ANALYSIS IN SERVICE QUALITY OF AIRLINES AND ITS INFLUENCE ON PASSENGERS SATISFACTION AND PREFERENCE

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Abstract
The primary objective of this thesis is to influence the relationship between airline service quality, passenger satisfaction and preference. This study identifies the main factors of airline service quality, passenger satisfaction and preference and proposes a model examining the directional relationship among these three constructs. It is based on an empirical influence of the data collected from 700 passengers with Indian airline during July and August 2013. The data are analysed using a variety of statistical techniques. Factor analysis is used to identify the main factors of airline service quality and passenger satisfaction & preference. The segmentation of airline passengers according to their preference levels and psychographic characteristics is performed using cluster analysis techniques. LISREL 8 and path analysis techniques are used to investigate the relationships among the three constructs namely: service quality, passenger satisfaction and passenger preference. The key findings of the study indicate that overall service quality is highly related to both passenger satisfaction and preference. The relationship between passenger and preference toward a specific airline is less clear.

Keywords: Service Quality, Passenger's Satisfaction, Passenger's Preference.

1. INTRODUCTION
The aviation sector is one of the major economic drivers for prosperity, development and employment in any country, we know it. The rapidly expanding aviation sector in India handles near about 2.5 billion passengers across the world in a year and moves 45 million tonnes (MT) of cargo through 920 airlines, using 4,200 airports and deploying 27,000 aircrafts in the world. Today, 87 foreign airlines fly to India and from India five Indian carriers fly to foreign countries and from 40 countries.

In any business satisfying the customer is the ultimate goal or objective of any marketer. Excellent passenger satisfaction is one of the greatest assets for air business in today's competitive environment. Passenger satisfaction service arises when a company can provide passengers with benefits that exceed passengers" expectation and this is considered value-added. If customers are satisfied with the product or service which the company is providing then they will buy more, and do so more often. Passenger gratification is an essential goal for each airline providing passenger services. The on board experience is still something special for the customer.

The customers have a wide choice to select the suitable airline product according to their requirements. Therefore, Airlines Companies are continuously working on the in-flight product development and innovation to differentiate themselves from their competitor's passenger service and satisfaction can be a determining factor in the success of an entire operation.

2. LITERATURE & RESEARCH REVIEWS
2.1 Service Quality
Explains that the quality should start from the needs of customers and ends at the customer's perception. This means that good quality perception is not based services provider, but based on the point of view or perception of the customer. Customer perception of service quality is a comprehensive assessment of a service benefits.

Benefits gained from creating and maintaining quality of service are greater than the cost to reach or as a result of poor quality. Superior service quality as a tool to achieve competitive advantage of company. Superior service quality and consistency can lead to customer satisfaction which in turn will provide various benefits, such as: (1) the relationship between the company and its customers will become more harmonious, (2) provide a good basis for re-purchase activities, (3) encourage customer loyalty, (4) creating a recommendation by word of mouth (word of mouth) that benefit the company, (5) to be a good corporate reputation in the customer's mind, and (6) company's profit will be increased. The implications of these benefits are that each company must realize the strategic importance of quality. Continuous quality improvement is not a cost but an investment to generate greater profits.

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: 44) explains that the creation of

Research Paper
Impact Factor: 3.072
Peer Reviewed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

customer satisfaction for a service can be identified through a comparison between service perceptions with service expectation.
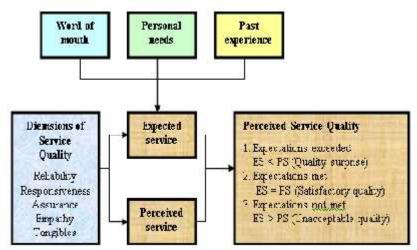

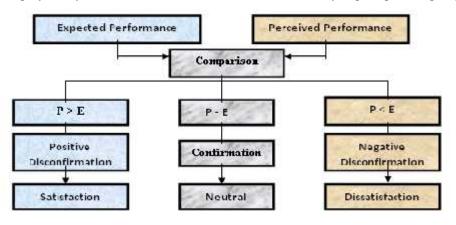*Figure 1. Perceived Service Quality Model*

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.

Quality of services will create customer loyalty. Customers must be satisfied, because if they were not satisfied to leave the company and will become customers of competitors, this will decrease sales and in turn will lower corporate profits. The results of research conducted showed that the regression coefficient of interaction with the service quality to customer satisfaction park services, airline and distance telecommunications services, significant buying interest returned.

Some researchers did test the influence of service quality, customer satisfaction and repurchase interest. proposed an assessment model that specializes relationship between perceptions of service quality, customer satisfaction and interest to buy. Result directing that customer satisfaction is an intervening variable between service quality and interest back. Affect service quality satisfaction, and satisfaction affect the interest purchased.

2.2 Passenger Satisfaction
Passenger satisfaction or dissatisfaction is a response to the evaluation of the perceived discrepancy between expectations and service performance. Passenger satisfaction is a function of expectations and service quality performance. Evaluating Passenger satisfaction can be used five approaches, namely: (1) Paradigm of disconfirmation expectations, (2) The theory of comparative level, (3) equity theory, (4) Norms as a benchmark standard, (5) theory of perceptual disparity .

Figure 2.The Disconfirmation Model of Consumer Satisfaction

Positive disconfirmation will occur if the perceived performance of Passenger service is better than what was expected to create satisfaction, confirmation occurs when the service performance as perceived by Passengers expected to create a feeling neutral, negative disconfirmation occurs when the performance of services that are not perceived better than expected, leading to Passenger dissatisfaction.

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 Passenger'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
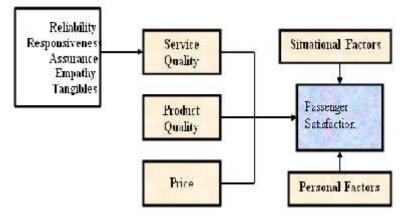

Figure 3. *Passenger Satisfaction Model*

Quality of service is a comparison between perceived service and expected service. Dimensions used to measure the quality of services provided airlines on the domestic service industry, commercial regular flights in Indonesia are as follows: reliability, responsiveness, assurance, In the company engaged in the service, the service is the products sold by the company. But for Service Company, not all service companies simply selling a service only. 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 Passenger satisfaction Quality of goods offered in conjunction with services will affect Passenger perceptions of service. The better the quality of goods will increase Passenger satisfaction for services received. Instead of less-quality goods would damage the overall Passenger satisfaction.

Passengers 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 Passenger tends to use price as the basis for expected quality of a product/service. Passengers usually tend to assume that higher prices would reflect the high quality.

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.

Passenger 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 Passenger tends to be loyal. Satisfied Passenger will also tends 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 communication are positive.

2.3 Passenger Preference
Preference is more aimed at non-random behaviour shown by the purchase routine. Behavior or non-random events that is if Passengers know the benefits of certain goods or services and in accordance with the requirements, then the Passenger will tends to be loyal. The characteristics of loyal Passengers are: (1) Undertake regular re-purchase, (2) Buying outside the line

of products / services available, (3) To recommend the products / services to others (4) Showing no resistance so the power attraction similar products from competitors,

Match between the quality of service delivery and service value is expected to increase Passenger Preference. defines Passenger Preference as a behavior that is intended to purchase based on the routine decision-making units. Benefits for companies to have loyal Passengers are: (1) reducing marketing costs, (2) reducing transaction costs, (3) reducing the cost of replacing the consumer, (4) increasing sales, (5) information from positive mouth to mouth, and (6) reducing the cost of failure. divided the levels of Preference based on the quality and quantity of re-purchase and resistance power of competitor's product or service.
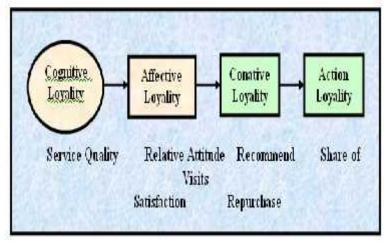

Figure- 4. *Oliver's Four Stage Preference Model*

Based on Figure 4, the level of Passenger Preference divided in some stages, is starting from the cognitive, affective, connective and action loyalties. Cognitive and affective loyalties are still to be oriented relative and functional benefits, while the connective and action loyalties are more permanent and more oriented to emotional benefits.

3. RESEARCH METHODS
Based on this research problem, the study design appropriate to the object of this research is ex post facto because this research belongs to a non-experimental design. According to some of the research objectives to be achieved, then the type of research used is descriptive and explanatory research's. Descriptive studies aimed at obtaining a description of service quality, Passenger satisfaction and Preference of Indian domestic passenger. While explanatory type of explanatory research is intended to test the hypothesis of the influence of service quality and Passenger satisfaction on Passenger Preference of Indian domestic passenger.

4. RESEARCH FINDING & DISCUSSION
The results of this research and discussion consists of: 1) descriptive research that describe the service quality, satisfaction and Preference Indian passenger, and 2) explanatory research that test hypotheses about the influence of service quality and Passenger satisfaction on Passenger Preference of Indian passenger.

A. Description of Service Quality, Passenger Satisfaction and Preference
Reflects the Passenger profile and image of Garuda Indonesia's strategic performance in the full service airline industry explained as follows:

Domestic passenger's occupations of Garuda Indonesia is 64.71% as entrepreneurs, employees in state enterprise and the private sector, the majority of the main objectives flight is 70.59% for business and public services. This means that Garuda Indonesia has created a positive image and simultaneously positioning itself as a business airline in Indonesia. Garuda Indonesia advised to continue to operate as a full service airline to domestic and regional flight routes because it is still supported by a fleet which has a relatively good competitiveness.

The frequency of domestic Passengers who use the Garuda Indonesia within the last six months is a very frequent or regular is 50.98%, 5 times is 28.43% and 3 times is 20.59%. This indicated that the majority of Passengers have a high flying

Research Paper
Impact Factor: 3.072
Peer Reviewed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

experience. Garuda Indonesia has to implement a database program that can immediately be classified Passengers behaviour (prime Passenger) and can be used as a basis for promotion strategy and service quality control.

The reason of Passenger to determine the schedule for departure is 96.08% according to Passenger activity. This indicated that the Passenger has a low dependence on the airlines due to high bargaining power after deregulation of the national airline business in Indonesia, so many routes and flight frequencies as well as on time performance is considered important factor.

The reason of Passengers use services quality provided better by Garuda Indonesia is 68.63%, Garuda Indonesia as favourite airline although more expensive ticket tariff is 19.61%, cheap tariff and excellence service quality is 7.84% , and cheap and affordable tariff is 3.92%, so the best recommendations that Garuda Indonesia must be consistent as full service airline and not as low cost airline.

Passenger preference to choose qualified service airline is a majority 82.35% for Garuda Indonesia, then followed by Star Air is 9.81%, and Indian Airline is 7.84%. This means that based on domestic Passenger's perception showed that Garuda Indonesia is preferred/favourite airlines, and Star Air and Indian Airline are contingency preferred/favourite airlines.

4.1 Service Quality
Results of analysis showed that 88.74% Passengers better assess the ability of Garuda Indonesia in presenting a quality service. Description reliability, responsiveness, assurance, empathy, and tangible, as follows:

Reliability, which is 88.07% Passengers better assess the reliability of Garuda Indonesia to provide a quality service, such as; excellence on time performance.

Responsiveness, which is 86.76% Passengers better assess their willingness or readiness of the front-line employees to assist Passengers and provide a responsive service, such as; excellence service for frequent flyer holder of Garuda Indonesia.

Assurance, which is 87.39% Passengers better assess the security of airline service quality, safety and security during in-flight and post-flight, guarantees the availability of seats and professional and competent front-line employees.

which is 90.52% Passengers better assess the ease of doing relationships, good communication, personal attention, and satisfied Passengers need, including: understanding the individual needs and especially for frequent flyer holder of Garuda Frequent, a toll-free Passenger care, flexible seat book-in and payment by credit card or ATM.

Tangibles, which is 91.05% Passengers better assess the physical facilities provided by Garuda Indonesia and PT. as organizer company of international airport, stage three aircraft operated by Garuda Indonesia (B737-300, 400 and 500), exclusive exterior and interior cabin, reservation access and ticket counter facilities , newspaper and flight magazine, and heavy meals or snacks.

The implications of the facts obtained from this study showed that the aspect of service quality of Garuda Indonesia has a good competitiveness in anticipation of the upcoming open-sky policy. Based on the existing implications, Garuda Indonesia should remain positioned as a full service airline that serve the business segment, the majority of services focused on domestic and regional routes, and Garuda Indonesia must prepare to compete at international routes by fleet modernization. Paradigm that must be applied by Garuda Indonesia is the quality of services must be started from the needs of Passengers and ends at the Passenger's perception. This means better quality services that are not based on perceptions of service providers, but based on the point of view or perception of service Passenger.

4.2 Passenger Satisfaction
Results of analysis showed that Garuda Indonesia is able to satisfy its Passengers is 81.20%. Description of service quality, product quality, price, situational factors and personal factors as follows:

Service quality, in which 86.76% Passenger satisfaction regarding arrival and departure on-time performance/OTP, the quality of pre-flight, in-flight, and post-flight services, comfort and flight safety, speed of baggage claims, good performance of front-line employees, and qualified snacks at the short haul and heavy meals at the middle and long haul flights.

Product quality, ie 81.37% Passenger satisfaction regarding quality of products offered at in-flight shopping service, variety of offered products, product quality, price and product benefits are offered.

Price (tariff), which is 85.05% Passenger satisfaction regarding the post-tariff deregulation set the national airline business because of the reduced ticket price, ease of use of credit facilities and debit ATM card as well as an increase in Passenger value as a result of the comparison rate must be paid to the service provided.

Personal factors, where 67.97% of Passengers satisfied with this aspect, which is 91.18% felt satisfied with the services provided, 85.29% of domestic Passengers are satisfied with the service economy class (Y class) is offered by Garuda Indonesia, and only 27.45% which can tolerate in the event of delay or cancel the flight schedule, so that the Garuda Indonesia should seriously consider and maintain the accuracy of the flight schedule (arrival and departure on time performance) that are either currently because in case of delay or cancel, then 75.55% of domestic Passengers cannot accept that fact.

Situational factors, in which 79.58% Passengers satisfied with this aspect of Garuda Indonesia as well as the results of a comparison with other national airlines, namely satisfaction with the services provided at the time of flight in the morning, noon and night is relatively the same since the implementation of standardized in-flight services, The high willingness to make the Passenger as a full service airline of domestic and regular routes.

The implications of the facts obtained from this study showed that Garuda Indonesia is the conventional / business airlines serving more exclusive segment of low cost compared to other national airlines, so that recommendations can be given that Garuda Indonesia is the only focus in serving the upper middle segment with a majority of destinations is a business, the next thing to do is focus on domestic routes and regional flights due to the two routes is supported by a fleet that has competitiveness with regional airlines.

To extend the service to the potential middle-bottom of Passenger segment at the moment and will continue to growth, then Garuda Indonesia should optimize Citylink airline role as a subsidiary of Garuda Indonesia that acts as a low cost airlines by fleet expand, the expansion of domestic routes and increase flight frequencies, as was done by Lion Air to Wings Air subsidiaries are both low cost airline.

4.3 Passenger Preference
Results of analysis showed that 84.51% of domestic Passengers now agreed to remain loyal in using domestic flight services provided by the Garuda Indonesia. Description of cognitive Preference, affective Preference, connective Preference, and action Preference as follows:

Cognitive Preference, in which 89.95% Passenger agrees that they have the cognitive Preference is the lowest level of Preference and more oriented to functional benefits. From this aspect can be drawn the conclusion that Passengers want high-value Passengers through quality service at affordable rates. The important thing to realize is the level of cognitive Preference is not permanent and still vulnerable to a variety of stimuli offered by a competitor products and product substitution.

Connective Preference, where this level is safe for the position of Garuda Indonesia to base making strategic decisions on the level of Preference because it shows that connective Passengers have preferred/favourite airlines and orientation are emotional benefits. The survey results showed that Garuda Indonesia is the only national airlines are able to create connective Preference is 82.35% majority of domestic Passengers, flying back (repurchase) and are willing to pay a specified rate (pay more), and recommended (advocate) to the family or colleagues about Garuda Indonesia as preferred/favourite airlines.

Strategic implications of the above facts show that Garuda Indonesia has a high competitiveness in anticipation of the upcoming open-sky policy implementation and the airline are able to create the image on Passengers in its class, the middle class Passengers who fly with the main objective is to conduct business activities. Recommendations for Indian management is to optimize the connective and action loyalties, and emotional orientation to benefit the relationship marketing concept through optimization Branch Offices and the role of Passenger databases and delivery programs. Based on database that marketing communications can be more intensive and proactive proportionally, such as: increasing the effectiveness of Frequent Flyer program to access routine information and reservation rewards points or sms via ATM and classification of prime Passenger/passenger of Garuda Indonesia.

B. Explanatory Research
Objective of hypothesis testing is to test the influence of service quality and Passenger satisfaction on Passenger Preference.

Parameter Estimation Results

Parameter estimation results from the variable service quality, Passenger satisfaction and Passenger Preference is seen as follows:

SERVICE QUALITY
Table 1.Parameter Estimation of Service Quality

Parameters	Parameter Estimation	Loading Factor	R^2	Error Variance
Reliability	0.4645	0.9219	0.8499	0.1501
Responsiveness	0.4718	0.8661	0.7501	0.2499
Assurance	0.4696	0.9362	0.8765	0.1235
Empathy	0.4737	0.9709	0.9426	0.0574
Tangibles	0.4518	0.8749	0.7655	0.2345

Source : Primary Data Analysis.

In the above table 2, visible from the five indicators of latent variables forming service quality, indicators of empathy has a weight greater factor/dominant than the other four indicators.

PASSENGER SATISFACTION
Table- 2. Parameter Estimation of Passenger Satisfaction

Parameters	Parameter Estimation	Loading Factor	R^2	Error Variance
Service Quality	0.5084	0.9429	0.8891	0.1109
Product Quality	0.6491	0.9612	0.9239	0.0761
Price	0.5544	0.9466	0.8961	0.1039
Personal Factors	0.5314	0.9574	0.9166	0.0834
Situational Factors	0.5197	0.9713	0.9434	0.0566

Source : Primary Data Analysis.

In the table above, visible from the five indicators of latent variables forming Passenger satisfaction, indicators of situational factors weigh Factors larger / dominant than the other two indicators.

PASSENGER PREFERENCE
Table- 3.Parameter Estimation of Passenger Preference

Parameters	Estimate Parameter	Loading Factor	R^2	Error Variance
Cognitive Preference	0.4855	0.8821	0.7781	0.2219
Affective Preference	0.5435	0.8972	0.8050	0.1950
Connective Preference	0.5638	0.7571	0.5732	0.4268
Action Preference	0.5875	0.7430	0.5520	0.4480

In the above table, showed that the indicator weight affective Preference has greater factor/dominant than the other two indicators.

5. CONCLUTION

The results of descriptive analysis of the variables in the investigation in this study show that:
Quality of services that can create a better increase than before the deregulation of the national airline business, in the amount of 72.11%. This indicated that there has been a paradigm shift in management of the national airlines as a result of increasingly competitive business competition regular commercial flight in Indonesia, where companies are increasingly recognizing the importance of serving a quality service for Passengers.

Passenger satisfaction that can create for domestic Passengers increased by 69.67% compared to before the deregulation of the national airline business. This impact on increasing the value and bargaining power of Passengers to the airline as a result of the many existing alternatives, both types of airlines that can be used, rates should be cheaper to pay benefits obtained relatively better than the type of land or sea transportation, the route is a growing, flight schedules are very varied and high frequency of flights. Service quality and Passenger satisfaction significantly influenced on Passenger Preference of Garuda Indonesia.

6. RECOMMENDATION

6.1 Academic

Further research needs to be done to investigate how are influence tariffs, service quality, Passenger satisfaction and Preference to the load factor, and its impact on the profitability of the service industry, regular commercial domestic flights in Indonesia. This needs to be done in order to know the dominant factor determining the actual load factor of a flight and determine profitability sustained competitive advantage and the existence of business services commercial domestic regular flights in Indonesia.

6.2 Operational

Supporting the efficiency and expansion into regional and international routes, it is better for the service industry commercial domestic flights in Indonesia remains regular policy operation of one type of stage three aircraft categories that meet international aircraft noise standards, namely: B737-400 and 500. The success of the service industry, regular commercial domestic flights in Indonesia to be able to compete at the upcoming open-sky policy will be largely determined by the innovative services provided, ability to control the domestic market as a base to expand into regional and international routes, and make strategic alliances, as was done by Air France with KLM.

The results of descriptive analysis and observations indicate that the flight service industry commercial domestic regular flights in Indonesia has a relatively competitive well as conventional airlines and low cost airlines in anticipation of an open sky policy. To increase the percentage of connective and action Preference of Passengers who currently weak, it is necessary to improve/optimize the performance of Branch Offices/General Sales Agent (GSA) through the Passenger database programs and delivery service so that it can minimize the role of travel agents in order to create operating cost efficiency. Based on the Passenger database marketing communication is done proactively, such as: member card program, easy reservation and ticketing, access to routine information via sms reward points, inetrnet debit or ATM facilities, as well as the classification of prime Passenger.

Efficiency necessary to compete with low cost international carriers and airline, for example: penggoperasian one type of aircraft that can save flight officer and flight attendant cost rating, training, recurrent and refresh cost, and maintenance cost.

Modernization of the aircraft must be done because to be competitive at open sky policy is not enough just to rely on age as a minimum standard of technical operation of an aircraft, but also required an economic age of the aircraft to support the efficiency, convenience and Passenger satisfaction during the flight.

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