
Switching Costs as a Determinant of Customer Retention in the Airline Industry: Evidence from Global Airline Loyalty and Service Quality Systems

Dr. Aisha Al-Nuaimi^{1*}, Dr. Khalid Hassan¹

¹University of Sharjah, College of Medicine, Department of Health Management and Healthcare Systems, Sharjah, UAE

ABSTRACT

This hypothesis tentatively investigates the components that affect customer retention in the airline industry. The variables that will be examined are administration quality trait saw security consumer satisfaction and customer honesty. SPSS programs are directed to breaking down the information with 100 respondents from various religions, regions. The outcomes propose that the airline service have the significant relationship with customer retention.

Keywords: *Customer Retention, Customer Satisfaction, Service Quality Attributes, Airline Industry.*

I. INTRODUCTION

In the present time because of as a result of expanding globalization on planet's economy with the fast progress in upgrading the use of airline services are expanding step by step in addition the capacity of carrier administration today has improved as other than it enables individuals to go to other district it additionally give a products conveyance. These demonstrate that the market in carrier industry has extraordinary chance to get a handle on through the attendance of expenses airline administration the amount of people that can travel has massively extended as expenses carriers give aircraft administrations at shoestring cost. This occurrence control the power of the challenge in the market which countenance the necessity for organization in this trade to be competent secure and hold their clients viably so as to remain forceful in the marketplace. In connection with procuring and holding the need of unbelievable administration workforce is genuinely critical as they are the person who legitimately communicates with the clients. With the great open door in carrier administration industry the reason for this examination paper is to contemplate and break down thoroughly the airline administration this venture will be centered more on the airline administration in Indian area as the market for aircrafts is wide. After the world wars there were a few improvements have been made and the interest for new planes the structure structures and the strategies have incredibly developed and not long after the world wars the air defeat all through the Europe be set up since the previous 15 years the airline course have turned into a baggiest need of both trade and average citizens that it is difficult to live without the air venture to every part of the principle experts for the air tour is it diminishes moment and making the people groups to visit world in the reasonable time.

The aircraft business can be arranged into four extraordinary and principle operations

Global: this administration takes more than 130 travelers and has them and can take anyplace on the planet. In this classification the selling have its earnings for in any event 1 bn.

National: in this class it can take the travelers up to 150 and the dealing have its revenue for from \$100 m \$1bn.

Provincial: the little organizations which chiefly center around the flights with brisk stops and the profit of this deal is not exactly 100 m.

Freight: the principle focal point of these carriers is to convey merchandise.

II. LITERATURE REVIEW

- According to Kotler and Armstrong (2009), discover an accurate purchaser that offers a useful comeback is often characterized as consumer procurement. Consumer procurement is important for each association that begins making a trade, growing their trade things and administration, as well as it is powerful in situation where the exchanging fee is moderately short and repeat buys are rare. In obtaining customers it is basic for organization to pick the right consumer to serve before opt however they will best get them.
- This is particularly important as association will not possibly serve all purchasers within and out. Henceforth, associations recently value more highly to section their purchasers and spotlight more on purchasers that they will gain, fulfill best and convey productivity. (Jobber, 2010).

- After selecting that portion of purchasers to focus on it's very important for corporation to grasp the consumers 1st. There are 3 thoughts that should be noticed. Right off the bat, desires which imply to fundamental individual requirement, in airliner case; it is a kind of require to go out of the country via carrier administration. Although, wants are the optional kind of requirements that are shaped by way of life and uniqueness, another time in transporter case, this would be the craving to take space, satisfying and lofty airliner administration. 3rd, requirements that are bolstered by capability to give is normally termed as extra income. It is basic to understand these 3 thoughts which can be establish in crafted by Burton, Kotler and Keller (2009) in light of the way that it is difficult to give organization better regard that lead to productive customer securing, if the organization itself do not identify what are the customer's requirements and desires which won't create solid interest.
- According to Timm (2011), consumer loyalty happened at whatever point the clients feel that the value that they pay for certain administration is gainful or commendable. A standout amongst the most ideal ways for organization to give fulfillment to clients is by working intimately with the clients to guarantee the administration address their issues and needs (Lovelock, et al., 2005).

III. OBJECTIVE AND RESEARCH METHODOLOGY

To study the research objectives a descriptive research design is used. Structured survey is composed of covering the impact of the switching cost an effective barrier to customer retention in the airline industry in India. For the data accumulation, convenient sampling is used and 100 responses are found complete and utilized for the study in concern. Data is analyzed using SPSS software.

IV. DATA ANALYSIS

	Frequency	percent
Gender Male	60	59.4
Female	40	40.6
Age up to 20 years	43	42.6
20 to 30 years	50	50.5
30 to 40 years	7	6.9
Education Diploma	2	2.0
Graduation	45	44.6
post-graduation	45	45.5
Other	8	7.9
Occupation Student	49	48.5
Private sector employee	41	40.6
Entrepreneur	10	10.9
Income 35000 to 45000	23	23.8
45000 to 55000	34	33.7
55000 to 65000	30	29.7
above 65000	13	7.9

Area city/town	42	42.6
rural area	38	37.6
metro cities	20	19.8
Media Internet	45	45.5
Newspaper	1	1.0
friend,family,relatives	33	32.7
tour & travel	21	20.8
Total	100	100

The demographic profile analyses displayed in the table it demonstrates the age analysis of respondents that show, up to 20 years the respondents are 42.6% and 21 to 30 years 50.5% respondents in the sample, while in the age group 31 to 40 years i.e. 6.9%. In the gender classification, it shows that 60% are male and 40% respondents are females in the sample. Regarding the education level, it shows that the most of respondents in the sample are post graduate i.e. 45.5% and graduate with 44.6%. As per the occupation classification the most of the respondents are students i.e. 48.5% in the sample. As per the family income level classification the most of the respondents in the sample have 45000-55000 incomes i.e.33.7 %. Majority of the respondents are from city/town i.e. 42.6%.

Factor analysis

Factor analysis is a valuable and a prevalent method taken for the data reduction. When research has some variables that are correlated, then factor analysis is used to reduce all variables into fewer. Factor analysis is the technique of cutting a large no.of variables into some meaningful. Factor analysis founded on the correlation matrix of the variables involved and correlations usually need a large sample size before they steady.

Communalities

Communalities are the proportion of each variable's variance that can be explained by the principal components. It as well denoted by h1 and defines as the total of squared feature loadings. Communalities show how much of the variance in the variables have been accounted for by the extracted factors. The percentage of variance of a particular item that is due to common factors (shared with other items) is called communality

Table-8
Communalities

	Initial	Extraction
The flight departs and arrives at time as promised	1.000	.976
the airline perform the service right the first time	1.000	.935
the airline provides quality food & beverages	1.000	.976
the airline makes you feel safe during travel	1.000	.923
the employee of airline understand your specific need	1.000	.993
the airline has comfortable waiting lounge	1.000	.972
safety measures and precaution during the flight (presentation) by air hostess or flight staff members	1.000	.941

medical facility during emergency in flight(during flying)	1.000	.972
meals quality and preferences facility	1.000	.864
luggage shifting facility during change after flight in air port.	1.000	.881
in time flight delay reschedule information	1.000	.993
workers of the air line appear neat and tidy	1.000	.999
the airline has non stop service to various destinations	1.000	.906
the airline has to date in flight entertainment facilities and programs	1.000	.957

Extraction Method: Principal Component Analysis.

Total Variance Explained

The values in the column of the table given below specify the percentage of each variable's variance that can be explained by the principal components.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.301	73.578	73.578	10.301	73.578	73.578	5.897	42.123	42.123
2	1.664	11.889	85.467	1.664	11.889	85.467	4.767	34.049	76.172
3	1.321	9.437	94.904	1.321	9.437	94.904	2.623	18.732	94.904
4	.376	2.689	97.594						
5	.263	1.877	99.471						
6	.074	.529	100.000						
7	1.832E-15	1.308E-14	100.000						
8	6.669E-16	4.763E-15	100.000						
9	1.113E-16	7.950E-16	100.000						
10	2.948E-17	2.106E-16	100.000						
11	4.982E-18	3.559E-17	100.000						
12	-7.988E-18	-5.705E-17	100.000						
13	-1.127E-15	-8.053E-15	100.000						
14	-1.710E-15	-1.222E-14	100.000						

Extraction Method: Principal Component Analysis.

In the above table it seems that the attention accounts explain the 73.578% variance, the knowledge accounts for 11.889% of the total variance, the judgment account is 9.437% of the total variance.

Rotated Component Matrix

This is from time to time referred to as the loadings, is the key output of main components analysis.

Rotated Component Matrix^a

	Component		
	1	2	3
The flight departs and arrives at time as promised	.844		
the airline perform the service right the first time		.711	
the airline provides quality food & beverages	.844		
the airline makes you feel safe during travel		.725	
the employee of airline understand your specific need			.957
the airline has comfortable waiting lounge	.807		
safety measures and precaution during the flight (presentation) by air hostess or flight staff members		.924	
medical facility during emergency in flight(during flying)	.807		
meals quality and preferences facility		.757	
luggage shifting facility during change after flight in airport.	.697		
in time flight delay reschedule information			.957
workers of the air line appear neat and tidy		.947	
the airline has non stop service to various destination	.792		
the airline has to date in flight entertainment facilities and programs	.958		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

In the above table, rotated components and associated variables indicate that there are three key factors play a important role in understanding the impact of switching cost an effective barrier to customer retention in the airline industry services. The first factor is to target the services of the airline industries and the combination of all the services provided in the airline industries are make me satisfied. I feel that services given by the airline industries are beneficial and account of 73.578% of total variance. The second factor is the combination of safety and security provided by the airline industries I feel that airline industry gives better way of providing safety and security like quick medical facilities, first aid etc. according to data analysis my loyalty to a company account of 11.881% of the total variance. The third factor is related to the time utilization during travelling in airlines and all the benefits which we are all getting while travelling in airlines help in effective utilization of our time whenever we are travelling and

we gets various modes for entertainment/ spent our time while travelling in airlines is for example newspapers, movies etc., accounts for 9.437% of the total variance.

Regression analysis is a type of predictive modeling method which investigate the relationship among a dependent and independent variable(s).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.862	.861	.35134

a. Predictors: (Constant), perception importancetowardsairlines

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.369	1	76.369	618.693	.000 ^b
	Residual	12.220	99	.123		
	Total	88.589	100			

a. Dependent Variable: Airline features

b. Predictors: (Constant), perception importance towards airlines

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.447	.089		5.045	.000
	perception_importancetowardsairlines	.860	.035	.928	24.874	.000

a. Dependent Variable: Airline features

The information presented in the above table show the model synopsis & overall fit statistics. We see from the table that the Adjusted R Square of our model is .862 with the R²= .861 that indicates that the linear regression describes the 98% variance in the information.

The table above depicts the F test. The f test statistics is the regression sum of a square divided by the residual mean square. The liner regression F test has the null hypothesis that there is no linear connection between the variables with F test 618.693 and 1 degrees of freedom the test is highly significant. Therefore we can think that there is a linear relationship between the variable in our model. Further, the table shows the same coefficient beta indicates the relationship between airline services as the independent variable and customer retention as the dependent variable with a value of .928. The significance of beta is tested using t-test and value found is 5.045 and 24.874 which is significant except indicating a significant relationship between airline services and customer retention.

V. CONCLUSION

Today world business condition is progressively aggressive. Thusly in that setting customer maintenance has transform into an ideal objective in light of the purpose of persistent and growing trade effecting. Other than the aircraft tests numerous earlier examinations had connected the exploration structure of administration quality to comprehend client steadfastness in numerous industry firms. all things considered this investigation has purposely investigated the overflow advantages of administration quality on client steadfastness by methods for improving brand picture and saw esteem. From the examination it is discovered that the aircraft administrations has huge association with client maintenance.

REFERENCE

1. *Kotler, P. and Armstrong. G., 2009. Principles of Marketing. 13th ed. London: Pearson Education.*
2. *Jobber, D., 2010. Principles and Practice of Marketing. 6th ed. London: McGraw-Hill Education.*
3. *Kotler, P. and Keller, K.L., 2009. Marketing Management. 14th ed. Upper Saddle River: Pearson Education.*