



Wisdom of Domestic Customers: An Empirical Analysis of the Turkish Private Airline Sector

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Abstract

Customer Satisfaction is one of the most important processes in airline industry and is recognized as key to the success of business competition which is the individual's perception of the performance of the service in relation to expectations. Customers have drastically different expectations and, the objective of airline marketing efforts in today's fast moving world is to maximize customer satisfaction. For this reason, airline marketers offer more products and services than ever before.

In the airline industry understanding what passengers need and expect is essential to providing desired service quality (Gilbert & Wong, 2003) and consequently to understand the airline's performance levels (Chen & Chang, 2005).

An in-depth review of related literature has revealed that a majority of travel researchers tend to define quality as meeting passengers' needs and expectations. Since customer expectations of service quality may vary at different stages in the service process, it has been strongly argued that in practice, most airlines measure passenger perceptions of their service offerings in order to evaluate and understand the airline's performance level without clear knowledge of passengers' expectations for service in each stage. Consequently, lack of understanding or misunderstanding such expectations could pose serious problems in resource allocation decisions. However, most airlines do not recognize the importance of this approach. Passengers' expectations are among the factors influencing the service decisions of airlines.

The primary objectives of this study are to determine customer expectations and satisfaction of private airline company service in Turkey. There is very limited literature on importance and satisfaction analysis private airline services. Based on a survey of 207 domestic passengers of four Turkish private airlines, this paper reveals passengers demographic profiles, behavioral characteristics, understanding of airline expectations and satisfaction levels with measured involve on twelve factors; convenience of schedules, on time performance, safety, types of airlines, price, comfort, food and drinks, personnel behavior, airline images, baggage services, flight network, cabin services.

Keywords: Customer satisfaction, Airlines, Turkish Private airline sector

1. Introduction

Understanding, creating, communicating, and delivering customer value and satisfaction are at the very heart of modern marketing practice. The customer, rather than marketing, is at the center of modern business philosophy, and customer service satisfaction is the primary aim. (Zeithaml, Bitner, 2000)

In the service quality and customer satisfaction literatures, expectations are interpreted differently. In service quality, expectations have a normative role, are based on past experience, and they provide the consumer's view of what should happen. In the customer satisfaction literature, expectations are usually linked to what consumers forecast, that is, they have a more predictive role and they relate to what will happen. The role of expectations in service quality is made more complex by theory suggesting that different levels of normative expectations exist (the customer's "zone of tolerance") and that the expectations associated with service quality and customer satisfaction interact (Zeithaml *et al.*, 1993, Dean, 2002)

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Ranaweera, Prabhu, 2003) which in airline operations has become critically important. Dennett, Ineson, Stone, and Colgate (2000) suggest that as competition created by deregulation has become more intense, service quality in the airline industry has also received more attention. The delivery of a high level of service quality by airline companies became a marketing requisite in the early 1990s, as competitive pressures continued to increase. (Clemes, *et al*, 2008) In service industries such as the airline industry, the distinctive features of services require that managers understand customer needs and expectations, and keep promises. In service industries such as the airline industry, the distinctive features of services require that managers, particularly frontline managers, understand customer needs and expectations, and keep promises (Aksoy, *et al*, 2003).

As in other sectors, the problem in the airline sector is whether management can correctly perceive what customers want and expect. Expectations serve as a major determinant of a consumer's service quality evaluations and satisfaction (O'Connor *et al.*, 2000). Moreover, expectations serve as standards or reference points for customers. In evaluating service quality, passengers compare what they perceive they get in a service encounter with their expectations of that encounter. Assessing passenger expectations is not a static exercise as passengers are becoming increasingly sensitive to quality. However, not all service dimensions are equally important to all passengers, because no two passengers are precisely alike, especially when demographics; purposes of travelling is considered. (Aktas, *et al*, 2007)

At this point, the "voice of the customer" should be taken into the design process using advanced techniques, such as experimental design, quality function deployment, and value engineering. After delivering the services, service providers should monitor how well the customers' expectations have been met (Pakdil, Aydın, 2007)

Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992). Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one (Woodruff, 1997)

In addition increasing customer satisfaction can lead to improved profits, lower marketing expenditures, and positive word-of-mouth communication (Reichheld, 1990). It can be a significant determinant of passengers' buying behaviors and crucial to the long-term survival of some airlines. (Park, 2007)

2. Private airlines sector in Turkey

Turkey is strategically positioned astride Europe, Africa and Asia. The Republic of Turkey shares a common border with nine other nations in the region. With a growing population, rapid urbanization, a healthy foreign tourism industry and an active regional commercial base, Turkey has witnessed a need to further develop civil aviation and airport infrastructure in the current decade Turkey, is larger than any country in Western Europe, Given its large size and growing population base, the residents of Turkey have come to rely on domestic and international air service.

The roots of the Turkish airline industry could be traced back to 1933, when Turkish Airlines (THY) was founded. Between 1933 and 1982, it was the only player in the Turkish airline industry. Until 1982, Turkish Airlines was the only airlines company operating in Turkey, and had no domestic competitors. In 1982, the market was deregulated. At that time competitors entered the airline market and began to operate domestic and international flights. However, the fierce competition left many bankrupt: of the 29 airlines established in 1982, 22 were soon bankrupted. (<http://www.byegm.gov.tr/>, 2009)

In 1983 Turkish Civil Aviation Law was enacted. This law provided the private sector the right to operate an airline and an airport. After that, a new era began for Turkish Civil Aviation and civil aviation activities grew rapidly. In 80's along with the growth of tourism industry worldwide air transportation industry also showed a growing trend. Many charter airlines were founded and started to operate Europe-Turkey tourist charter markets. Second half of the decade both Turkish Airlines and private charter airlines enlarged their fleets. At the end 2003, government changed air transportation politics and all restrictions on private airline companies to operate in scheduled domestic routes were lifted and domestic routes were opened into competition. Moreover, tax reduction was provided for domestic flights. This was the re-deregulation of the Turkish Air Transportation Industry. This re-deregulation has given private airlines an opportunity to enter domestic market and they have grown rapidly since. Therefore, airlines could offer 30-35% lower prices. This caused a huge demand for air transportation and market has grown. (Sengur, Sarilgan, 2005)

As can be seen table 1, today there are 14 private airline companies in Turkey. They have over 111 planes. But this does not reflect the number of seats, or the number of passengers. The number of seats in private companies is nearly 21.360 (<http://www.toshid.org>)

3. Research Methodology

Objective of the Study: The aim of this study is to determine the level of customer expectations and satisfaction in the private airline companies offering domestic flights.

Limitations of the Research: The research is limited by the questionnaire answered between the 7-31 of January, 2007 by 207 passengers. Data were collected from domestic passengers departing from Istanbul Sabiha Gökçen airport, İzmir Adnan Menderes Airport Malatya Erhaç airport and Antalya airport. This study is limited with four airline companies with the most seat capacities and aircrafts.

Research Method: Face-to-face interview is used for the research.

Research Medium: The research medium consists of 207 passengers. For sampling purposes, 207 was randomly selected from the domestic passengers between 7-31 of January and included in the questionnaire analysis.

Collection of the Research Data: A pilot work has been done with 15 passengers to learn about how good the questions in the questionnaire form serve for the objective of the research. According to answers to those questions, some modifications have been done in the questions. 207 usable questionnaires were gained in the research and Microsoft Office Excel and SPSS 13, 0 (Statistics Pack for Social Sciences) were used in the analysis.

Reliability Analysis of the Research: It is possible to say that the research is reliable as a whole, according to the coefficient of reliability $\alpha = 0,885$

4. Findings

As can be seen table 2, 59, 4 % of 100 subjects are male and 40, 5 % of them are female passengers. When the distribution of the subjects according to their age range is analyzed it can be seen that 15,2% of them are aged between 15-25, 54,8 % of them are aged between 26-35, 22,7 % of them are aged between 36-45, 5,8% of them are aged between 46-55 and 1,5 % of them are aged 56 or more than it. Consequently it is seen that passenger intensify between "26-35".

When the distribution of the members related to their education background is examined, it can be seen that 57 % of the members are graduates, 19, 3% of them are master's degree graduates and 5.8 % of them are doctor's degree graduates. When the proportion of the members who are graduates and postgraduates is analyzed in terms of the general sum a high proportion has been occurred as 82, 1 %.

When the monthly incomes of the members are examined, it has been seen that 36,23 % of them have monthly income as 1000-1999, 36,3% of them have monthly income as 2000-2999, 10 % of them have monthly income as 3000-3999, 7,9 % of them have monthly income as 4000- more than it.

As can be seen table 3, when we examine the airline company choices made by the passengers involved in the study for domestic lines, the passengers seem to prefer Atlas Jet Airlines by 23,7%, Pegasus Airlines by 12,1%, Sun Express Airlines by 9,1% and Onur Airlines by 7,3%. As can be seen in Table 2, Atlas Jet and Pegasus Airlines are ranked first and second respectively. That Atlas Jet and Pegasus Airlines offer innovations and a wide range of options in their services, that they offer graded and low price systems and that they have increased the number domestic routes in line with their customer satisfaction-oriented approaches are considered to be determinants of passenger choices in favor of these companies.

As can be seen table 4, when the factors affecting the passengers' expectations are analyzed it has been seen that a big part of the factors considered as effective on the passengers' expectations has been determined as convenience of schedules, ticket fares, convenience of flight line, airline images, ticket fares, on time performance, aircraft type, aircraft comfort, behavior of the staff, security, baggage services, flight safety, availability of online services, cabin cleanliness, meeting special requests in check-in and boarding "important" for the preferences.

However the factors such as security and flight safety have come into prominence much more in proportion to the others. Possibly, this is because of the impacts of the terrorist attacks.

It is found that the food and drinks have been considered "not important" factors by the passenger. This is expected result. Because food and drink is not important for the short flights

The airline companies offering service in domestic lines, therefore, should examine points affecting costs and get involved in some innovative and improvement actions and decrease costs reflected on tickets fares as much as possible. Considering suitability of fares based on the profitability of flight lines and customer demands, they should work to increase domestic line routes and frequency of flights. The findings from the current study indicate that passengers do not attach much importance to catering services. For this reason, airline companies should seek to reduce the costs in catering services. It could therefore be suggested that offering no catering services at all in short flight distances could minimize costs and reflecting minimized costs on ticket prices could maximize satisfaction levels of passengers, who cannot be satisfied by ticket fares.

5. Conclusion

In order for the airline companies operating in domestic lines to be able to determine the strategies suitable for their own operational structures, they should accurately identify expectations of the passengers they offer service to. As most of the airline companies offering services in domestic lines operate in the same routes and with similar tariff patterns and

capacities, retaining passenger attraction and loyalty seems to have become a critical requirement for companies to gain competitive advantage. For these airline companies, competitive advantage tends to focus on customers and on the level of satisfaction they seek. Accordingly, customers prefer the products and services by the airline companies which do satisfy them. Therefore, one of the key marketing strategies of the airline companies operating in domestic lines should be identifying customer expectations accurately and converting those expectations into satisfaction.

The airline companies offering domestic flights should be involved in more interaction with their customers by means of methods such as questionnaires or interviews designed to gauge customer expectations and satisfaction periodically and continuously. However, today competition is not only rife, but growing more intense constantly.

However airline companies need to understand their customers. They have to believe customers as core concept of their business: customer satisfaction is what guarantees the future of airlines and it is achievable by an adoption between their services and passengers' needs (Bozorgi, 2007)

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NotesNote 1. www.onurair.com.tr

Table 1. Private Airlines in Turkey

Airlines	Passenger Aircraft	Number of Seats
Ankair	1	165
Atlas Jet	12	1884
Best Air	3	580
Corendon	4	632
Freebird	5	980
Inter	3	647
Izair	3	396
KTHY	5	960
Mng Airlines	1	9
Onur Air	25(Note 1)	5760
Pegasus	17	2929
Saga	6	1113
Sky	10	1753
Sun Express	18	3552

Source: Turkish private aviation enterprises association

Table 2. Demographics'

Nationally	Frequency	Percent
<i>Turkish</i>	207	100%
<i>Other</i>	0	0%
Sexual	Frequency	Percent
Man	123	59,4%
Women	84	40,5%
Age	Frequency	Percent
15-25	31	15.0%
26-35	113	54.5%
36-45	47	22.8%
46-55	12	5,9%
55- more	4	%1.8
Education	Frequency	Percent
Primary school	2	0.9%
High school	35	17.0%
University	118	57,0%
Master	40	19,3%
Doctorate	12	5,8%
Monthly income(TL)	Frequency	Percent
0-900	20	9,66%
1000-1999	76	36,8%
2000-2999	75	36,23%
3000-3999	20	9,66%
4000- more	15	7.9%
Total	207	100%

Table 3. Passenger Choice of Airlines

Airlines	Frequence	Percent
Atlas Jet Airlines	94	23,7
Pegasus Airlines	48	12,1
Onur Airlines	29	7,3
Sun Airlines	36	9,1
Total	207	100,0

Table 4. Comparison of the Importance and Perceived Satisfaction Levels for the Customers

	Mean Expectations	Std. Deviation	Mean Satisfaction	Std. Deviation
Convenience of schedules	4,352	,60442	3,869	,78046
Ticket fares	4,217	,68697	3,961	,81160
Convenience of flight line	4,357	,60558	3,782	,87915
Airline Images	4,396	,65920	4,207	,68997
On time performance	4,608	,59653	4,241	,68946
Aircraft type	4,062	,80708	4,009	,75678
Aircraft comfort	4,275	,64351	4,077	,71991
Catering services	3,961	,78112	3,975	,81515
Paid catering services	3,439	1,05893	3,579	,94621
Behavior of the staff	4,473	,62163	4,188	,79943
Security	4,744	,43750	4,487	,62208
Baggage services	4,623	,55129	4,077	,83829
Flight Safety	4,850	,35770	4,594	,62284
Availability of online services	4,217	,86803	4,091	,80428
Cabin cleanliness	4,594	,49224	4,169	,80978
Meeting special requests in check-in and boarding	4,202	,85183	4,072	,76929
Total	66,07		65,37	
Threshold	4,129		4,086	

1= Exactly not important 5 =Exactly important 1= Exactly not satisfaction 5 =Exactly satisfaction