

Investigating the Influence of Relationship Quality on Passengers' Loyalty in Airline Industry

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Abstract

The aim of the present study is to understand the impact of relationship quality on passenger's loyalty in the context of the airline services. It contributes to the body of knowledge in the area by investigating the structural relationship among the dimensions of relationship quality (satisfaction, trust, commitment, and service quality) and the dimensions of loyalty (affective, cognitive, and behavioral). The study is based on responses from 500 passengers in 2013. Structural Equation Modeling was applied to study the impact. The results show that satisfaction, trust, commitment and service quality, the determinants of relationship quality, are positively associated with passenger loyalty dimensions involving affective, cognitive, and behavioral.

Key words: Relationship quality; Loyalty; Airline industry; Passenger

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INTRODUCTION

One method to improve an airline's competitive status is to maintain passengers as loyal customers of the airline.

It means that they would select the airline not once, but frequently. Loyal passengers are highly important to the airlines as they are low price sensitive and need a less effort to communicate with (Gomez et al., 2006). Yet, very little is known about what makes an airline passenger loyal to an airline. Most prior research focus on airline selection. In addition, although various loyalty antecedents have been recognized, it is identified that relationship quality plays a critical role for passengers' loyalty. Relationship quality (RQ) is a higher-order concept that contains satisfaction, trust, quality, and commitment. The concept's relevance for retaining successful relationships with passengers has been argued in relation to the services context (Vieira et al., 2008). However, there is much less research examining the RQ-loyalty tie in the airline industry. In dealing with this research gap, this study connects RQ with passengers' loyalty in the airline services context. Consistent with prior research (Hennig-Thurau et al., 2002), we investigated the influences of the main RQ dimensions of satisfaction, trust, trust, quality, and commitment on passengers' loyalty, instead of the effect of overall RQ. We argued that the elements that constitute RQ in other service contexts are vital to those on the airline services. The structure of the paper is as follows: Section two is a review of the key determinants of relationship quality as found in the marketing background; Section three provides an overview of loyalty elements; in Section four, we presented the hypothesized relationships between relationship quality dimensions and loyalty dimensions. This is followed by the methodology of research, analysis of research, testing of hypotheses, and results. The paper ended with discussing the key findings, their conclusions, and suggesting future research directions.

1. RELATIONSHIP QUALITY

The construct of relationship quality has originated from theory and studies in the area of relationship marketing

(Crosby et al., 1990). Although, prior research of relationship quality (eg. Hennig-Thurau & Klee, 1997; Kumar et al., 1995; Storbacka et al., 1994; Walter et al., 2003; de Wulf et al., 2001) has argued and examined the concept of relationship quality in various contexts, the definition and usage of relationship quality differs from research to another research. However, the researchers agree that the concept of relationship quality is a higher-order construct including several related dimensions. The dimensions are satisfaction (Crosby et al., 1990; Lagace et al., 1991), commitment (Dorsch et al., 1998; Hennig-

Thurau & Klee, 1997; Kumar et al., 1995; Moorman et al., 1992), trust (Gronroos, 1990; Kumar et al., 1995; Moorman et al., 1992; Wray et al., 1994), and perceived quality (Jalilvand & Samiei, 2012; Moorman et al., 1992). Based on previous research, this study proposes that relationship quality is comprised of perceived service quality, trust, commitment and satisfaction. The selection of the four dimensions is also relied on the literature and suitability to the context of B2C markets. Table 1 illustrated an overview of relationship quality research. It lists research that has addressed RQ and their conceptualizations of the construct.

Table 1
The Dimensions of Relationship Quality in the Literature

Authors	Trust	Satisfaction	Commitment	Quality
Hsieh and Li, 2008	O	O	O	
Boles et al., 2000	O	O		O
Hennig-Thurau, 2000	O		O	O
Naudé and Buttle, 2000	O	O		
Shamdasani and Balakrishnan, 2000	O	O		
DeWulf et al., 2001	O	O	O	
Hennig-Thurau et al., 2001	O		O	O
Vieira, 2001	O	O		
Hennig-Thurau et al., 2002	O	O		O
Hewett et al., 2002	O		O	
Parsons 2002	O	O		
Wong and Sohal, 2002	O		O	
Roberts et al. 2003	O	O	O	
Walter et al., 2003	O	O	O	
Ivens, 2004	O	O	O	
Uлага and Eggert, 2006	O	O	O	
Ivens and Pardo, 2007	O	O	O	
Rauyruen and Miller, 2007	O	O	O	O

1.1 Perceived Service Quality

As a critical criterion of organizational performance, service quality remains at the forefront of both the service marketing literature specifically and the marketing literature generally (Jensen & Markland, 1996). Both academics and practitioners are keen on measuring perceived quality in order to comprehensive understand its essential consequences and, methods for enhancing quality to get competitive advantage and create passenger loyalty (Palmer & Cole, 1995; Zahorik & Rust, 1992). Authors insisted that the link between perceived quality and various consequences is enhanced by further empirical research. Firm- and industry-level evaluation of the quality-service loyalty linkage provides suitable information to managers and marketers on the viability of future performance.

1.2 Satisfaction

The fulfillment of getting the desired consequences lead to satisfaction with the relationship (Anderson & Narus, 1990). For example, in a distribution channel's setting, the producer's role performance is positively associated with dealer satisfaction with the producer (Frazier, 1983). If a channel member contributes to the other member objectives, the second would be more satisfied with the relationship with the first (Kumar et al., 1992). Hence, satisfying or exceeding the performance objectives leads to satisfaction with the partner, and therefore satisfaction is a close proxy for perceived relationship quality (Anderson & Narus, 1990). Satisfaction with the relationship is defined as a positive emotional status originating from the evaluation of the exporter's working relationship with the importer (Geyskens et al., 1999). While taking into consideration past experience

results, another definition is provided in a B2C context. Satisfaction with the relationship is defined as the “cognitive and affective evaluation based on personal experience across all [...] episodes within the relationship” during past interactions with the firm (Roberts et al., 2003, p.175). Satisfaction with the relationship is considered to be a key dimension of relationship quality because it has been demonstrated that more satisfied buyers have higher quality relationships with selling firms (Dorsch et al., 1998) as they tend to be more knowledgeable about the roles of selling firms and more perceptive about the quality of the relationship.

1.3 Trust

Trust is a key component of relationship quality. When a customer trusts the trustee, he/she is likely to perceive that there is a high quality relationship between him/her and the trustee. A relationship that lacks trust is not perceived as of high quality. It is also important to state that trust is difficult to enhance, can be shaken simply, and once shaken, is difficult to reconstruct (Shneiderman, 2000). Parasuraman et al. (1985) identified trust as a vital success factor in successful service relationships. The authors asserted that passengers need to feel safe regarding providers and require to be assured that their interaction is confidential in that they are capable to trust their providers. Berry (1995, p.242) argued that “relationship marketing is based on the foundation of trust”. In relation to passenger loyalty, Reichheld and Scheffer (2000, p.107) imply on the importance of trust in that “to achieve loyalty of passengers, you must first achieve trust”. Furthermore, trust is an important factor or aspect in developing quality relationships built by a process of making promises (Dwyer et al., 1987; Gronroos, 1990; Hewett & Bearden, 2001).

1.4 Commitment

It is believed that passenger commitment to the airline is a very important antecedent of passenger loyalty in service industries like airlines (Fullerton, 2003). The concept of commitment has also been indicated to be an important dimension of relationship quality (e.g., Hennig-Thurau et al., 2002). Similar to trust, commitment is an important ingredient in successful relationships (Morgan & Hunt, 1994). The construct of commitment is the central factor in relationship marketing (Garbarino & Johnson, 1999, Pritchard et al., 1999). The construct of commitment originated from industrial and organizational psychology and is viewed as an intention to continue an action or activity such as retaining a relationship with a business partner. In the seller-and-buyer relationship literature, commitment can be defined as an implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al., 1987). In fact, commitment refers to the stimulus to stay with a service provider (Moorman et al., 1992). In a business relationship, commitment

is considered as a psychological sentiment of the mind through which an attitude concerning continuation of a relationship with a business partner is formed (Wetzels et al., 1998).

2. LOYALTY

Oliver (1999) believed that loyalty develops through different stages. These stages are (a) a preference over competing brand characteristics (beliefs), (b) along with an affective preference (attitude) toward the service/product, and (c) a higher intention (conation) to buy the service/product above and beyond that for competing service/product offerings. That is, passengers would be loyal to a service in a cognitive manner firstly, followed by an affective ‘dislike’ or ‘like’ of the service, and later in a conative sense (Back, 2005; Oliver, 1997). Therefore, the passengers’ loyalty and commitment to the airline builds as each of the loyalty phases would be passed. Oliver (1999) asserted that passengers can be loyal at each phase regarding different components of the attitude development structure. At each stage of loyalty, various factors affecting loyalty can be identified (Evanschitzky & Wunderlich, 2006). Cognitive loyalty is based on the service information available to the passengers. Cognitive loyalty has been shown to be the weakest form of loyalty (Pedersen & Nysveen, 2001). Cognitive loyalty is mainly affected by the passenger’s evaluative response to experience, particularly to the perceived performance of an offering relative to price (Evanschitzky & Wunderlich, 2006). Affective loyalty is based upon passengers’ affect-based attitudes to a service, and attitudes to a service are based on an established relationship between the passenger and the service. Affect is encoded in the passenger mind than cognition, which is more subject to counterarguments (Oliver, 1997). Although affect has been found to be stronger than cognition, affective loyalty is not a perfect antecedent of behavioral loyalty. The passenger might be satisfied with the product in the service category and then they may be affectively loyal to many brands in the same category. Conative loyalty, passengers’ intention to keep on using the service in the future, is argued to be the strongest antecedent of behavioral loyalty rather than cognitive and affective loyalty (Pedersen & Nysveen, 2001).

3. HYPOTHESES DEVELOPMENT

Providing the theory and evidence of past research on relationship quality and loyalty, it is possible to lay out the following research issue: does relationship quality influence the dimensions of passengers’ loyalty? Which relationship quality dimensions influence each of the components of passenger loyalty? The following hypotheses were developed based on the theory and past empirical evidence discussed above:

H1. Commitment is positively associated with passenger loyalty (affective, cognitive and behavioral).
 H2. Satisfaction is positively associated with passenger loyalty (affective, cognitive and behavioral).
 H3. Trust is positively associated with passenger loyalty (affective, cognitive and behavioral).
 H4. Service quality is positively associated with passenger loyalty (affective, cognitive and behavioral).

H3. Trust is positively associated with passenger loyalty (affective, cognitive and behavioral).
 H4. Service quality is positively associated with passenger loyalty (affective, cognitive and behavioral).

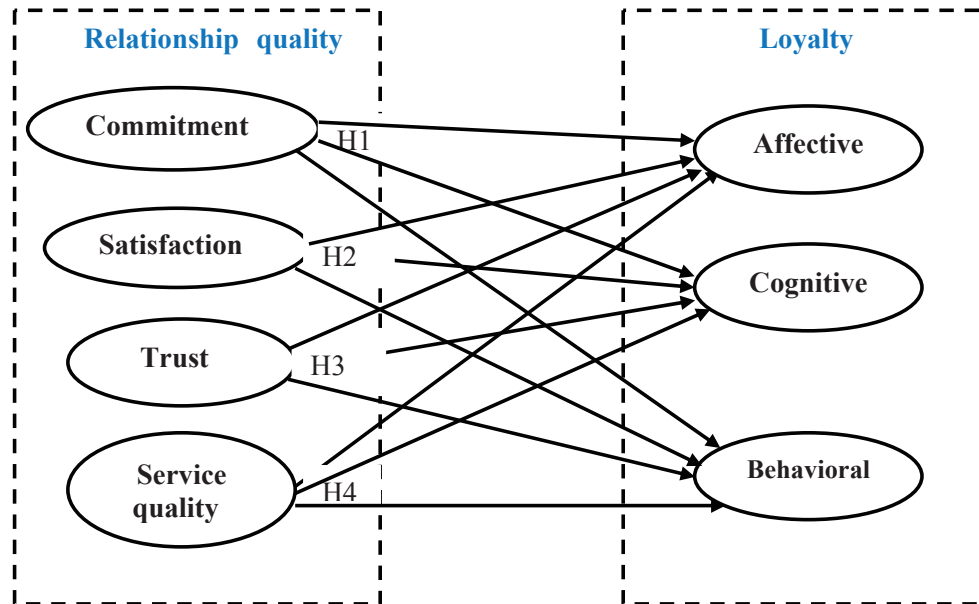


Figure 1
Conceptual Model

4. METHODOLOGY

The framework embraces information on four dimensions, including passenger satisfaction (4 items), trust (5 items), commitment (4 items), and perceived service quality (6 items) all measured by using a five-point Likert-type scale. The advantage of using an interval scale is that it permits the researchers to use a variety of statistical techniques which can be applied to nominal and ordinal scale data in addition to the arithmetic mean, standard deviation, product-moment correlations, and other statistics commonly used in marketing research (Malhotra, 1999). Six items also were employed to measure three dimensions of loyalty including affective, cognitive and behavioral. A self-administered questionnaire was used to collect data from prospective passengers who referred to Imam Khomeini and Mehrabad Airports in the area of Tehran. The questions are based on a review of the literature and specific product contexts, and the questionnaire was pre-tested and revised. The questionnaires were distributed based on a convenience sampling method and collected at the two mentioned airports in Tehran. Six hundred questionnaires were distributed and 500 useable samples were obtained after excluding the incomplete ones, yielding a 83% response rate from those who agree to participate. Cronbach's alpha

was used to verify the internal consistency reliability. The customer satisfaction shows a significant internal consistency of 0.810. Cronbach's coefficients of passenger satisfaction, trust, commitment, and perceived service quality were 0.87, 0.84, 0.75, 0.83, and 0.86, respectively. The reliabilities of the different measures in the model range from 0.75 to 0.87, which exceed the recommended threshold value of 0.70 (Nunnally, 1978). Additionally, Cronbach's coefficients of loyalty was 0.83. Statistical analysis was computed using the Windows versions of Statistical Package for Social Sciences (SPSS 15.0). Data analysis involves descriptive statistics and structural equation modeling (SEM) using AMOS.

5. RESULTS

5.1 Sample Profile

Of the 500 respondents, the majority were male passengers (80.8%). Respondents who were 30–39 years old (40.6%) comprised the largest age group. In addition, the majority were married (72.6%). 51.2% of the respondents had degree or below, and 48.8% of the respondents had postgraduate degree. In terms of experience of using airline services, most of passengers (90.8%) were used airline services in the past more than five times. Finally, in

terms of trip purpose, business (28.0%), official mission (21.8%), and vacation (20.2%) had the higher frequency among others. Descriptive statistics are illustrated in Table 2.

Table 2
Demographical Characteristics of Respondents

Characteristic	Percentage
Age group	
Below 30	23.8
30-39	40.6
40-49	24.4
50 or above	11.2
Gender	
Male	80.8
Female	19.2
Marital status	
Single	27.4
Married	72.6
Education	
Degree or below	51.2
Postgraduate	48.8
Experience of using airline services	
Never	0.0
One time	2.8

To be continued

Continued

Characteristic	Percentage
2 to 5 times	6.4
More than 5 times	90.8
Trip purpose	
Vacation	20.2
Business	28.0
Praying	10.0
Visiting friends and family	15.8
Official mission	21.8
Education	4.2

5.2 SEM Results

The hypothesized relationships were estimated using structural equation modeling. The structural model described in Figure 1 was estimated using AMOS 18 with maximum likelihood estimation method. The overall goodness of fit statistics shows that the structural model fits the data well. The root mean square error of approximation (RMSEA) is 0.063, the goodness of fit index (GFI) is 0.919, the adjusted goodness of fit index (AGFI) is 0.962, the standardized root mean square residual (sRMR) is 0.044, chi-square statistics (χ^2) is 387.007 with 208 degrees of freedom and p-value of 0.000. Table 1 suggests that all of four paths (H1, H2, H3, H4) depicted in the conceptual model were supported.

Table 3
Results of Hypothesis Testing Using AMOS

Hypothesis	Independent	Path	Dependant	Estimate	Result
H1	Commitment	→	Affective	0.199**	Supported
	Commitment	→	Cognitive	0.204***	Supported
	Commitment	→	Behavioral	0.184**	Supported
H2	Satisfaction	→	Affective	0.269***	Supported
	Satisfaction	→	Cognitive	0.335***	Supported
	Satisfaction	→	Behavioral	0.401***	Supported
H3	Trust	→	Affective	0.229***	Supported
	Trust	→	Cognitive	0.451***	Supported
	Trust	→	Behavioral	0.344***	Supported
H4	Service quality	→	Affective	0.365***	Supported
	Service quality	→	Cognitive	0.391***	Supported
	Service quality	→	Behavioral	0.470***	Supported

Note: **p≤0.05, ***p≤0.01

CONCLUSION AND FUTURE RESEARCH

This paper aims to investigate the influence of relationship quality dimensions including satisfaction, trust, quality and commitment on the dimensions of loyalty containing affective, cognitive, and behavioral. This is the first study that has considered three dimensions of relationship quality in associated with relationship quality in a holistic model. The findings suggest that passengers' satisfaction is positively related to loyalty to the airlines. Trust and commitment were also significantly associated with the three dimensions of loyalty (affective, cognitive, and behavioral). Finally, service quality of airlines is significantly associated with passengers' loyalty. This paper also has several directions for future research. Service quality is found to be an important factor to both satisfaction and trust in this study, which is in consistent with prior research. It is still true in airline services that improving service quality brings the benefits of increased passenger satisfaction and trust. Airlines should really consider ways to improve their services in order to maintain the basic strength to compete. In the past, playfulness has rarely been included in research on customer loyalty of mainly utilitarian services. Airlines can provide more value-added options with services to differentiate themselves from other airlines with standard services. As emotional commitment is one of the most established antecedents of airline loyalty, airlines should encourage passengers to be committed to the airline by providing more interesting context of service offering. As a limitation of current study, this study performed in the area of Tehran that generalizability of findings will be restricted. Extensions and improvements to this replication study are suggested, especially regarding measurement and conceptual issues. Some of the latent constructs may be strengthened in terms of composite reliability by improving the wording of their respective manifest variables and adding some more relevant facets.

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