

CSR and Service Quality Perceptions in Airline Business and Effects on the Customer Satisfaction

Diren Bulut (Ph.D)
Istanbul University School of Business
Marketing Department Avcilar Campus
Istanbul/TURKEY
dbulut@istanbul.edu.tr
Phone:+90 212 473 70 70-18269

Responsible business management could have different aspects, differing for every industry. Business application aspects which have significant reflections on the product/brand/service quality may also have an effect on customer perception of quality, customer satisfaction and loyalty (Chen et al., 2012).

Services and products have different measurements for customer perception. In tangible products, the qualifications of the products are clear for the customer while the services need to emphasize on their attributes for customers to see (Walsh, 2011). This nature of the service sector makes the business more competitive, not just on the quality also on the perception of the customers.

Low cost and traditional (full-service) airlines differ from each other with their business orientation work. Low cost airlines focus on cost reducing for having a competitive edge by offering low prices for the customers while traditional airlines focus on service quality to gain their customers' loyalty (Walsh, 2011). These two mainstream models for airlines are widely used in different countries and have some segments they both target. Even some airlines create another brand for low cost segments and compete in both of the markets (Mason, 2001; O'Connell& Williams, 2005). With the competition on the same segments it becomes important to understand the perception of customers' on CSR practices. Unless the customers pay enough attention on these practices, they might be sacrificed for cost reducing measures.

Ticket prices for the customers could differ in the same rote, from the same airline even in the same day. Most of the airlines prefer to have different ticket classes with different price policies, though the same seat could cost a passenger variously, depending on the channel they buy the ticket, time of the purchase, if they want additional services etc. (Stavis, 2001). This kind of a price discrimination motivates customers to find the cheapest possible ticket for their travel with the idea of they are getting the same services (Barrette, 2004).

The low cost airlines avoid any kind of cost raising expenses from serving food, to loading extra weight (baggage), from personnel to airport fees. To be able to offer lower prices and compete with the full service airlines they still need to create the perception

of required level service quality (Tsai, 2008). Air transportation addition to regular service quality dimensions need to fulfill the required safety perception, since it is highly associated with the crash risk by people, even though it is one of the safest way of travel compared to the other alternatives (ICAO- International Civil Aviation Organization). Because of this quality of service is usually measure with and additional dimension of safety and the personnel quality has a wider definition and measurement in airline sector (Saha & Theingi, 2009; Sultan & Simpson, 2000; Kim& Lee, 2011)

When it comes to the perspective of corporate responsibility, airline industry has some other kicker points compared to other service industries. Airline business as nature is very highly linked with environmental and cultural concerns. The pollution, waste management, noise, water consumption, carbon dioxide production and energy concerns are putting airlines on the target with environmental black lists (Cowper-Smith& De Grosbois,2013; Lynes & Dredge, 2010; Lynes & Andrachuck, 2008). Its tie with tourism and culture also creates and automatic link with social and cultural aspects of corporate social responsibility (CSR). Education, labor rights, working conditions and economic aspects of the business also has importance in CSR perspective (Cowper-Smith& De Grosbois,2013). Because of these concerns the corporate social responsibility of the airlines studied under three main dimensions of; environment, social and economic impacts.

This study aims to understand Turkish airline customer's perceptions towards low cost and traditional airline companies CSR applications, importance of CSR and service quality and these factors' effect on the customer satisfaction. Since the consumers perception of service quality is highly related with the corporative perception as well, the link between CSR and service quality has been studied by other academicians too(Cowper-Smith& De Grosbois,2013; Lynes & Dredge, 2010; Lynes & Andrachuck, 2008; Tsai, 2008). This study is not just focusing on the link between the service quality on CSR, but also includes the low-cost, traditional airline management perspectives in to the model.

For this purpose two different airlines from Turkey were chosen, which has both domestic and international flights. One of the airlines is Turkish Airlines, which has been chosen to be the best airline of Europe in 2012 (Turkish Airline Website). The other airline is a low cost airline, which also have domestic and international flight and has one of the largest fleet in Turkey: Pegasus Airlines. Even though the Turkish Airline used to be the only airline which flew domestic flight in Turkey for a long time, Pegasus Airline has the highest number of destinations and market leader in the low cost segment (Pegasus Airline Website).

Airline Customers who use these airlines both will be asked to evaluate these airlines by CSR practices (environmental, social and economic dimensions), and their service quality (Tangibles, reliability, responsiveness, assurance, empathy, safety). The aimed sample size is 250 passengers who use both of the airlines by their personal choice in

last 6 month. It will also be asked to these passengers the reasons of choosing these airlines and their first option when they needed to buy an airline ticket. The results will be compared and the differences between two airlines will be defined and modeled. For this study, both airlines reporting will be analyzed and compared with the perception results of the customers and will try to understand if the perception and reality of the CSR applications could be easily evaluated by the passengers. With this study it is also aimed to see if the low cost vs. traditional airline models have difference with the importance of CSR practices and which CSR and service quality dimensions have more importance compared to other dimensions.

The link between CSR and customer satisfaction will be analyzed using multivariate statistic methods (within the data requirements) and the results will be interpreted accordingly to the hypothesis.

Key words: CSR, Low cost airlines, traditional (full-service) airlines, service quality, customer satisfaction

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