicate positive and statistically significant relationship of Reliability, Assurance and Responsiveness at significance level $P < 0.05$. Reliability scored the highest Beta .361 followed by Assurance with Beta.223 and Responsiveness with Beta.181. Empathy, on the other hand, was found to be a dimension affecting overall customer satisfaction at a lower significance level with “Sig.” score of .507.

Table 18: Model Summary of the multiple regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1 ET	.578 ^a	.316	.311	.821	.106	16.179	5	147	.000
2 EK	.697 ^a	.389	.321	.759	.239	13.006	5	125	.000

a. Predictors: (Constant), Empathy, Tangibility, Reliability, Responsiveness, Assurance

Source: own survey (May, 2015)

The summary of the linear regression model (Table 18) shows, 31.6% ($R^2 = 0.316$) of the variation in overall satisfaction with Ethiopian airlines and 38.9% ($R^2 = 0.389$) of the variation in overall satisfaction with Emirates airlines is explained by the model with a significance level $P < 0.01$. Hence, indicating the importance of service quality for overall customer satisfaction. Compared to Ethiopian Airlines, the model explains the variation in overall satisfaction more to Emirates indicating that Emirates can better utilize the model in satisfying customers.

Further, the results of the regression analysis highlighted the priority areas of service improvement and revealed that not all the dimensions contribute equally to the customer satisfaction of airline customers. The study indicated that among the five service quality dimensions, Reliability is the first dimension having a significant impact on customer satisfaction with both airlines.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the findings followed by conclusions and recommendations. Limitations and implications for future research are discussed at the end.

5.1 Summary of findings

The main aim of this study was to assess the customer satisfaction level customers with the service provided by a global alliance member carrier, Ethiopian and nonmember carrier, Emirates. Since airline Global alliances claim that they provide a better service to customers and hence Customer satisfaction, the study tried to assess the two airlines' customer satisfaction level to check if the claims are true and if Alliances' are worthy of joining from customer's satisfaction perspective. The SERVQUAL instrument was used to measure the gap between service expectations of customers and their evaluation of the actual performance. A survey questionnaire was used to collect data which later was analyzed through descriptive and inferential statistics.

The data collected from 153 Ethiopian Airlines respondents showed that customers perceive a positive service quality level for Reliability and Empathy dimension. But, the mean score of service perceived quality from the five dimensions fell short of customers' expectation, indicating a negatively perceived overall service quality.

From the analysis of 131 Emirates respondents, customers' average perception of service with dimensions tangibility and reliability was better than their expectation while empathy, assurance and responsiveness were perceived with low quality. The resulting the mean gap score of service quality was -0.05 showing that Emirates is near to meet customer's expectations with improvements to the three dimensions and other factors affecting service quality. Generally, the service quality level of Emirates was found to be better than Ethiopian.

However, when the mean of overall customer satisfaction was assessed, 35.4% of Emirates respondents and 33.5% of Ethiopian respondents were found to be satisfied which shows service quality is not the only factor that determines customer satisfaction. Even though the overall level of customer satisfaction is positive, of the two, Ethiopian Airlines obtained a higher score of dissatisfaction compared to Emirates. Thus, the study concluded that respondents are generally dissatisfied more with Ethiopian Airlines compared to Emirates.

The study also found that there is no major difference in the level of expectation and perception with a difference in Round trip flight per year.

Consistent with early conceptualizations of the “service concept” as a bundle of goods and services, overall satisfaction has been shown to be well explained by satisfaction with constituent service components (Athanasopoulos & Iliakopoulos 2003; Kumar & Tsiros 1999; Ross & Baldasare 1998). In this study also the analysis made to see the impact of service quality dimensions on overall customer satisfaction showed that the model as a whole explained 38.9% of the variation in customer satisfaction with Emirates airlines and 31.6% of the variation in customer satisfaction with Ethiopian airlines.

5.2 Conclusions

Using the “SERVQUAL” tool, the study measured the difference between expectations and perceptions in the form of gap score.

Parasuraman et al., argue that, with minor modification, SERVQUAL can be adapted to any service organization. They further argue that information on service quality gaps can help managers diagnose where performance improvement can best be targeted. The largest negative gaps, combined with assessment of where expectations are highest, facilitate prioritization of performance improvement. Equally, if gap scores in some aspects of service do turn out to be positive, implying expectations are actually not just being met but exceeded, then this allows managers to review whether they may be "over-supplying" this particular feature of the service and whether there is potential for re-deployment of resources into features which are underperforming.

Accordingly,

- ◆ Both Ethiopian Airlines and Emirates performed below the expectation of customers indicating a service shortfall. Comparing the two airlines, the mean score of Emirates performance is found to be better than Ethiopian.
- ◆ For Ethiopian Airlines, Tangibility dimension has the lowest score in perception and second lowest in expectation leading to a high service gap is an indication that customers already do not hold a high expectation but yet faced with unsatisfactory performance.
- ◆ Ethiopian needs to improve the areas of “Up to date equipment and comfortable interior/seat”, “On time departure and arrival” and ” Customers feel safe and secure in transactions with employees” are the top three items if the situation is to improve.

- ◆ For Emirates, “Enhanced Frequent Flyer benefits”, “Seamless travel especially for long distance flights” and “Availability of air/accommodation packages” are the main areas requiring attention. From the literature reviewed in this study, the first two are the items listed as benefits of being a global alliance member. Hence, the negative score of Emirates in these areas might be due to the fact that Emirates is not a member of a Global Alliance.
- ◆ Other elements “Employees are always willing to help”, “Consistent ground/inflight services” and “Individual attention to passengers” are also very important common areas of improvement for both airlines in order to improve the overall perceived quality.
- ◆ It has also been established that the majority of the customers still feel satisfied even if there is a service shortfall with the average rating being slightly satisfied. The fact that service quality has an impact on customer satisfaction indicates that the two airlines have a room to further satisfy their customers by improving the quality of the service they provide.
- ◆ Among all the dimensions, Reliability was found to be the number one influencer of customer satisfaction with both airlines which further stressed the need to focus on reliability items for overall satisfaction of customers. The second dimension is Empathy for Ethiopian Airlines and Assurance for Emirates.
- ◆ From both mean gap score values and from the overall customer satisfaction scores, it was found out that Emirates provides better service and customer satisfaction than Ethiopian Airlines. Hence, the study concludes that being a member of Global Alliance doesn’t secure customer satisfaction. Moreover, from the overall Customer satisfaction perspective only, joining alliances may not be worthy.

5.3 Recommendations

Based on the analysis of this study, several recommendations have been forwarded

- ◆ As the findings of this study show, most of the issues are lying with reliability. Thus, reliability is the dimension that both airlines should keep at high position at all times through having a robust and flexible safety procedure, having young aircrafts with shorter replacement periods and strong aviation and maintenance academy.
- ◆ Managers need to work on educating and training the agents dealing with customers in the areas of customer handling, product knowledge, and in giving individual attention to customers.
- ◆ Ethiopian Airline's management needs to understand that the lucrative aviation industry always draws in new competitors. Therefore, to ensure their customer satisfaction it is necessary to stay competitive with a strong Reliability and Empathy base. The Empathy base can further be improved by enhancing the benefit offered by the alliance carriers and widening the options of millage accrual and redemption.
- ◆ The results of this study also provide management implications that Global alliance member carriers, specifically Ethiopian Airlines, need to realize that their counterpart, the non-alliance member carrier, Emirates is giving better satisfaction to customers.
- ◆ Management of Ethiopian should consider improving the dimensions which most affect passengers' expectations and perceptions that contribute to overall satisfaction by utilizing the advantages of being a global alliance membership in a way customers feel it.

- ◆ Consistent With the finding that overall satisfaction can well be explained by the service quality dimensions, the results of this study can provide airline management with information regarding their service quality and the resulting customer satisfaction. As satisfaction occurs when consumers' expectations are met or exceeded, creating more realistic consumers' expectations about the promises that airlines make may increase the level of perceived service quality
- ◆ By managing the service quality dimensions in order of their importance, both airlines can improve customers' perception of service delivered and enhance the customer satisfaction
- ◆ As both airlines are famous, the finding that Emirates scored high on customer satisfaction doesn't mean Ethiopian is not a strong competitor nor Global alliances don't contribute to customer satisfaction. Instead, the airlines should consider the satisfaction dimensions which most affect passengers' expectations and perceptions that contribute to overall satisfaction
- ◆ Emirates can further increase service quality and customer satisfaction by focusing on the weak areas and also using a differentiation strategy. This could also be carried out by joining a strong alliance and enhancing frequent flyer program benefits.

5.4 Limitations and Implications for Further Research

Due to time and resource constraint, the study is conducted by targeting passengers who traveled through Addis Ababa Bole International Airport from 18th Apr 2015 and 26th Apr only depending on their willingness to fill a questionnaire. Hence, those passengers who did not travel during this period are not addressed. In addition, the flights chosen were only two.

The writer of this research believes that this study is just the tip of the iceberg. The area needs a thorough and detailed investigation with more resource both in terms of time and money. Future researches by applying other methods like SURVPERF, interview instead of questionnaire, probability sampling method than non-probability method and more sample size and different flight sectors would shed more light on the subject. In addition, a research on the airline global alliance as a whole and its benefits from perspectives other than customer satisfaction is also an area to explore.

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APPENDIX

Addis Ababa
University
(Since 1950)



Addis Ababa University School of Commerce, Masters of Marketing Management.

Questionnaire filled by customers of Airlines

Dear Respondent,

First of all I would like to thank you for taking your time to read and fill this questionnaire.

My name is BezawitHagos and I am a graduating Master of Arts student at Addis Ababa University School of Commerce. This questionnaire is to be used solely for the research I am undertaking in order to fulfill my thesis work required to complete my study.

The aim of this research is to measure the service quality in the Airline industry. Your participation is invaluable and will remain anonymous. Hence, there is no need to state your name.

The questionnaire is divided in to three parts. Please read the instructions carefully before starting to answer. There is no right or wrong answer, all I am interested in is a number that truly reflects your feelings. Please put a tick (√) in the boxes which mostly explain your attitudes.

If you need more information, please do not hesitate to contact me through my cell phone number 0913248374 or through E-mail bezitarich@yahoo.com

Thank you in advance for your participation.

Part I: Respondents Background

1. Sex

- Male Female

2. International flight (round trip) you fly within 1 year

- Less than 3 4-6 7-9 More than 9

3. Purpose of your trip

- Leisure Business/Corporate
 Personal business/trade Visit of family and friends

4. Class of service

- Business and above Economy

PART II: Survey of your expectations and perceptions towards service quality of Airlines

Expectations

Based on your experiences and expectations, please rate how important the following service attributes are to you when you choose an airline. The levels of Expectation are,

1=Not important at all 2=slightly important 3= Neutral 4=important 5=very important

Items		Level of Expectation				
		Your expectation from an excellent Airline				
SCALE		1	2	3	4	5
1	Up to date equipment and comfortable interior/seat					
2	Food and beverage					
3	In-flight entertainment facilities and programming					
4	Availability of waiting lounge					
5	On-time departure and arrival					
6	Safety					
7	Consistent ground/in-flight services					
8	Perform service right the first time					
9	Seamless travel specially for long distance flights					
10	Efficient check in/baggage handling					
11	Employees are always willing to help					
12	Employees handle requests/complaints promptly					
13	Prompt service by employees					
14	The employees are polite and respectful.					
15	The employees have adequate product knowledge.					
16	The employees are good in instilling confidence in customers.					
17	Customers feel safe and secure in transactions with employees.					
18	Individual attention to passengers					
19	Understanding of passengers' specific needs					
20	Availability of air/accommodation packages					
21	Availability of travel related partners ex. Hotel/rental car					
22	Enhanced Frequent Flyer benefits					

Perceptions

Based on your experiences and perceptions with the service of the Airline on your current and previous flight(s), please rate the quality level in terms of the following service attributes

The levels of Perception are,

1=Highly Dissatisfied 2=Dissatisfied 3= Neutral 4=Satisfied 5= Highly Satisfied

Items		Level of Perception				
		Your Perception from the Airline				
SCALE		1	2	3	4	5
1	Up to date equipment and comfortable interior/seat					
2	Food and beverage					
3	In-flight entertainment facilities and programming					
4	Availability of waiting lounge					
5	On-time departure and arrival					
6	Safety					
7	Consistent ground/in-flight services					
8	Perform service right the first time					
9	Seamless travel specially for long distance flights					
10	Efficient check in/baggage handling					
11	Employees are always willing to help					
12	Employees handle requests/complaints promptly					
13	Prompt service by employees					
14	The employees are polite and respectful.					
15	The employees have adequate product knowledge.					
16	The employees are good in instilling confidence in customers.					
17	Customers feel safe and secure in transactions with employees.					
18	Individual attention to passengers					
19	Understanding of passengers' specific needs					
20	Availability of air/accommodation packages					
21	Availability of travel related partners ex. Hotel/rental car					
22	Enhanced Frequent Flyer benefits					

Part III. Please circle the number of your opinion

Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
5	4	3	2	1

What is your overall satisfaction level with the service you obtained?

Once again, thank you so much!