

CUSTOMER SATISFACTION IN THE SERVICE SECTOR: A CASE STUDY OF THE DOMESTIC AIRLINES INDUSTRY

by

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Submitted
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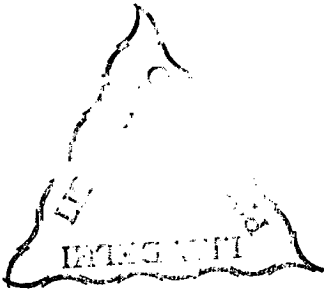
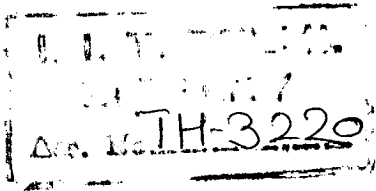
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The Thesis titled “**Customer satisfaction in the service sector: A case study of the domestic airlines industry**” being submitted by **Mr. Robin Sarkar** to the Department of Management Studies, Indian Institute of Technology, Delhi for the award of degree of **Doctor of Philosophy (Ph.D.)** is a record of bonafide research work carried out by him. He has worked under my guidance and supervision and has fulfilled all the requirements for the submission of this thesis, which has attained the standard required for a Ph.D. degree of the Institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.

Date: December 07 , 2004



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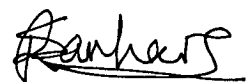
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(Robin Sarkar)

**Dedicated to the memory of my father,
Late Commodore Ananta Kumar Sarkar**

Abstract

As economies throughout the world have continued to develop over the last few decades, the importance of the service sector in the economy has been steadily growing. In all countries, the share of services in the Gross Domestic Product (GDP) has been increasing. This is true both for developed countries and for developing countries like India. Over the past decade, India, with its advantages of a large English-educated work force, has been earning for itself a special place in the global service sector. Sectors like software development call centres and other Business Process Outsourcing areas have been fuelling growth in services in India.

All of these services depend on the transportation sector for connectivity and the domestic airlines sector is a critical element in the growth of services in India as economic growth spreads out from the major metro cities in India to the other cities and towns. The domestic airlines sector was chosen for this research because of its critical nature, the fact that it is a service industry, the interesting stage of its development in India at this time and, also, because a comprehensive customer-focussed study on the Indian domestic airline industry could not be found in the literature.

It has become imperative for the domestic airlines in India to understand the consumer buying behaviour of their current and potential customers so that they may develop appropriate marketing strategies in the emerging highly competitive market. Some of the key questions facing airline marketers are what attributes influence customer

choice in airlines, how do customers rate the airlines on various parameters, how important is customer satisfaction to re-purchase intentions, what are the implications for business performance and is the existing system of measuring customer satisfaction adequate to drive business decisions. There is an apparent vacuum in the academic literature on the Indian consumer buying behaviour of domestic air travel. The present study has been undertaken to modestly fill this gap and analyze the consumer buying behaviour so as to derive some useful marketing implications for the domestic airlines.

The single key challenge before the domestic airlines is sustainable market share and profitability. Customer satisfaction is an important lever to drive these business results. A literature review has been carried out focussing on the various customer-related areas of service management and, based on the inputs from the literature review, this study attempts to:

- Investigate the key variables of customer satisfaction for the three domestic airlines, Indian Airlines, Jet Airways and Air Sahara including customer perception of the relative importance of these variables
- Look at the impact of customer satisfaction on future usage (used as a surrogate for re-purchase intentions) and what impact differing consumer characteristics have on customer satisfaction

- Examine the existing customer satisfaction measurement systems of the domestic airlines with regard to the dimensions being measured
- Develop a frame-work to analyze the impact of customer satisfaction (both overall and its individual dimensions) on re-purchase intentions

The research design involved both a questionnaire-based survey and a case study of the domestic airline industry category. The case study also covered the emerging low-cost airlines and its implications for the Indian sector. A total of 3 guiding and 37 micro research propositions were tested and the study findings revealed that there exists a significant linkage between customer satisfaction and future usage and differing consumer characteristics was positively related to customer satisfaction. It was also found that the relative importance of the satisfaction variables was not significantly different for the various consumer groups.

The results enable the airlines to re-look at their customer satisfaction measurement dimensions and to see the relative importance of various attributes in driving customer satisfaction. A comparative analysis of the performance of the airlines on the various attributes and a frame-work for studying the impact of customer satisfaction on business performance is also outlined. It is hoped that the findings of this research study would be useful both for airline marketers and for researchers.

Keywords: Customer satisfaction, Domestic airlines

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