

## **The Comparison of Service Quality Expectations of Low Cost Carriers' and Full Service Carriers' Customers**

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### **Extensive Summary**

#### **Introduction**

According to a report of International Air Transportation Association (IATA) , 3.8 billion passengers carried all over the world by the airlines in year 2016. This means 7% increase in the number of passengers carried by the airlines, compared to the year 2015.

Also in Turkey, number of domestic passengers in first ten months of 2017 reached to 91 million whereas the number of international passengers rise up to 73 million. These findings show an increase of 5.3% in domestic and 10.2% in international flights.

Air transportation is a service industry by its nature. Since the competition is very intense in this industry, it is important to measure the expectations and perceptions of the passengers.

There are two basic business models for the airlines: full service carriers and low cost carriers. In full service concept, there are more cabin classes (like business, first etc.) other than economy. Seat comfort (i.e. seat width and seat pitch) changes depending on the cabin class. Also, free food and drink and in-flight entertainment are provided by the airline. Full service carriers have a large network structure.

Low cost carriers were pioneered by the Southwest Airlines in USA. This model was followed by Ryanair in Europe and Pegasus Airlines in Turkey. In this model, there is only a single economy cabin class. No-frill concept is applied. By this, no free food and drinks are served. Instead, low cost carriers sell them and make an ancillary revenue. Also, they try to sell their tickets through the internet to save the costs of commission of the intermediaries.

Most important step to define and offer the best quality service is to understand the expectations of the customers. SERVICE QUALITY (SERVQUAL) is the scale that is

used mostly to measure the service quality. By this scale, quality is evaluated with the difference between the expectations and perceptions. Servqual scale consists of five dimensions. These five dimensions include tangibles, reliability, responsiveness, assurance and empathy.

Tangibles are the modern airplanes and equipment, visually attractive working environment, brochures etc. Reliability is the airline's faultless and on time service. Responsiveness is airline's employees' fast, and right service to the passengers. Assurance is the knowledge, politeness and confidence given to the passengers by the airline's employees'. Empathy relates to airline's employees' caring and understanding about the individual needs of the passengers.

### **Method**

The aim of the study is to investigate the difference between the service quality expectations of full service and low cost carriers' customers in Turkey. The importance of this study is that, it is one of the pioneer studies investigating the service quality expectations on the basis of different business model of airlines' customers. Previous research generally focused on the most important service quality dimension or the differences on the basis of demographic factors.

The research included 370 internet participants chosen by convenience and snowball sampling methods. The five dimensional service quality (SERVQUAL) scale which was developed by Zeithaml *et al.* (1990) and adapted to the airlines by Sultan, Simpson (2000) was translated into Turkish.

First, the descriptive analyses were performed. By these analyses gender, age, education level, income, reasons for air travel, number of air travel last year, the most used airline company statistics were obtained.

Five hypotheses based on Massawe's (2015) idea of "Low cost carriers' customers have lower expectations" were offered including all five dimensions of the service quality expectations.

The data later were tested for normal distribution by using Kolmogorov-Smirnov and Shapiro-Wilk tests. Since the data were not normally distributed, non-parametric tests such as Mann Whitney U and Kruskal Wallis tests were applied.

### **Findings**

Number of the participants according to gender are nearly equal (i.e. 48% women and 52% men) and most of them are between 31 and 40 years old. Half of the participants have a vocational school or bachelors degree and most of their monthly income is more than 5001 TL.

Purpose of the air journey is 49% holiday, 33% business and 18% visiting friends and family. Last year 42% of the participants preferred Turkish Airlines and 30% Pegasus Airlines.

First reason to choose the airline for low cost carriers' customers is "price". Second reason is "convenient flight time" and the third reason is "Buying tickets through the internet". For the full service carriers' customers first reason is "Past experiences", second reason is "convenient flight time" and the third reason is "price". No statistically significant difference was found between the service quality

expectations of customers of low cost and full service airlines. So, all five hypotheses were not supported.

The highest average value is for the "reliability" dimension, followed by "assurance", "responsiveness", "tangibles" and "empathy".

### **Discussion**

Price is the first reason for buying ticket from a low cost carrier and third reason for buying from a full service carrier. For a low cost carrier it is important to sustain low cost advantage. Also, a full service airline should keep in mind to control its costs and have a competitive low price.

Second reason for buying ticket from both low cost and full service airlines is convenient flight time. Although lowering the prices for off-peak demand times is a revenue management policy for the airlines, they should not underestimate the customers' preferences for the convenient flight time.

Third reason for buying ticket from a low cost carrier is buying tickets through the internet. Lowering the costs by avoiding the intermediaries in ticket selling is a strategy that is widely used by low cost carriers. If the passengers are also happy with buying their tickets through the internet, this is a win-win situation. Low cost carriers should invest on the technology to both lower their costs and satisfy their customers.

It is an expected result that customers of full service carriers will have high scores on service quality expectations. In this study also the scores of low cost carriers' customers are high. This is a challenge for low cost carriers. Because the costumers have high service quality expectations independent from the money they paid for their tickets.

Airline passengers prefer low cost carriers when they fly for holiday or visiting friends and relatives (leisure). When they fly for business purposes full service carriers are preferred more. The reason for that might the ticket prices for business trips are paid by the companies, and although their ticket prices are higher, this doesn't cause a burden for the individuals.

Reference: Massawe, D.L.,2015, "Price vs quality: The important factors when flying low cost", Eastern African Journal of Hospitality, Leisure and Tourism, Vol.3 No.1 pp.35-49