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A STUDY ON SERVICE QUALITY OF INDIAN AIRLINES AND ITS EFFECT ON AIR PASSENGERS

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ABSTRACT

India is the second largest country in terms of population. India's average age falls under 29 years which is the youngest in the world. India's middle-class population is also on the rise which is expected to reach over 800 million people by 2030, Which in turn increase the demand of Airlines. As per a study, India may need 2380 new commercial planes by 2038. Due to emergence of many low-costairlines, it is necessary to examine the service quality in airlines to identify the level of passenger satisfaction. Service Quality in service sector is a major and most important as it is the USP of the sector. This paper has made an attempt to study the customer satisfaction towards various airlines by considering 10 variables and the effect of service quality on customer satisfaction is studied using 6 variables.

Keywords : Service Quality, Servqual, Indian Aviation, Passenger Satisfaction, Customer loyalty, Service Quality Measurment

Introduction :

Indian Airline Industry is one of the fastest growing industry in the country. Rise in Middle income households in the country has contributed a lot for the growth of the aviation sector. It is expected that Indian Airline Industry will become the 3rd largest aviation market in the world by 2024 surpassing China and USA as per the data by IATA(The International Air Transport Association). Service quality is the main and foremost important factor in the service sector. In a highly competitive environment, Core high level service quality is the main gamechanger for the companies. Since last decade, Airline companies are focusing on their service quality to please and satisfy their customers. Service quality is consumer's overall imprint of the efficiency of the organization and its services. Customer satisfaction leads to customer loyalty which automatically brings in customer again and again for availing the particular airline services. This paper has made an attempt to measure the service quality provided by airlines to the customers and in which services the customers are more satisfied.

Objectives of the Study :

1. To Examine the Passenger Satisfaction in terms of Service Quality of Different Airlines.
2. To study the effect of service quality on customer satisfaction

Literature Review :

The emergence of low-cost airlines has posted a challenge on customer satisfaction (Saha & Theingi,2009). The airline service quality is difficult to measure because of its heterogeneity and intangibility (Chang & Keller, 2002). Customer or passenger satisfaction has become critically important (Dennet and Colgate, 2000)

Indian Aviation Market :

Aviation Market in India contributes about 35 billion dollars annually. In comparison with last decade, Indian aviation market saw exponential increase in terms of number of travellers. In 2010, 79 million people

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travelled to or from India. By 2017 it has almost doubled to 158 million. By 2037, it is expected to be 520 million. Currently India has 128 operational airports which includes 29 International- 89 Domestic and 10 custom airports. Growing demand has forced the Indian government to expand their airport infrastructure. Government has even planned to develop 100 airports by 2024. India's aviation industry is expected to attract Rs 35000 crore investment in the next four years. Many airlines including Indigo and spicejet have planned to start low cost airline to expand the affordable market.

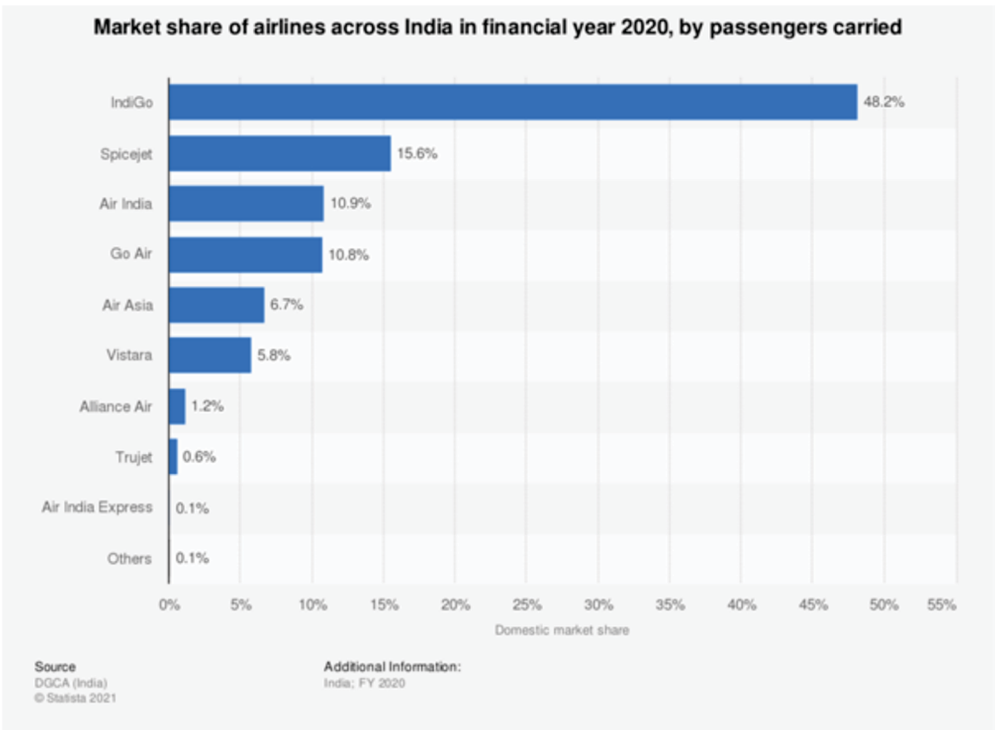

Figure1- Indian Airlines market share
Source: DGCA India

Research Methodology :

We examined a total of 250 passengers, in which 120 have responded to the questionnaire distributed individually. 5-point likert scale was used in designing the questionnaire. Exploratory factor analysis was used to measure the service quality of the airline.

Measures	Variable	Scale
Passenger Satisfaction and service quality on In-Flight Services	Seat Comfort	**Likert 5-point Scale**
	Staff Grooming	
	Online Check-in	
	Cleanliness of Cabin	
	Crew Friendliness and approachability	
	Additional facilities like pillow etc	
	Newspapers / Magazines	
	Music/ Entertainment facilities	
	24 *7 Call Center facilities	
	Baggage allowance	

Descriptive Statistics :

Attributes	Distribution	Sample Number	Frequency
Gender	**Male**	76	63.33%
	Female	44	36.66%
Age	**18-25**	24	20%
	26-35	47	39.16%
	36-45	31	25.83%
	More than 45	18	15%
Income Level	**Less than 3 Lakh**	14	11.66%
	3.01Lakh-6 Lakh	27	22.5%
	6.01 Lakh – 10 Lakh	39	32.5%
	More than 10 Lakh	40	33.33%
Profession	**Business**	29	24.16%
	Government Employee	13	10.83%
	Private Employee	36	30%
	Student	9	7.5%
	Others	33	27.50%

Table1: Profile of the Passengers

Data Analysis :

Factor	Variable	Factor Loadings	Eigen Value	Cumulative % of Variance
	Seat Comfort	**0.864**		
	Staff Grooming	**0.767**		
	Online Check-in	**0.678**		

In Flight and Off Flight Operations of Airlines	Cleanliness of Cabin	**0.782**	**11.682**	**52.677**
	Crew Friendliness and approachability	**0.838**		
	Additional facilities like pillow etc	**0.535**		
	Newspapers / Magazines	**0.618**		
	Music/ Entertainment facilities	**0.5860**		
	24 *7 Call Center facilities	**0.851**		
	Baggage allowance	**0.722**		

Table 2: Factor Analysis Result

Inference :

Factor Analysis was used to measure the overall Airline service quality on the service provided to satisfy the passengers. The principal component of factor analysis with variable rotation was carried out. The overall pattern of rotated factor loadings suggested a three-dimensional solution. While checking in-flight services cuisines provided and seat comfort is biggest factor to select aircraft to fly. Crew Friendliness and Staff Grooming was also weighed almost equal among the preference of the passengers. overall cumulative percentage of variance is 52.677to in-flight service and Off Flight Operations of Airlines.

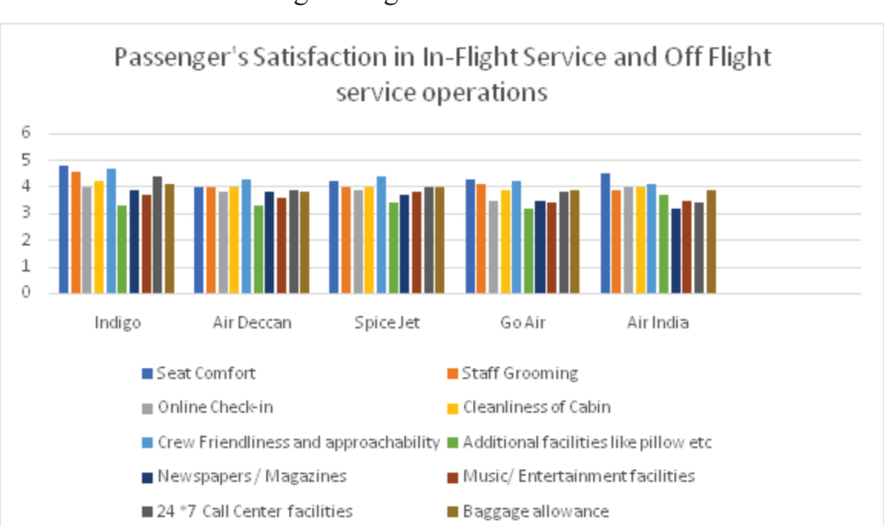

Figure2:Passengers satisfaction on various airline services

From the above figure, it is evident that average and highly satisfied service for passengers was seat comfort and Staff friendliness and approachability. Likert 5-point scale used, 5 points awarded to highly satisfied services and 1 point awarded to highly dissatisfied services. Respondents were high from Indigo and Spice jet airlines while the lesser respondents were from Air Decan and Go Air.

Relationship between service Quality and Customer satisfaction :

The impact of service quality on customer satisfaction is studied using the below model. Five factors were considered.

1. Reliability
2. Warrant
3. Response to the customer
4. Tangible facilities
5. Safety and Security
6. Communication

Variable	P	C.R	Regression Coefficient
Reliability	0/00	10.12	0.40
Warrant	0/00	3.53	0.38
Response to the customer	0/00	7.09	0.57
Tangible facilities	0/00	8.97	0.68
Safety and Security	0/00	3.47	0.37
Communication	0/00	3.89	0.42

Table 3 : Regression coefficients of the six variables

Inference :

1. The Standardised regression coefficient for the Reliability variable is 0.40 for which the amount of C.R in 10.12 and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Reliability has a positive impact on customer satisfaction.
2. The Standardised regression coefficient for the Reliability variable is 0.38 for which the amount of C.R in 3.53 and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Warrant has a positive impact on customer satisfaction.
3. The Standardised regression coefficient for the Reliability variable is 0.57 for which the amount of C.R in 7.09 and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Response to the customer has a positive impact on customer satisfaction.
4. The Standardised regression coefficient for the Reliability variable is 0.68 for which the amount of C.R in 8.97 and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Tangible

Facilities has a positive impact on customer satisfaction.

5. The Standardised regression coefficient for the Reliability variable is 0.37 for which the amount of C.R in 3.47and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Safety and Security has a positive impact on customer satisfaction.
6. The Standardised regression coefficient for the Reliability variable is 0.42 for which the amount of C.R in 3.89 and P value is < 0.05, so it is concluded that H0 is accepted. In other words, Communication has a positive impact on customer satisfaction.

Conclusion :

Indian Airline Industry is on the verge of major turnaround for sure. Increased interest in tourism and government's investment on reviving Indian tourism are major catalysts for the Aviation Industry. Indian airline traffic stood at 204.2 million passengers by 2019 which was at 77.4 million passengers in 2010. Even International tourists visiting India is also increasing as international passengers' traffic was at 63.9 million in 2019. When compared to 32.9 million in 2010. Based on our findings, Airline Passengers expectation on service quality was high and Indian airlines are taking more innovative steps to match their expectation. Seat Comfort and Crew friendliness plays major role as they interact with the customers directly during the full duration of travel. Quality of the service brings back the customer to avail the airline service irrespective of the cost, that is studied on the six factors. Government is also planning to increase the investment in airports and roads which may bring in more passengers. Port Privatisation also may attract more investments in creating and maintaining more airports.

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