

# **AIRLINES' FREQUENT FLYERS SERVICE EXPECTATIONS: ARE THEY THAT DIFFERENT?**

Merlin C. Simpson, Jr., School of Business, Pacific Lutheran University, Tacoma, WA 98447,  
(253) 535-8779, merlins@seanet.com

Kien-Quoc Pham, School of Business, Pacific Lutheran University, Tacoma, WA 98447,  
(253) 535-8129, phamkv@plu.edu

## **ABSTRACT**

The success of low-cost model airlines, e.g., Southwest Airlines in the United States and RyanAir in Europe, with their “one class of service fits all,” may fundamentally undermine the traditional airline practice of segregating passengers by cabin class. Although airlines have operated with multiple levels of service, first class, business class, and economy, the relative importance of such segmentation for international airlines has not been empirically tested in present, turbulent times. While a study did indicate that markets for non-professional service need not be segmented based on service expectations [12], airlines (an experience-based, “non-professional” service) have always depended on multi-class service and frequency of travel. The SERVQUAL model provides a basis for investigating this issue.

## **INTRODUCTION**

The international airline industry can be described as chaotic; few airlines are able to successfully execute strategies that result in profitable operations and satisfy the flying public. The recent Air France-KLM consolidation communiqué, which prompted an immediate strategic response from British Air and Iberia, coincided with “Open Skies” liberalization talks being held between the United States and the European Union [1]. These events may signal a strategic industry trend away from the pursuit of marketing alliances, the crossing of a natural industry evolutionary stage threshold toward the emergence of a few dominant multinational airlines with seamless global networks in a mature industry. Code sharing, route feeder logistics, marketing alliances, frequent flyer membership sharing networks enabled individual airlines to circumvent long-standing international agreements limiting their ability to grow their markets. Such strategic initiatives provided domestic airlines access to the lucrative trans-Atlantic and trans-Pacific flight corridors, but it is doubtful that any economies of scale did result from these moves. With the exception of the KLM-Northwest equity sharing agreement with their pooling of transatlantic flights and revenues, most “alliances” thus far had little to offer passengers except connection, ticket reservation convenience, access to more destinations, and the accrual of frequent flyer miles [10]. The sustained emphasis on “frequent flyers” from a marketing perspective to anchor airline passengers’ loyalty perpetuated the traditional market segmentation practice of differentiating premium class (business and first class cabins) passengers and economy or coach passengers.

The newly afforded opportunity to derive economies of scale by standardizing service standards across all segments of inter-connecting flights, given the potential operational merging of these emerging airline multinationals, begs for the answer to a critical question: Are Frequent Flyers’ service expectations significantly different from non-frequent flyers as to warrant the continuance of differential service offerings? Are there particular service quality dimensions that must be addressed in order to maintain passenger loyalty to a carrier? Can service offerings be standardized cross-culturally for Frequent Flyers?

## RESEARCH METHODOLOGY AND RESULTS

A survey incorporating SERVQUAL service quality dimension statements [8] [9], in combination with frequency of travel was administered on trans-Atlantic routes. 570 usable responses were elicited from 2400 distributed surveys, 311 being from U.S. citizens and 259 from the European Union. All passengers were asked to rate the relative importance of the SERVQUAL dimensions and assign a weight factor to each of the five dimensions (Table I) for a total of 100 points. The resulting data was analyzed with standard Student's T parametric tests, for the following hypotheses:

H1: The relative importance of service dimensions to passengers on trans-Atlantic flights varies with frequency of travel.

H2a: The relative importance of service dimensions of U. S. passengers on trans-Atlantic flights varies with frequency of travel.

H2b: The relative importance of service dimensions to European passengers on trans-Atlantic flights varies with frequency of travel.

H3: The relative importance of service dimensions to frequent flyers on trans-Atlantic flights varies by nationality grouping.

### 1. Overall Importance of SERVQUAL Dimensions

The importance ratings to the five dimensions (totaling 100 points) may be equated to the "idealized" expectation of passengers for those dimensions [5]. Expectations have been found to be influenced by past experience, word-of-mouth, personal needs and communications as provided by company personnel [13]. The importance (expectation) values are deemed useful in determining the order of importance of 22 service quality (SERVQUAL) attributes in order to improve overall service quality when expectations are greater than perceptions. The Service Quality (SERVQUAL) dimensions are provided in Table I.

**Table I: SERVQUAL Dimensions**

Dimension	Definition
Reliability	The airline's ability to perform the promised service dependably and accurately
Assurance	The knowledge and courtesy of airline's employees and their ability to convey trust and confidence.
Tangibles	The appearance of the airline's ground facilities, aircraft, personnel and communication materials
Empathy	The caring, individualized attention the airline provides its customers.
Responsiveness	The airline's willingness to help customers and provide prompt service.

Consistent with earlier study methodology [11], the data was analyzed first to determine the importance attributed to individual service quality (SERVQUAL) dimensions, before significance testing for differences in the importance of dimensions. For all passengers, the findings in this study confirmed

prior service quality studies' across many industries. Reliability was the most important factor across all passenger groups and across all frequencies of travel, whether passengers reported traveling less than once a year or more than 12 times, followed by Responsiveness (Table II).

Grouping passengers by nationality to identify cultural and cross-cultural differences, U.S. passengers echoed the general findings regarding Reliability and Responsiveness across all flight frequencies, i. e., less than once year, once or twice a year, more than twelve times annually, etc. (Table III). However, European passengers differ from the aggregate and the U.S. passenger groups in their ratings: passengers flying less than once a year indicated Responsiveness to be the most important dimension, with Reliability being the second most important (Table IV). Passengers who flew 4 to 6 times a year indicated Reliability to be the most important dimension with Responsiveness was the least important dimension.

**TABLE II**  
**Importance of Service Quality Dimensions: All Passengers Mean Ratings**

Air Travel Frequencies	< 1	1 to 2	3	4 to 6	7 to 12	>12	All
# passengers	(54)	(102)	(71)	(100)	(101)	(54)	(570)
Tangibles	0.1889	0.1540	0.1661	0.1628	0.1597	0.1366	0.1571
Reliability	0.2426	0.2840	0.2821	0.3015	0.3218	0.3069	0.2954
Responsiveness	0.2102	0.2182	0.2152	0.1940	0.2036	0.2191	0.2103
Assurance	0.1931	0.1914	0.1659	0.1726	0.1780	0.1709	0.1776
Empathy	0.1644	0.1543	0.1665	0.1725	0.1397	0.1638	0.1597

**TABLE III**  
**Importance of Service Quality Dimensions: U.S. Passengers Mean Ratings**

Air Travel Frequencies	< 1	1 to 2	3	4 to 6	7 to 12	>12	All
# passengers	(25)	(45)	(40)	(64)	(62)	(75)	(311)
Tangibles	0.1760	0.1433	0.1535	0.1449	0.1361	0.1367	0.1445
Reliability	0.2780	0.2644	0.2745	0.3352	0.3508	0.3119	0.3103
Responsiveness	0.1940	0.2236	0.2095	0.2031	0.2053	0.2225	0.2112
Assurance	0.1900	0.1962	0.1670	0.1561	0.1787	0.1725	0.1746
Empathy	0.1600	0.1736	0.1880	0.1624	0.1345	0.1577	0.1603

**TABLE IV**  
**Importance of Service Quality Dimensions: European Passengers Mean Ratings**

Air Travel Frequencies	< 1	1 to 2	3	4 to 6	7 to 12	>12	All
# passengers	(29)	(57)	(31)	(38)	(39)	(65)	(259)
Tangibles	0.2000	0.1625	0.1823	0.1929	0.1972	0.1365	0.1722
Reliability	0.2121	0.2994	0.2919	0.2447	0.2744	0.3011	0.2774
Responsiveness	0.2241	0.2140	0.2226	0.1787	0.2008	0.2151	0.2093
Assurance	0.1957	0.1877	0.1645	0.1995	0.1769	0.1689	0.1812
Empathy	0.1681	0.1391	0.1387	0.1895	0.1482	0.1708	0.1590

## **2. Importance of SERVQUAL dimensions: Comparing Non-frequent Flyers and Frequent Flyers**

Frequency of travel was used as a basis for comparing the importance of SERVQUAL dimensions, as airlines usually target business passengers who travel more often than leisure class passengers. These business and first class (premium) class passengers also pay higher fares, thus providing for the majority of airline revenue. Systematic comparison of the most frequent travel, more than 12 times a year, passenger group (subsequently referred to as frequent-flyers in this paper) with all other flight frequency categories revealed the following statistically significant differences:

### **A. All passengers on trans-Atlantic flights (H1)**

Relative to frequent-flyers, Reliability and Tangibles were not as important to passengers flying less than once a year (t-Value  $-2.869$ , t-Value  $3.386$  respectively, with  $p < .05$ ; critical T value  $> 1.96$ ). This may be expected given the relative lack of “experience” with flying among these groups of passengers, heightening the importance of Assurance (knowledge and courtesy to convey trust and confidence) and Tangibles (appearance of physical facilities, personnel and communications materials).

While acknowledging the overall importance of Reliability and Responsiveness, passengers who traveled internationally by air once or twice a year indicated that the Assurance dimension is more important to them (t-Value  $1.765$ ). Flyers who travel three times annually also attributed higher importance to Tangibles (t-Value  $2.091$ ) than did the frequent flyer group. Those passengers traveling 4 to 6 times a year were also more concerned with Tangibles (t-Value  $2.0090$ ) as well as for Responsiveness (t-Value  $-2.0080$ ). The order of importance attributed to SERVQUAL dimensions for 7 to 12 times a year flyers was consistent with that of frequent-flyers for the top three dimensions: Reliability, Responsiveness and Assurance. However this group did not rank Empathy as high as frequent-flyers (t-Value  $-2.1780$ ).

With Reliability considered as the “outcome” dimension of service, it may be expected that passengers with more experience traveling internationally would consider it more important, which is also suggested in this research. Those passengers would seem to have a greater sense for what it means for the service to be delivered “as promised, correctly the first time, etc.” By comparison, the research also suggests that passengers lacking travel experience may be expected to value, or consider more important, interactions with airline contact personnel, as well as tangibles cues from the airlines to form expectations. An airline whose airplane interiors appear unkempt or whose personnel lack professional appearance, may cause passengers ultimately to have lower perceptions of service quality. It may also heighten their anxiety, an important factor given the influence that customers have on each other in the outcome of a service [7].

### **B. Comparing U. S. Non-frequent Flyers and Frequent Flyers (> 12 times annually)**

The data was further analyzed to assess the impact of nationality and cultural differences on the relative importance ratings of SERVQUAL dimensions. There was no statistical evidence of significant differences in the importance of dimensions across all flight frequencies using Student T tests. While inconclusive for significant differences, the study does support the influence of experience on the relative importance of individual service quality dimensions as indicated by other research [11]. Infrequent flyers (less than once a year) consider Tangibles, Assurance more important than frequent flyers; those traveling 1-2 times a year consider Assurance, Empathy more important than frequent flyers. Empathy was also more important to the 3 times a year along with Tangibles, sentiments echoed

by the 4 to 6 times. However, those in the 7-12 times per year considered Empathy less important than the frequent flyers.

### **C. Comparing European Non-frequent Flyers and Frequent Flyers (> 12 times annually)**

With European passengers, the following findings were statistically significant:

- (1.) Infrequent flyers rated Reliability less important compared to frequent flyers (t-Value  $-2.725$ ) but considered Tangibles more important (t-Value  $3.0390$ ).
- (2.) Frequent flyers considered Empathy more important, as compared to their once to twice a year flyers (t-Value  $-2.0510$ ).
- (3.) Tangibles were more important to 3 times a year flyers (t-Value  $2.1128$ ) relative to frequent flyers.
- (4.) The importance of Tangibles was greater for passengers traveling 4 to 6 times a year (t-Value  $2.434$ ) but Responsiveness was less important (t-Value  $-1.6370$ ).
- (5.) Tangibles were more important to the 7 – 12 times a year flyers' group than for their frequent flyers counterparts (t-Value  $2.820$ ).

The findings are consistent with an earlier study addressing differences in SERVQUAL service dimensions relative importance based on nationality groups [11]. European non-frequent flyers are more concerned with Tangibles as compared to European frequent flyers. However, interestingly enough European frequent flyers do consider Empathy more important than their non-frequent counterparts with the exception of the 4 to 6 times a year.

### **D. U.S. and European Frequent Flyers**

Comparing U.S. and European frequent flyers (12 times or more per year) on trans-Atlantic flights yielded no statistically significant differences. All SERVQUAL dimensions in terms of importance weighting when subjected to Student's T tests resulted in values below the 5% and 10% significance levels.

## **FINDINGS, LIMITATIONS AND FUTURE RESEARCH**

Based on the foregoing analyses, the findings are that:

H1: The relative importance of service dimensions to passengers on transatlantic flights varies with frequency of travel. (cannot be rejected)

H2a: The relative importance of service dimensions of U. S. passengers on transatlantic flights varies with frequency of travel. (cannot be rejected)

H2b: The relative importance of service dimensions to European passengers on transatlantic flights varies with frequency of travel. (cannot be rejected)

H3: The relative importance of service dimensions to frequent flyers on transatlantic flights varies by nationality grouping. (rejected)

The research is limited to a study on the most highly traveled international airline route (transatlantic corridor); however comparable studies of emerging major travel routes, e.g, to/ from North America and Asia, are appropriate to determine if the same findings are reflected by comparisons of different

nationality groups. A further study is also appropriate to determine if the findings of this research of passengers on the transatlantic corridor can be replicated.

### **MANAGERIAL IMPLICATIONS**

Although another study suggested that markets not be segmented based on expectations [12], this research would appear to suggest the contrary. As lesser travel-experienced passengers consider Tangibles and Assurance more important than do “frequent flyers,” and with the latter group considering Reliability and Empathy more important, the opportunity still exists for segmenting the market by distinctive service offerings within specific nationality boundaries.. This empirical research also indicates that for trans-Atlantic strategic airline alliances, and especially for cross-border airline mergers, the potential for standardization of service package offerings for frequent flyers does exist to exploit economies of scale, cross-culturally between U.S. and Europeans. While differences do exist in terms of service expectations (relative importance within categories of flight frequencies for European passengers), the differences may be attributable to the relatively novel emergence of “regional airlines” in Europe as compared to the United States. Although earlier research indicates that multi-dimensional factors (other than price) are important for long-distance international travel [11], no-frills airfares and travel offered by the regional airlines in the United States may have somewhat “conditioned” U.S. passengers service expectations. The study also seems to validate the international carriers sustained targeting of frequent flyers in the trans-Atlantic travel corridor given the lack of differences between U.S. and European passengers within this flight frequency group relative to the importance of service quality dimensions.

However pursuing a market segmentation strategy requires that airlines address a continuing challenge in both the United States and Europe: the development, training and retention of a capable frontline service delivery staff that can meet passengers’ expectations (importance of dimensions). The importance of the “service deliverer”, the employees, their own personal satisfaction and their role in ultimately providing for customer satisfaction is well established [6] [7]. Yet American Airlines, United Airlines and Delta Air Lines are still wrestling with this issue over frontline employees concerning salaries and working conditions [4]. On the European front, British Airways recently experienced a significant labor dispute with its ground staff; such discord can only result in customer dissatisfaction, whether frequent flyers or less experienced travelers [2] [3]. While this research suggests the validity of segmenting the market based on expectations (experience), the challenge remains for the airlines to develop and implement the salient internal and external operational strategies that will support this focus strategy.

### **REFERENCES**

- [1] Anonymous. “Open Skies and Flights of Fancy,” *Economist*, 4 October 2003, pp. 65-67.
- [2] \_\_\_\_\_. “One strike and you are out,” *Economist*, 31 July 2003, pp 56-57.
- [3] \_\_\_\_\_. “Terminal,” *Economist*, 24 July 2003, pp. 54-55.
- [4] \_\_\_\_\_. “Cruel Phoenix,” *Economist*, 14 September 2002, pp. 56-57.
- [5] Cadotte, Ernest R., Robert B. Woodruff and Roger L. Jenkins. (1987) “Expectations and Norms in Models of Consumer Satisfaction,” *Journal of Marketing Research*, vol. XXIV, pp. 305-314.

- [6] Heskett, James L., Thomas O. Jones, Gary W. Loveman, W. Earl Sasser, Leonard A. Schlesinger, "Putting the Service Profit Chain to Work," Harvard Business Review, March-April 1994.
- [7] Langeard, E., John Bateson, Christopher Lovelock and P. Eigler. (1981) Marketing of Services: New Insights from Consumers and Managers, Report no. 81-104. Cambridge, Massachusetts: Marketing Sciences Institute.
- [8] Parasuraman, A., Valarie A. Zeithaml, and Leonard L. Berry, 1985. "A conceptual model of service quality and its implications for future research," Journal of Marketing 49 (Fall): 41-50.
- [9] Parasuraman, A., Leonard L. Berry, Valarie A. Zeithaml. (1991). "Understanding Customer Expectations of Service," Sloan Management Review, vol. 39 (Spring)
- [10] Simpson, Merlin C. and Melanie Ransom, "The International Airline Passenger Speaks: What Benefits Alliances?" 30th Meeting of the Western Decision Sciences Institute, Vancouver B. C., April 2001.
- [11] Sultan, Fareena and Merlin Simpson, 2000. "International Service Variants: Expectations and Perceptions of International Airline Passengers," Journal of Services Marketing, vol. 14, no. 2.
- [12] Webster, Cynthia. (1989) "Can Consumers be Segmented on the Basis of Their Service Quality Expectations," Journal of Services Marketing, vol. 2, no. 2 (Spring). 32-53.
- [13] Zeithaml, Valerie A., Leonard L. Berry, A. Parasuraman. 1991. "The Nature and Determinants of Customer Expectations of Service." Journal of the Academy of Marketing Science, 30, no.2. (Winter) 1-12.
- [14] Zeithaml, Valerie A., Leonard L. Berry, A. Parasuraman. 1990. Delivering Quality Service. New York: The Free Press.