

Factors Affecting Customer Retention in the Airline Industry

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Abstract

Purpose: This study empirically investigated the factors that affect customer retention in the airline industry in North Cyprus. These factors were service quality attributes, perceived safety, customer satisfaction, loyalty reward program, relationship commitment and customer loyalty. The study also investigated four different groups for purposes of travel (business, education, vacation and family visit) in the empirical model.

Methodology: A descriptive approach was chosen to conduct this research. A quanhip between customer retention and the related study factors; however, not all of these relations are significant. The results also showed that the different purposes of travel had different influences on the variables regarding the positive and significant relations between them. Some independent variables had a negative effect on the dependent variables.

Conclusions: This research was limited to one group and place: the students of Eastern Mediterranean University in North Cyprus.

Originality: This study connected the retention, loyalty, satisfaction and service quality factors as attributes. In addition, this research was the first to include other independent factors affecting satisfaction and loyalty in a comparison between four different groups regarding the purpose of travel in the airline industry.

Keywords: retention, satisfaction, airline, North Cyprus

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Introduction

The airline industry found itself in a hard position in the last decade; between 2000 and 2009, airlines lost USD \$49.1 billion (IATA, 2009). 2009 was the worst year the industry had ever experienced with passenger demand at year end down 3.5%, the largest ever post-war decline. (IATA, 2010). Thankfully, the industry has since recovered with net profit from 2010 to 2014 totaling USD \$59.2 billion (IATA, 2016). However, commercial airlines are still facing the problem that they cannot easily adjust their capability for fluctuating demand in the short-term (IATA, 2009). Hence, they seek to fill the seats that have been empty by decreasing the price of tickets, which leads to low profit margins even though the market is growing. Accordingly, airline companies continually pursue many ways to protect their shares in the market and to retain their customers.

Many researchers found that in most businesses, the most valuable customers are the repeat ones. Getting new clients raises the costs of the company and makes relationships with new customers not profitable because the costs go to the new customers, who may not continue with the company and remain in the first stage of transactions. The customers are retained in the company only after the first stage of transactions; consequently the cost of the service will start to fall, the customers will not be so sensitive to the price and they will tend to buy more from the organization (Srini, Rolph and Kishore, 2002).

Previous research made important contributions to this subject and recently there has been some research on the airline industry. Christian et al. (2011) investigated customer satisfaction of passengers with airline service and introduced perceived safety and the purpose of travel as satisfaction drivers. Other studies have linked customer satisfaction and service quality in the airline industry (Degirmenci et al., 2012; Adams et al., 2011). On the other hand, Ozlem and Melike (2009) did research about customer value and its effect on loyalty. But in these studies, customer retention was not considered as a very important factor for continuity of the industry. Furthermore, they did not collect service quality attributes, perceived safety, purpose of travel, customer satisfaction, loyalty reward program, relationship commitment, customer loyalty and customer retention together in one model to examine their effect on the airline industry. Also, the main reason for choosing the airline field in this research was its importance in Cyprus as a tourist island that needs easier and faster means of transport. Airline transportation is the most extensively used way to reach North Cyprus, so a survey questionnaire were collected from students who consider airline services and their prices very important to them.

Recently as competition increased, the necessity for customer loyalty and retention is becoming increasingly important. Furthermore, a large majority of companies are losing their existing customers at a significant rate. Thus, customer retention is very important for firms in the service industry.

Literature Review

Customer Retention

Customer retention is considered a very important goal and a competitive component in any business environment in the present (Oliver, 1999). As globalization proceeded in the world economy, the products and services changed and the competition between the firms started to increase and be more complicated. The firms started to lose their customers and they were spending a lot of money for attracting new customers; thus the interest in customer retention started to increase since then (Goyles and Gokey, 2005). Hence, the model of competition transformed from obtaining new clients to retaining existing ones and in adding and attracting clients apart from competitors.

Studies that have been carried out in this area showed that a firm's most important asset is its existing customer base. Therefore, it is essential for companies to keep current clients and to make sure those customers do not go to competitors. From a financial view, there are two assumptions to fully appreciate customer retention. First, obtaining new customers requires new expenses for promotion and advertising; thus, new clients cost more than keeping existing ones (Reichheld and Sasser, 1990). Second, current customers most probably will create extra profit for companies. Rose (1990) studied retention and found that retaining the relation between the customer and the company for a minimum of 10 years was extra profitable by three more times than a customer who stays for 5 consecutive years on average.

There was overall agreement among researchers that customer retention indicates long-term relationships. Oliver (1999) determined a customer retention definition as an extreme commitment to re-buy a favorite service or product continuously in the future. Also, Buchanan and Gillies (1990) defined the rate of customer retention as the percentage of remaining customers at the end of a year compared to the beginning. In this study, customer retention is presented as the possibility of switching or planning to switch between service providers.

Many researchers tried to distinguish the factors affecting customer retention and concluded that there is a connection between customer satisfaction and customer

retention (Mittal and Kamakura, 2001; Bansal et al., 2004). Yu (2007) studied the effect of satisfaction on customer revenue, costs and profitability. The results showed that some of the satisfaction dimensions are positively related to customers' re-purchase intentions. Results of the Gremler et al. (2001) study about satisfaction and retention indicated that satisfaction may possibly have an influence on post-purchase behavior and retention behavior with the company. In addition, customer retention is affected by customer loyalty and has a strong connection between each other. Rauyruen & Miller (2007) explained that customers who show a high attitude and behavior of loyalty tend to have a more retaining attitude.

Customer Loyalty

The common meaning of loyalty is being faithful, so customers consider loyal as when they are faithful and have a deep obligation to re-buy the services or the products repeatedly from the same brand, regardless of any situation or promotion efforts that could have the possibility to effect switch behavior (Beh Yin and Faziharudean, 2010). Loyalty has been outlined in marketing literature in two different ways. The first definition is loyalty as a perspective that specifies a person's overall engagement with a brand of service or product. The second definition is loyalty as a behavior that is assessed in a variety of re-buy, word-of-mouth and developing dimensions with the possibility of a relation (Jacoby and Kyner, 1973).

Moreover, it is essential to indicate that customer loyalty is not the same as customer retention. When customers are loyal to a specific brand, it means they have a positive emotion or special interest toward this brand. Customer retention is an indication of customers switching behavior or their intention to switch. Maybe customers will continue to buy from a particular brand just because this product or service is a convenience to them. In this case, the customers are retained in the company but are not essentially loyal to the service or product. Customer loyalty in this research is introduced as the intention to re-buy and readiness to deliver positive word-of-mouth from existing customers.

Many researchers have searched for the factors affecting customer loyalty. Jones and Sasser (1995) concluded that customer satisfaction is an essential component to guarantee customer loyalty. Zhaohua, Yaobin, Kwok and Jinlong (2010) found that customer satisfaction has the greatest impact among a number of factors affecting customer loyalty.

Loyalty Reward Program

Customers want some benefits for continuing to do business with the same company, especially when they have other choices. Therefore, offering bonuses, discounts and other forms of special attention can not only retain them from going away, but may also be the reason for positive word-of-mouth (Houlihan and Harvey, 2012). Recently, reward programs became more common instruments for managers to gain customer loyalty. Furthermore, when firms want to maximize customer retention, they may try to use a marketing instrument like a reward program. The aim of a loyalty reward program is to reward clients for continual purchases so the firms can build customer retention (Yi and Jeon, 2003).

Loyalty reward programs have been defined as the efforts of suppliers to provide the customers with a reward to increase loyalty incentives (Sharp and Sharp, 1997). It was also defined by Liu (2007) as an approach that lets the clients to collect free rewards after making frequent purchases from the company.

Relationship Commitment

Relationship commitment was distinguished by Bendapudi and Berry (1997) and Morgan and Hunt (1994) as an additional potential driver of loyalty. Commitment was variously defined by marketing scholars as a commitment to constancy between the parties (Dwyer, Schurr and Oh, 1987), a desire to keep up relations (Morgan and Hunt, 1994), and by Anderson and Weitz (1992) as the sacrifice or potential to sacrifice if the relationship ends. All these definitions seek to create or produce a stickiness that keeps the clients loyal to a brand or a firm even when satisfaction could be low.

Customer Satisfaction

In general, total satisfaction is a total assessment that depends on consumption experience and total purchases of goods or services through the time (Anderson et al., 1994). Customer satisfaction has been defined as direct assessment after purchase (Oliver, 1999). Kottler (2000) defined it as a person's sensing of liking or disliking that results from comparing the outcome of service or product perceived performance in relation to customer expectations. Therefore, the satisfaction function is about performance vs. expectation. The firms must aim for higher satisfaction since customers find it easy to switch when they are only satisfied if there is better deal. Higher satisfaction generates a strong connection with the company, not just a rational predilection for the service or product. The expectation development is built on previous purchasing

experience, competitors, information, marketers, associates, word-of-mouth, advice and promises (Parasuraman et al., 1985). The variance between customer expectations and perceptions will result in a gap that describes dissatisfaction; companies must aim to fill this gap.

The key to customer retention as Kottler (2000) described is customer satisfaction. The reason is highly satisfied customers are willing to remain loyal as long as possible, purchase more when the company announces new services or products, talk about the company and its services or products in a positive way, pay less interest to competitive brands and be less sensitive to the price.

In service management literature, customer satisfaction is the consequence of a customer's perception or opinion about the service quality (Heskett et al., 1994). Furthermore, earlier studies concluded that a positive and strong correlation was between service quality and customer satisfaction (Rust and Oliver, 1994; Fornell et al., 1996). Looy et al. (2003) described satisfaction as the customer's emotions concerning the gap between the expected and the perceived service performance of the firm. The Emerson and Grimm (1998) model described that customer satisfaction may affect loyalty positively. Customer satisfaction can also raise the retention and increase customer purchasing.

Perceived Safety

Perceived safety discusses the level of users' security. It also refers to the situation of being safe and free from risk, injury or danger. On the other hand, perceived risk has been defined by some researchers as the expectation of losing and creating the feelings of worry, uncertainty and inconvenience (Sweeney, Soutar and Johnson, 1999).

Buying an airplane ticket and travelling on an airplane involve different risks, such as psychological risk, financial risk and social risk (Cunningham and Young, 2002). This industry claims that safety is their first priority and the accident rate has decreased in the previous 20 years. However, the rate of accidents cannot be removed totally and the passengers know this. In addition, the media can contribute to risk awareness of people by covering the airline disasters. Hence, perceived risk plays a significant role in studying consumer behavior in air travel (International Air Transport Association, 2010).

Airline companies attempt to reduce risks related to air travel by different security and safety methods. Although passengers perceive the big attempts to create safe air travel,

they are almost unable to evaluate the real safety levels. This research will focus on in-flight safety.

Service Quality Attributes

Service quality has been identified as a significant aspect for the success of organizations; service quality can build their competitive benefit and increase their effectiveness. Parasuraman et al. (1985) presented ten determinants of service quality that result from their studies with customers and providers. These determinants resulted in the development of SERVQUAL, a quality management framework. first published in 1985. It is an instrument where these ten attributes are distilled into five dimensions with 22 attributes as follows:

1. **Reliability:** capability to attain the promised service accurately and dependably.
2. **Responsiveness:** readiness to support the customers and deliver quick service.
3. **Tangibles:** physical facility, employees, equipment and appearance of workers.
4. **Assurance:** understanding and kindness behavior of the employees and their ability to deliver confidence and trust.
5. **Empathy:** kindness, customized attention to customers.

Service quality is a multidimensional concept; it has different meanings to different people. Grönroos (1984) defined service quality as a set of recognized judgments resulting from the estimation process when the customer compares his/her expectations to the perceived service. Parasuraman et al. (1985) defined service quality as the function of difference between customer expectation and perception over the dimensions of quality.

The quality in airline service is hard to measure because of its features like inseparability, intangibility and heterogeneity (Chang and Yeh, 2002). Service quality can only be well-defined by the consumers in the airline industry. There are a number of researchers that discussed service quality for the airline industry. Gilbert and Wong (2003) compared the passengers' expectations to the perceived service quality in airline industry. Chen and Chang (2005) classified the processes of the airline service in two groups; ground services and in-flight services, and then compared the gap between customers' expectations and management's perceptions by implementing SERVQUAL in the study. Pakdil and Aydin (2007) introduced a SERVQUAL scale to investigate and measure the service quality in the airline business.

Purpose of Travel

Among many factors that may influence the relationship moderately, in this research, the different purposes of travel are expected to have a different influence on the previous

variables. These differences in the purpose of travel are expected to influence in the context of perceived safety and mainly in the context of satisfaction (Christian et al., 2011). For example, business and sometimes education travelers fly more frequently than vacation or family visit travelers (Aksoy, Atilgan and Akinci, 2003). The first group is more familiar with the routine of flying than the second group and they may be able to evaluate the low possibility of an accident more accurately (Siomkos, 2000). Correspondingly, this cognition has a positive effect on satisfaction and will make it increase, whereas when customer experience is accumulated over time, the influence will decrease (Homburg, Koschate and Hoyer, 2006). Therefore, when business and education travelers assess the general experience of air travel, safety perception is less influential because they often do not have any other choice than to fly. All the previous studies divided the purposes of travel into two groups: business and education travelers. In this research, the purpose of travel was divided into four groups; business, vacation, education and family visit travelers.

Research Methods

Research design

The model was designed to examine all the independent and dependent variables that may affect and be affected by each other in the airline industry. The hypotheses were developed to reach this goal. The independent variables were service quality attributes (reliability, responsiveness, assurance, tangible and empathy), perceived safety, purpose of travel, loyalty reward programs and relationship commitment. The dependent variables are customer satisfaction, customer loyalty and customer retention.

Data Collection Method and Sample

The aim of this research was descriptive; the research approach of this study depended on a questionnaire survey; a quantitative approach was taken for collecting the data.

The target sample for the study was from the international students studying at the Eastern Mediterranean University in the Turkish Republic of Northern Cyprus. The survey instrument was developed using the literature of this study and the questionnaire was developed to match the research need for the airline companies. The number of samples collected was 350 and after editing, the number of samples was 331.

Questionnaire design

The questions were the closed-end type. Respondents for the survey were asked to determine their expectations and perceptions about the service quality dimensions in a five point Likert scale used for this purpose from 1 “Strongly Disagree” to 5 “Strongly Agree”. A five point Likert scales was also used to determine their satisfaction from 1 “Not satisfied at all” to 5 “Completely Satisfied”. The questionnaire was divided into six parts of 48 questions overall that covered the independent and dependent variables of the study.

- The first part was about the service quality as one of the independent variables. This part had 22 questions designed to identify five dimensions of the service quality attributes (responsiveness, tangible, assurance, empathy and reliability).
- The second part was about customer loyalty as one of the dependent variables. This part included 5 questions.
- The third part was about one question for the reward program and 6 questions for the relationship commitment as independent variables that might affect customer loyalty.
- The fourth part was about customer satisfaction as a dependent variable that included 5 questions.
- The fifth part was about customer retention as a dependent variable. This part included 2 questions.
- The sixth part was about 7 demographic questions the respondents had to answer. These questions were about gender, age, nationality, marital status, expenditure per month, frequency of travel and purpose of travel.

In testing the conceptual model of the study, the partial least squares (PLS) approach was used. The rest of the data analysis used the Statistical Package for the Social Sciences (SPSS 20.0).

Hypotheses of the Study

To empirically test the conceptual model for customer retention, eleven hypotheses were formulated to determine if the variables discussed in the literature were viable:

- H1a: There is a positive correlation between responsiveness factors perceived from the professional service firm and customer satisfaction.
- H1b: There is a positive correlation between reliability factors perceived from the professional service firm and customer satisfaction.

- H1c: There is a positive correlation between tangibles factors perceived from the professional service firm and customer satisfaction.
- H1d: There is a positive correlation between empathy factors perceived from the professional service firm and customer satisfaction.
- H1e: There is a positive correlation between assurance factors perceived from the professional service firm and customer satisfaction.
- H2: There is a positive correlation between perceived safety received from the professional service firm and customer satisfaction.
- H3: There is a positive correlation between customer satisfaction received from the professional service firm and customer loyalty.
- H4: There is a positive correlation between loyalty reward program received from the professional service firm and customer loyalty.
- H5: There is a positive correlation between relationship commitment received from the professional service firm and customer loyalty.
- H6: There is a positive correlation between customer satisfaction received from the professional service firm and customer retention.
- H7: There is a positive correlation between customer loyalty received from the professional service firm and customer retention.

Results

General results

In analyzing the demographic data and general questions from the questionnaires, the SPSS statistical program was used and the results indicated that for the 331 useful samples that were collected, 63.1% of the respondents were male and 36.9% were female. For student age, 56.2% of the respondents were 20 to 30 years old. 72.2% of the students were single. For travel frequency, 39.3% of the respondents were traveling every six months. Based on the results, most of the respondents (52.9%) were travelling for educational purpose (Table 1).

Table 1. Descriptive Results

		Frequency	Percent
Gender	Male	209	63.1%
	Female	122	36.9%

Age	18–20	100	30.2%
	20–30	186	56.2%
	31–40	28	8.5%
	41–50	11	3.3%
	51–60	6	1.8%
Marital Status	Married	62	18.7%
	Single	239	72.2%
	Widowed	2	0.6%
	Divorced	6	1.8%
	Engaged	17	5.1%
	Living together	5	1.5%
Travel Frequency	a few times a month	21	6.3%
	Once a month	17	5.1%
	Every three months	75	22.7%
	Every six months	130	39.3%
	Once a year	70	21.1%
	Less than once a year	18	5.4%
Purpose of Travel	Vacation	57	17.2%
	Business	44	13.3%
	Education	175	52.9%
	Family visit	51	15.4%
	Other	4	1.2%

Source: own elaboration.

Gap analysis

Using SPSS to analyze the gap between expected and perceived service, the results showed the average gap between overall expected service and perceived service was 0.5254 (Table 2). The gap in each attribute is also shown in the table.

The biggest gap was in tangible attributes; in other words, the customer expectation in this part was higher than the perceived service comparable to the other attributes. This means that the airline industry did not meet customer expectations in providing

a modern and up-to-date technology, on board shopping and comfortable seats, employee and inflight appearance and better food and drinks during the flight. The smallest gap was in assurance attributes; in other words, perceived service in this part was nearest to the customer expectation comparing to the other attributes. This means that the airline industry did meet customers' expectations in a better way regarding the employees' ability for instilling confidence, trust and safety feelings toward the company, politeness and respect from the employees and knowledgeable cabin crew.

Table 2. Gap analysis

Gap=(Expected – Perceived)	Service Gap
Gap Reliability	0.5245
Gap Responsiveness	0.5083
Gap Tangibles	0.5914
Gap Assurance	0.4713
Gap Empathy	0.5317
Total Gap	0.5254

Source: own elaboration.

Validity and reliability of measurement model

For measuring the internal consistency in this research, as shown in Table 3, all the values of the Composite Reliability exceed 0.7, which is the cutoff point (Fornell and Larcker, 1981). Furthermore, all Average Variance Extracted (AVE) values exceed 0.5, which suggests an additional aspect of reliability. In this test for reliability, it was noted that loyalty reward program is a single item question, and for this reason, the results showed 1.00 for the entire reliability test.

Table 3. Composite Reliability and AVE

	Composite Reliability	AVE
Responsiveness	0.845629	0.578498
Reliability	0.878581	0.592288
Tangibles	0.839038	0.565998

Empathy	0.850841	0.533388
Assurance	0.828255	0.547310
Perceived Safety	0.823060	0.699772
Customer Satisfaction	0.875761	0.586348
Loyalty Reward Program	1.000000	1.000000
Relationship Commitment	0.865732	0.519503
Customer Loyalty	0.858132	0.549816
Customer Retention	0.751141	0.617360

Source: own elaboration.

Hypotheses test

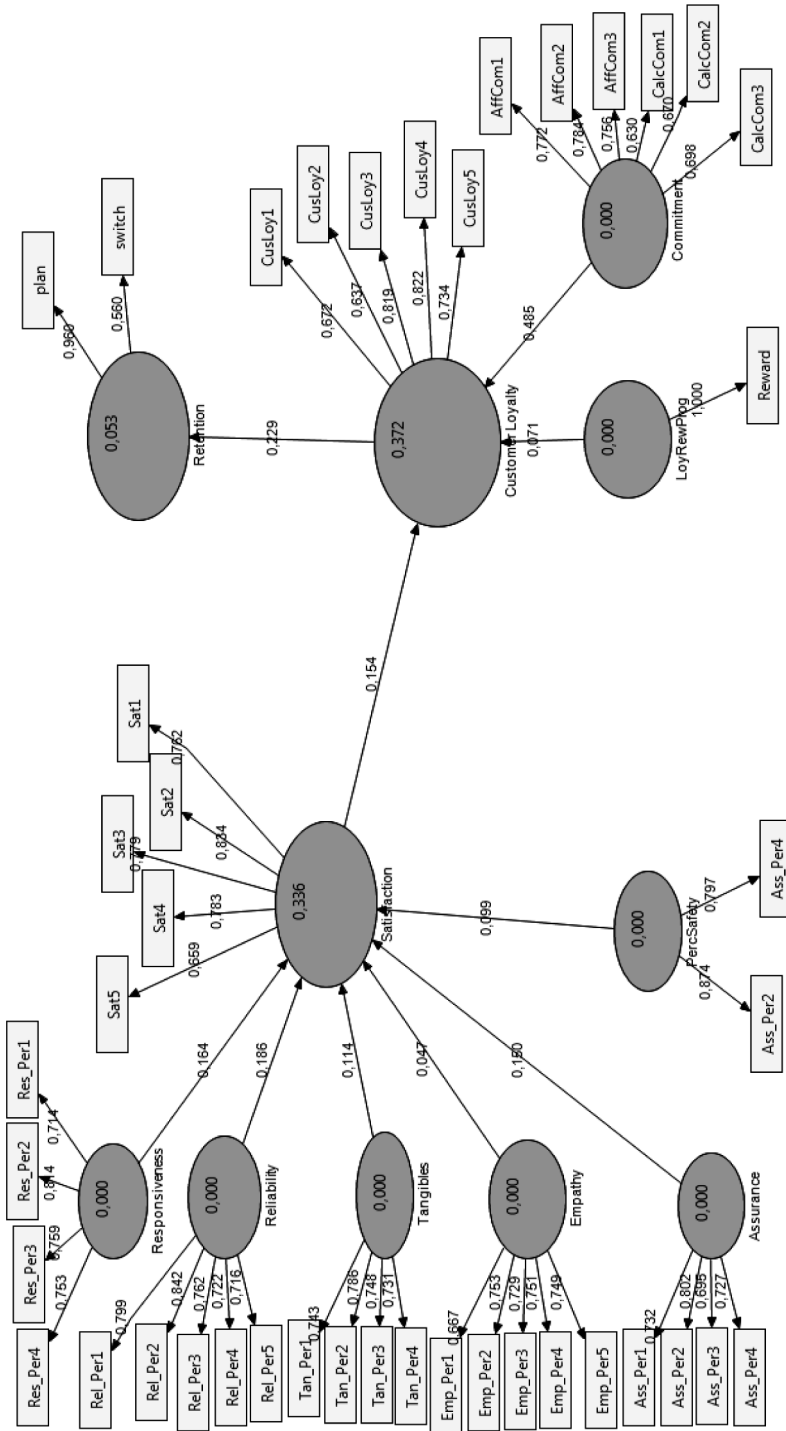
The PLS method was applied to investigate the hypotheses relationships. The path coefficient table and R^2 values for the dependent variables are presented in Table 4.

Table 4. Path coefficient and R Square

	Customer Satisfaction	Customer Loyalty	Customer Retention	R Square	Supported/ not supported
Responsiveness	0.163669				Supported
Reliability	0.186482				Supported
Tangibles	0.113741				Supported
Empathy	0.047061				Partly Supported
Assurance	0.149833				Supported
Perceived Safety	0.099479				Partly Supported
Satisfaction		0.153954		0.335742	Supported
Loyalty Reward Program		0.071454			Supported
Relationship Commitment		0.485268			Supported
Customer Loyalty			0.229348	0.371788	Supported
Customer Retention				0.052600	Supported

Source: own elaboration.

Figure 1. Smart PLS Output for the Conceptual Model



Source: own elaboration.

The path coefficient shows the relations strength between the independent and dependent variables; R^2 is for measuring the predictive power for the dependent variables in the model. The results showed that R^2 values for the dependent variables are 34%, 37%, and 5% for customer satisfaction, customer loyalty and customer retention in sequence. The path coefficient between the attributes of service quality and satisfaction is positively significant, except for the empathy dimension that was positive but not significant. Therefore, four hypotheses (H1a, H1b, H1c and H1e) were accepted and one hypothesis H1d was partly supported. Perceived safety has a positive but not significant influence on satisfaction; this finding partly supports hypothesis H2. In testing hypothesis H3, the results showed there is a positive and significant relation between satisfaction and loyalty and H3 is supported. Loyalty reward program and relationship commitment had a positive and significant influence on customer loyalty so hypotheses H4 and H5 are supported. In testing the relationship between customer satisfaction and customer retention, the results showed that there was no significant relation; consequently, hypothesis H6 was rejected. For the last hypothesis between customer loyalty and customer retention, the results indicated a positive and significant relation so hypothesis H7 was supported. Figure 1 displays the model path coefficients and R^2 values in detail.

Conclusions

Hypothesis H1 included five dimensions for service quality attributes (responsiveness, empathy, tangibles, assurance and reliability). These dimensions revealed that service quality affects customer satisfaction positively. This finding describes that good service is affecting customer satisfaction and dissatisfaction, but at different rates. In this case, reliability had the greatest impact on satisfaction, because of its importance in the airline industry from the customer perspective. On the other hand, empathy had the least impact on satisfaction as it does not matter for the customers and they do not expect or perceive any kind of special treatment even if they were long time clients of the company. These results were consistent with earlier studies (Jamal and Naser, 2003).

Hypothesis H2 was supported and described an important and positive relation between perceived safety and satisfaction. The finding indicated that the safety reputation and the cabin crew knowledge can increase satisfaction. This result was consistent with earlier studies (Atalik and Ozel, 2007; Johnson, Garbarino and Sivadas, 2006).

Hypothesis H3 was supported and the findings demonstrated that satisfaction affects loyalty. When the customers are satisfied, they will have the intention to repurchase

from the same company along with readiness to provide positive word-of-mouth. This result agreed with the earlier literature (Anderson et al., 1994; Back and Parks, 2003).

Hypothesis H4 was supported. The results indicated a positive and significant relation combines reward programs and loyalty. This relation is based on when the company offers additional services or rewards for their current and long term clients, the customers will be significantly more loyal to the company. This finding is compatible with previous research (Rothschild and Gaidis, 1981; Yi and Jeon, 2003).

Hypothesis H5 was supported. This finding had a positive and highly significant effect on loyalty as it is divided into affective and calculative commitment. When the customers are committed to the company because of emotions or feelings of trust and fiscally committed because of rational and limited switching cost, then the customers will have a loyal relation with the service provider. This finding is compatible with previous research (Evanschitzky et al., 2006).

Hypothesis H6 was rejected because the results of this study did not show a positive or any important relation between satisfaction and retention. In this study, satisfaction did not necessarily affect retention directly. Even if the customers were satisfied, they may continue or they may plan to switch. Therefore, the possible correlation between satisfaction and retention in this study was eliminated.

Hypothesis H7 was accepted and the findings indicated that for retaining customers they have to be loyal first. This will lead them to repurchase from the same company again while reducing the probability of switching and eventually this will lead to more profit for firms. This finding is compatible with previous research (Rauyruen and Miller, 2007).

The results for the four groups for purpose of travel showed that most of the service dimensions had a positive influence on customer satisfaction. Perceived safety had a negative influence on satisfaction for business and education travelers because they fly more frequently than vacation and family visit travelers. They are also more familiar with the routine of flying This finding is compatible with previous research (Christian et al., 2011; Aksoy, Atilgan and Akinci, 2003).

Another interesting finding was that reward programs had a negative effect on customer loyalty for education travelers. This means that reward programs do not have any effect on loyalty and do not contribute to increasing the loyalty of students. The reason for this result is that students do not have much interest in the cars or hotels that a company is offering.

Limitations and Further Research

This research had some limitations that can be overcome in future research including the limited time for distributing the questionnaire, the limited size of the sample of 331 international students from Eastern Mediterranean University in North Cyprus and the limited place for distributing the questionnaire just on the campus.

For further studies, it is recommended to use other factors that may affect customer retention like switching barriers, ticket price and trust. Also, future studies might include service quality for ground handling in addition to in-flight services.

Future studies may overcome the limitations in this research by using a larger sample size and by conducting the survey in airports to test another target sample. This study was conducted in a limited time period, so one recommendation is to specify more time and effort to collect and analyze the data to get more realistic results. Using another method for analyzing the results may be helpful to get more accurate results, such as using regression based analysis. The sizes of the data used for the four groups for purpose of travel were not equal, so future studies may try to overcome this limitation.

Managerial Implications

The research showed that service quality, satisfaction and loyalty still play a major and important role in retaining customers, noting that the sample was taken just from students. The airline managers should increase their efforts to form a client base high in satisfaction and loyalty, but they have to first deal with improving the service quality, working to meet customers' expectations and trying to create a competitive difference in the company services to build customer loyalty.

The airline managers can start with providing better services regarding the tangible attributes in the airplane because the results showed a bigger gap in this part: the service includes using modern equipment and aircraft with comfortable seats, serving better food and in-flight entertainment. The services need to be unique to make sure that the clients will not choose another company because the real reason for leaving the company and choosing another seller is indifference toward the service. Beside service quality, airline managers can also put in effort for increasing in-flight safety and this will influence customer satisfaction. If the perceived safety is already very high, then the managers should put more effort in letting the passengers know about their high standards for in-flight safety.

Reward programs also have a positive effect on increasing customer loyalty, so airline managers can improve reward programs for the frequent passengers and may adopt other rewards for even new passengers. Furthermore, the airline companies can offer some discounts to specific places, which may be for hotel and car rentals (customers prefer rewards with cash value), but the airline managers should remember that the reward programs should be planned well to fit with the strategy and the capabilities.

Relationship commitment is very important to increase customer loyalty; when the passengers are committed to the airline company financially or emotionally, that will increase their loyalty. The airline managers should pay more attention to this part as it will increase customer retention. Consequently, the recommendation could be about providing more training programs to the employees and also empowering their employees so they can make the decisions when they see it as right.

To minimize the cost of operations and by determining break-even points, the company can also minimize the price of tickets and try to be the low cost leader and use it as a competitive advantage. Finally, by improving some services, this will eventually lead to more satisfaction and loyalty from customers and they will be retained in the company as long as the services reach or exceed their expectations.

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