Consumer perceptions of service quality of complex services: An application to airline alliances

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The requisites of providing quality services and ensuing its management has become of overall importance for practitioners and academicians alike. Reviewing service quality literature, studies suggests several conceptual models and definitions have been penned. And, to date, most of the service quality research is confined to understand the consumer's quality perceptions of a sole service provider. However, research on consumer’s service quality perceptions of multiple service providers, like an airline alliance has not been addressed yet. Therefore, this article, as an exploratory study, makes an attempt to understand the consumer’s perceptions of service quality of multiple service providers like an airline alliance.

Keywords: Airline alliance, Service quality, multiple service providers

Introduction:

A sound service climate and its subsequent delivery of quality service has become a central role of the management in service organisations (Schneider et al, 2002). From the early era of service management, researchers and practitioners traditionally had been focussing their attention on the notion of “moment of truth” which reflected the importance of handling each customer interaction with great care. It was emphasised that every interaction with the customer and service provider made an impact in building customer perceived quality (Edvardsson and Strandvik, 2000). Findings published in literatures and popular press anecdotes about companies that characterise service excellence, epitomize benefits of delivering quality service (Parasuraman, 2002). Marketers hence realised that, to retain customers and to survive in markets, they need to provide quality services (Dabholkar et al, 2000). So, a service organisation that shall provide quality services to its customers should adopt a broad perspective in defining, examining their service offerings and eventually assess customer’s evaluation of their services (Brown and Swartz, 1989).

By adopting this process, the customer’s service quality evaluations can assist in controlling the affective assessment of their service encounter and thereby satisfy their customers (Brady and Robertson, 2001). Therefore, measurement of service quality and following its management is of an overall importance for service organisations (Robledo, 2001). Whilst, service quality and its eventual delivery depends on the whimsical nature of both customers consuming a service and frontline staff providing a service (Ghobadian et al, 1994). Academicians for the past few decades have continued their pursuit in developing a better understanding the
enigmatic nature of service quality issues. To date, several definitions, measurement models, dimensionalities, and format of the measurement construct have been penned (Robinson, 1999). Studies suggest that service quality can be measured by comparing a service firm’s performance and what the consumers feel a service firm should provide (Spreng and Mackoy, 1996). However, this concept was argued, and it was suggested that service quality should be measured only with the perceptions of a service firm’s performance (Dabholkar et al, 2000). Based on these two concepts, two service quality measurement models Servqual (of Parasuraman et al, 1988) and Servperf (of Cronin and Taylor, 1992) have emerged as the most cited and most debated (Carrillat et al, 2007). Together, they left a fork in the service quality measurements. And as of yet, there isn’t any standard definition for service quality, let alone measuring its service quality.

As the saga of service quality measurements continues, studies suggest that most of the service quality research has been confined to consumer’s service quality perceptions of a sole service provider. However, in an era where service firms are forging alliances especially in airline industry. There has been substantial lack of research on the consumer perceptions of service quality when served by multiple service providers like an airline alliance. Therefore, objective of this research is firstly, to make a sound literature review literature about service quality issues dealt in airline service quality. Secondly, to review airline alliance literature. Thirdly, to undertake interviews with airline passengers to understand what are the service quality attributes of a customer towards an airline alliance. And finally, to understand consumers service quality attributes of an airline alliance.

Global Airline alliance:

From the late 1970’s, the deregulations of American aviation markets saw an emergence of major structuring of airline networks. In an era where airlines were making global presence, some airlines faced competitive environments. In some markets, government regulations prevented full competition among airlines and in some markets there was a full freedom of reaction to competitive pressures (Kleymann and Seristo, 2004). During this period, the airline industry saw an appearance of a dominant business model of hub and spoke networks that characterised the concentration and consolidation for value based airlines (Gillen and Morrison, 2005). The creation of hub and spoke network processes eventually lead to the emergence of airline alliances (Pels, 2001). This global phenomenon of creating a branded alliance, which is referred as multilateral alliance (Gudmundsson et al, 2002) was defined as “any collaborative arrangement between two or more carriers involving joint operations with the declared intention of improving competitiveness and thereby enhancing overall performance” (Morris and Hamilton, 2002).

Several strategic factors encouraged airlines in joining an airline alliance’s band wagon. The first driver was to increase profit opportunities to the airline partners and create value to their customers (Oum and Park, 1997). Second factor, was the desire of international airlines to gain entry in international markets without obtaining the right through country wise negotiated bilateral agreements (Gudmundsson and Rhoades, 2001). Both governments and airlines considered international alliances to
be the second best solution to attain free trade in the worldwide aviation industry (Oum et al, 2001). The third reason was the demand for building seamless travel network for airline passengers (Gudmundsson and Rhoades, 2001). The fourth factor was led by the reasoning to reduce cost of airline operations. Alliance partners undertake varied frequency of distribution of joint activities (Oum and Park, 1997) and cost reduction was addressed by joint activities by airlines in economy of scale or handling parts pooling, ground handling, etc. It was observed that alliances that were formed by involving joint purchasing and marketing activities had lower risk than alliances involving equity (Gudmundsson and Rhoades, 2001). The fifth factor, was to have a market presence in specific regions which are profitable, if served as an alliance partner (Gudmundsson and Rhoades, 2001). Some international airlines co-ordinate their operations in providing international services (Brueckner, 2001), which lead to increased traffic on their alliance routes, as against their non-alliance routes (Park and Zhang, 1998).

Given the various drivers of alliance formation, the nature of alliance operations and activities varied as well. Oum et al (2001) cited Oum et al (2000) that airline alliances are classified as complementary and parallel alliance. The complementary alliance refers to airlines that link up each other in their existing networks, thereby feeding traffic to each other. However, with respect to, parallel alliance, two airlines that were competing prior to joining an alliance now collaborate to provide services to passengers. It is found that a parallel alliance the airfares were likely to increase airfares, but in the case of complementary alliance is likely to reduce airfares (Oum et al, 2001).

Whilst, claiming to provide seamless travel and redeem more air miles from alliance partners. It has proved to be rewarding for the airlines circumventing the regulated structures of worldwide aviation markets with increasing profits (Augusdinata and De Klein, 2002). But on the flip side of the coin, as for the customers, it’s not the wide network and flyer miles that attracts for choosing to fly with an airline alliance member, but it’s the service quality which remains the main attraction (Weber, 2005). However, studies reveal that the service qualities of some carriers like the Americans, were compromised when compared to their Asian and European partners. This issue raises questions whether the airlines see alliances as a way to circumvent international aviation laws to reach attractive markets, or whether they are seeing this as an opportunity to improve their service quality. In long run, the success of an airline alliance may be questioned if airline alliance partners are perceived not to perform the same level of service to meet the airline passenger’s quality demands (Sultan and Simpson, 2000).

**Airline service quality:**

Service quality is like beauty in the eyes of the beholder and hence a matter of perception (Rhoades and Waguespack, 2004). However, it’s measurement, plays an important role in assessing a service organisation’s performance, scrutinising service problems, managing service delivery and determining corporate rewards (DeMoranville and Bienstock, 2003). As service excellence and delivering quality service became of overall importance to service firms. Service firms like airlines
emphasised their service attributes to establish a favourable image to differentiate themselves from their competitors (Gursoy et al, 2005). The issues concerning airline service qualities were traced back in 1978. During the deregulation of American airline industry supporters of deregulation argued that the regulation had forced competition among airlines based on service quality and not on price. Whilst, service quality is more noticeable to the passengers than safety quality (Rhoades and Waguespack, 2000). Service quality was used as a basis for judging the overall quality of the airline (Rhoades and Waguespack, 1999) and hence determined satisfaction of an airline passenger (Johnston, 1995). Whilst every interaction between a customer and an airline employee influences customer’s perception of service quality. Understanding customer’s perceptions of services were an essential component for airlines and providing quality services were acknowledged to be of the key factors in attracting and retaining customer’s loyalty.

Airlines regularly face challenges to offer an appropriate service attributes. And to date, the attributes of service quality are still a subject of debate as it depends on the context and a consumer’s perceptions of airline service attributes. Whilst, quality is not only a matter of perception and definition, but it is a matter of mind set (Rhoades and Waguespack, 2004). However, airline service quality can be based on customer’s perception of what services should be offered and how should they be delivered (Liou and Tzeng, 2007). Quality of an airline’s services becomes challenging to measure due to its diversity in airline service quality perception, and besides service quality attributes are context based and are selected to reflect a service environment under scrutiny (Chang and Yeh, 2002) citing (Hynes and Percy, 1994). It is evident that airline passengers might receive high technical quality, well designed and expertly maintained airplanes flown by well trained professionals who can safely take off, fly and land under most trying circumstances. However, what passengers’ value in terms of reliability and comfort with a helpful and friendly airline staff remains a question and personal criteria, (Kenagy et al, 1999). Hence, there is not one solution to solve the problems circling airline service quality. Therefore, the issue of measuring airline service quality has been raised (Rhoades and Waguespack, 2008).

Measuring service quality face challenges, studies suggests that the first airline service quality came to limelight in America in 1991. The airline quality rating (AQR) system was developed by the Aviation Institute at University of Nebraska, Omaha. However, it was later criticised as it considered just basic services like on-time percentage, flight issues, denied boarding’s, refunds and fare complaints and not airline customer amenities like seat comfort, ease of check-in, airline schedule availability and meal quality. As overall quality of airlines became subject of discussion, service quality data were released from the Department of Transportation’s air travel consumer report 1987-2002. This report emphasised total service quality, total safety rate and passenger satisfaction of American airlines. Passenger satisfaction was measured by travel public’s perception of airport check-in, schedule/flight information, on time performance, gate location, aircraft interior, flight attendants, post flight services, seating comfort, food services and frequent flier programs were judged. However, the total service quality was represented by the percentage of late flights, total consumer complaints, total mishandled baggage and total involuntary denied boarding per year divided by the total yearly departures of a particular airline. Safety rate was calculated as the sum of the total accidents, incidents, near mid-air collisions, pilot deviation per year divided by the total yearly
departures of a particular airline. Together, these quality issues represent the quality problems per departure (Rhoades and Waguespack, 2004). As quality is a matter of development of processes, execution, training, tracking and regular improvements. An airline can institutionalise a quality process for better operations with necessary skills and tools. But, to improve service quality, a firm commitment of an airline can equate the same skills to the service side of the operation (Rhoades and Waguespack, 2000).

As airlines provide experiences and performances but not physical objects, experiences and performances differ from service provider to service provider, and customer to customer (Gursoy et al, 2005) cited (Sirakaya et al, 1996). Therefore, the structural content of the service as a process may influence the service evaluations by the consumer. In service quality research, literature suggests various concepts of measuring quality. To date, several researchers have proposed a finer measure to evaluate airline service quality. It is perceived that airline service quality as a multi-dimensional construct and using on time performance may not address the total service quality of an airline (Parast and Fini, 2010). Wen and Lai (2010) measured airline service quality based on airfare, schedule time difference, flight frequency, on-time performance, airport check in service, in-flight seat space, in-flight food and beverage service. Tiernan et al (2008) measured service quality international airlines in the America and Europe based on percentage of not cancelled flights, percentage of passengers filling baggage lost, damaged, delayed or stolen, and on-time performances. Babbar and Koufteros (2008) suggest that an element of personal touch and nature of an employee’s attention, helpfulness, promptness, and courtesy enables better management of quality. But by large many researchers like Tsaur et al, (2002), Sultan and Simpson, (2000), Chen et al, (1994) and Frost and Kumar, (2001) measured airline service quality based on Parasuraman et al (1988) Servqual service quality model. Servqual model was based on five broad dimensions reliability, responsiveness, assurance, empathy and tangibles. Tangibility meant the physical presentation of services like in-flight equipment, entertainment, food, seating etc.; reliability stood for the airline’s credibility of safety and pilot navigation skills; responsiveness was described by the cabin crew and ground staff interaction with customers, assurance represented the certainty provided by the airline staff and empathy represented the ability of airline staff to deal with customer service requirements and dealing with customer complaints. However, Robeldo, (2001) challenged Servqual and created his own airline service quality measurement model called Servpex. Servpex was formulated by three factor structures like tangibles, reliability and customer care. The author proposed Servpex model to be a better service quality measurement for an airline’s service and emphasised that understanding customers expectation can help improve service quality issues of airlines.

As, attempts continue to determine of service quality evaluations. Studies suggest that consumers usually evaluate the sum of all the service interactions with the service provider. This suggests that the character of overall process counts more than actual outcome (Brown and Swartz, 1989). However, in the case of airline alliances, matter becomes more complicated, as airline alliance services are not an individual service activity but a group activity inheriting a lot of service complexities. Service complexity here refers to the number of interactions and interrelations between the customer and the service provider during a service delivery process.
Therefore, it is assumed that service complexities in an airline alliance context, can be complex to define and measure. This issue can be well translated, when passengers of one airline book flights from one airline, but might experience services from a partner airline. Moreover, customers can sense any subtle differences in appearances of airline cabin and attitudes of front line staff of several airlines providing services in airline alliance. These differences noticed by customers can demand for a more customer experience scenario than service quality (Tsaountalis and Palmer, 2008). Hence, the overall levels of service quality of member airlines become an important source of consumer's evaluative judgements. Any compromise in service quality among member airlines may have negative implications for the entire airline alliance (Weber and Sparks, 2004). Therefore, airlines which would like to enter successfully in international markets or join international airline alliances should carefully refine their service delivery and significantly commit to excellence in service offering (Sultan and Simpson, 2000).

Research Methodology:

Personal interviews were conducted to determine the consumer’s perceived quality attributes of an airline alliance. Interviewees were briefed about the objectives of conducting the research and were asked if they can participate voluntarily for a personal interview. Interviews were conducted in South of France, which has decent multi-cultural surroundings. Interviews were conducted with both men and women, having an equal ratio of participation. The participants were of French, Brazilian, and English origin and were aged 25 years to 67 year old. The interviews were conducted in French and English. Participants were business professionals, academicians and researchers and all had a good record of travelling experiences. Whilst flying for business or leisure reasons the interviewees had a good knowledge of airline alliances operations. An open source structured interview was considered as an appropriate methodology for performing an interview. In the course of designing interviews, benefits of using a structure interview and an open response structure interviews were evaluated. A structured interview uses a set of standardised questions which are asked to all the participants as in initial screening process which helps to evaluate and compare the applicants (Mathis and Jackson, 2008). But when it comes to an open response structured interview, the interviews can provide a speedy and descriptive account of a topic under investigation without formally testing the hypothesis (King, 1994). Therefore, an open response structured interview was chosen as an appropriate methodology for this particular study under investigation. An appropriate structured interview guide was carefully formulated to direct the discussions. However, the discussions were of open response type to record the participant’s issues under investigation. Having, briefed and explained the objective of the interviews. Successive interviews were conducted till the responses of the participants became repetitive. Each interview lasted between 20 minutes to 35 minutes.

The initial phase involved discussions designed to understand participant’s level of knowledge of an airline alliance. Participants were later introduced to discuss their opinions about airline alliances core services, their benefits, their service delivery,
their service operations, their service complexities and their service design. As, for many travelling public, the travel experience begins at the airport of departure. (Rhoades and Waguespack, 2000). Therefore, the initial discussions started from airport of departure and eventually to cover other services of the airline alliance. However, the interviews prompted discussions to pick up participants underlying subtle service quality related issues of an airline alliance, which was an issue to be investigated and closely followed. The interviews were video recorded with participant’s permission and eventually translated from French to English. The translated transcripts were analysed for responses that would classified as possible dimensions of the consumers perceived quality of an airline alliance.

Results and discussions:

Discussions from the interviews are considered in their infant stage for providing an appropriate service quality attributes of an airline alliance. During this preliminary stage of airline alliance’s service quality discussions some interesting information about the participant’s perception of service quality towards an airline alliance was uncovered. As perceived service quality of a consumer is a subjective trait and varies with every gender, individual and cultures. It was envisaged that new perceived quality attributes would emerge as the discussions unfold. More ever, in an airline alliance context travelling public undergo more service interactions with the many airlines than a sole service providers, hence its complexity. For example, airline passengers could book a return flight ticket by a preferred airline of an airline alliance. But to the passengers’ surprise, they could be served by partner airlines, which they have never heard off nor have any idea of what services the airline offers. Therefore, any changes made during the travel, adds new complexities to a passenger’s travel. Any new complexity could increase or decrease perceived service quality of an airline alliance. Therefore, any benefits such as seamless travel, air mile benefits, priority boarding and access to airport lounges, have to be maintained and delivered by members of an airline alliance. Failing to deliver the promised services might affect the evaluations of the service quality of the airline alliance.

Successive interviews unfolded two main issues surfacing the discussion. Firstly, consumer’s perceptions of various service interactions and interrelations with the front line staff (service complexities) of an airline alliance. Secondly the service quality attributes involved in an airline alliance. In the first part of the discussion, the sources of service complexities of an airline alliance were considered. Successive interviews resulted in developing a diagram as illustrated in figure 1, of an overall flight experience with an airline alliance.
Participants who were frequent travellers felt that the entire flying experience with an airline alliance was made of one whole process. Frequent fliers had an experience of flying with several airline members of an airline alliance and were used to the services offered by the airline alliance members. So, they were more adaptable to minor changes during their air travel and also knew whom to address to get a reliable seamless service. However, non-frequent flier respondents considered the airline alliance service deliver process as two entirely separate service delivery process. Though participants discussed about their service encounters during their entire travel. But, it appears from the discussion that the participants see the entire airline alliance service experience as partner airline service encounter and preferred airline service encounter. This raises the question of an airline alliance as an entity by itself. During the discussions with the participants few issues unfolded during the interviews. Participants assessed their travel based on the services offered at a) The airport of departure (Check-in, Lounges, boarding gates), b) In-flight services of a partner/preferred (Cabin crew services, seat comfort, Food and beverages, In-flight entertainment, Wi-Fi etc.) c) Airport in transit (service kiosks for flight information or any travel assistance, services for reaching to a lounge and boarding gate) d) In-flight services of a partner/preferred e) airport services at departure (baggage collection and service kiosks).

Participants resulting discussions about their service encounters began from the airport of departure, where they encountered ground staff at check in, airport lounge staff serving them at airport lounges, and finally ground staff assisting them at the
boarding gate to board a flight. Participants provided their opinion about services offered by airline ground staffs were “the ground staff at the departure are usually kind”, “they have good language skills”, “they are helpful in baggage check-in”, “and they are empathetic”. Discussion about the services offered by the airlines at the lounge were “the lounge is comfortable and has good ambience”, “they have Wi-Fi, newspapers and magazines”, “they serve food and beverages”, “lounges in some places are inconvenient to reach”, “some lounges can get crowded”, and “they have flight information details”. However, with respect to services offered by boarding hall. The participants expressed their opinions with remarks like “there are availability of seat”, “staff are having good job skills”, “they display flight information”, “conveniently located”. With respect to cabin crew services Participants expressed their opinions with good remarks for cabin crew services. Participants remarked saying that cabin crew have “good presentation skills”, “good language skills”, “give attention to passenger requirements” “serve well and assist passengers”. Inflight catering services and in-flight entertainment participants responded “choice of food and beverages”, “good quality and good portion of food”, “food is served hot”, “has cultural taste on menu”, “good choice of beverages”, “good choice of video and audio programs”, “good sound and video quality”, “easy to use”.

Whilst, noting the opinions of participants of services offered at the airport of transit, it appeared that airport at transit was a cause of headache to many participants. They argued that the airport at transit should improve their service standards to keep a seamless travel experience. Participants expressed their concerns saying “airports usually don’t have dedicated terminals for airline alliance members”, “airports have problems for providing information about flights, delays and cancellations”, “airports should provide adequate information for connecting flights”, “transit airport are massive to get around”, “there is less information provided to get to the gateways” and “airports should provide means of communication to communicate with family”.

In the case of connecting flights, the respondents feel though there are cultural elements in airlines services offered and during service delivery. Participants said they expect their partner airlines to provide same level of services, if not even better than their preferred airlines. Respondents raised their opinions about partner airlines as “partner airline should have good reputation of safety”, “they should use good quality aircrafts”, “they should have efficient service personnel”, “cater to my requirements”, “they should have quality standards in flight services”, “provide quality services at the airport lounge”, “provide quality customer care and assistance, when required”.

Resulting discussions from the participants few service quality attributes of an airline alliance surfaced the discussions and four service attributes like Tangibility, Accessibility, Reliability and Personal care emerged as the attributes of an airline alliance. Tangibility in this discussion refers to the physical surroundings and facilities provided by airlines on board and off board. In terms, of tangibility as a service attribute of an airline alliance. Discussants detailed tangibility as an important element of service quality and expressed their opinions remarking as “they have new planes”, “airports have good seat arrangements”, “most airports are new and safe”, “airport lounges have good décor and ambiance”, “there are good reading materials in airport lounge”, “there is good seating arrangement and privacy in an airport lounge”, “airport lounge have good food and beverage quality”, “plane interiors are...
pleasant”, “seats are getting very comfortable in premium economy class”, “airlines serve good food and beverage”, “airlines have good lighting facility”, and “airlines provide good entertainment facility”.

Accessibility refers to availability of non-stop flights, good network of destinations, availability of airport lounges access, availability to redeem air miles from any airline member and convenience of taking flights and good frequency of flights. In terms of accessibility as a service attribute, participants commented “they have good frequency of flight”, “convenient arrival and departure timings are important”, “they provide access to airport lounges at any airlines airport”, “they provide facility to redeem air miles from any partner airline”, “they have just one loyalty program for all airline partner” “they have flights to more destinations”, “there are good network of flights” and “they have non-stop flights”.

Another important service quality attribute of an airline alliance is Reliability. Reliability here refers to airlines ability to give good on-time performance, and provide consistency in service and deliver services as promised. Respondents here expressed their opinions saying “airlines do arrive in time”, “airlines depart in time”, “airport transit don’t provide service very well”, “airport transits are ill equipped to provide information for transit passengers boarding”, “baggage is not handle very well” and “airport transits have no dedicate terminals for airline alliance members”.

Lastly an essential service attribute that appeared very important for the participants is personal care and attention provided by airline service staff. Personal care here refers to the courtesy, empathy and willingness to help and provide individual care and attention to the travelling masses. During the discussion it appeared that participants find cabin crew and ground staff very helpful and polite. Participants said “ground staff are kind and helpful”, “cabin crew are polite”, “cabin crew are kind and helpful”, “they provide good services on board”, “they speak English”, “they provide consistent services on board” and “they have a good empathy”. Following the discussions, it is observed that four service attributes that have surfaced from the discussion can help lead to understand the service delivered by the airlines of airline alliance. Though the discussions that have unfolded are considered to be in its infant stage and are based on non-frequent flier opinions. However, more interviews of this type from various cultures and especially from frequent fliers could encourage more detailed information about the service attributes of an airline alliance.

Conclusion:

Reviewing the literature and conducting this exploratory study indicates that consumer perceived quality as a very subtle element in the field of services marketing. Interviews with discussants suggest that every individual perceives service quality in a different way. Some consumers enjoy the sense of a standard and homogenous service experience and whereas, some consumers have propensity of experiencing varying levels of airline services to maximise their utility. Literature suggests that, when consumers were served by an airline carrier, they consume a set of services offered by one airline and therefore hold the airline for satisfying them or dissatisfying them. However, consumer perceived quality can get
complicated when airline passengers are served by multiple airlines working as an alliance network. This exploratory study is in an infant stage to identify the attributes of the consumer perceived quality of an airline alliance. Therefore, this exploratory study, in its present form, infers that the main sources of efficient services are provided by an individual airline (partner or preferred airline) that participate in an airline alliance. Based on the service attributes that appear from the discussion, traveller’s perceptions of service quality among participating airlines of an airline alliance can be plaid. This would allow research to understand homogeneity of service quality among all the members of an airline alliance. And having said that, the main issues circling an inefficient transit airport system that appears to bother airline alliance passengers can also be scrutinised. From the discussions it is understood that, though, airport on transit are meant to serve seamless travel experience for airline alliance passengers, but unfortunately the public opinion raised in this discussions, unearths some inefficient service deliveries of partners of an airline alliance. The consequences of an inefficient service performed by transit airport harbouring connecting flights have lead consumers to think of other alternatives. This study, though in its infancy stage, concludes that, if the airline passengers have an efficiently serving airline and an efficient transit airport in place, it can facilitate airline passengers to rejoice their journeys. Hence, better services from all the individual airlines and their respective airport hubs would eventually help consumers not to be bothered of buying travel insurance, but enjoy their journey.

References:


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