



Customer Loyalty in Airline Industry: A Literature Review

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ABSTRACT: The aviation industry is one of the fastest-growing and highly competitive industries. Managing an airline's passenger loyalty is essential to a competitive business and airline success. The researcher is interested in studying the key factors that affect airline passenger loyalty, which will lead to the strategic planning of airlines in the future. Therefore, the researcher chose to review the literature and previous research in the study to summarize the key factors affecting the loyalty and development of the research model. The study found that seven factors, directly and indirectly, affect airline passenger loyalty: perceived value, perceived service quality, complaint handling, satisfaction, trust, airline image, and commitment. Therefore, airline executives at all levels should focus on managing these seven factors to ensure passenger loyalty and ultimately lead to the success of their airline business.

KEYWORDS: Airline Industry, Competitiveness, Customer Loyalty

INTRODUCTION

The aviation industry is one of the industries that generate good profits for the country (Chayomchai, et al., 2021). The airline industry is related to many other industries such as the tourism industry, hotel, and resort industry. Today's aviation business is intensely competitive (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Wang & Chaipooipirutana, 2015). Several previous studies have focused on the greater competitiveness of low-cost airlines (Chayomchai, et al., 2021; Gures, Inan, & Arslan, 2018; Lee, et al., 2018; Lembana & Valucy, 2018; Yunus, Bojei, & Rashid, 2013). However, competitive advantage can be gained from other factors such as passenger attitude factor (like consumer satisfaction or passenger loyalty) or airline crew factor. Airline executives need to understand the needs and expectations of passengers or consumers, which in turn influences the planning of services that are more competitive than competitors (Gures, Arslan, & Tun, 2014). The operations of airlines around the world expect good and successful results that lead to sustainable competitiveness. The ability to understand passengers in terms of attitudes, perspectives, and behaviors will affect an airline's bottom line, for example, its focus on passenger loyalty clearly affects its profitability (Ganiyu, 2016; Sakdaar & Chaiwongkeat, 2020). The researcher is interested in exploring the key factors influencing passenger loyalty in the airline. The results of the study are useful for strategic planning of the airline business and also to the academic community in the field of strategic management, marketing, and consumer behavior.

RESEARCH METHODOLOGY

This study used a systematic review of the literature. It is a search for previous literature and research from online sources. The aim of this study will focus on factors related to passenger loyalty in the airline industry. Literature reviews are systematically compiled to summarize factors related to airline customer loyalty, and the results are then used to create a model of the study. The researcher hopes to obtain a model that will be useful to other researchers in the future.

RESULTS AND DISCUSSION

Table 1 shows the results obtained from literature reviews and previous research important to the development of the study model.



Table 1. The results of the literature study

Paper	Author (Year)	Title	Research methodology	Results
1	Chonsalasin, Jomnonkwao, and Ratanavaraha, (2020)	Key determinants of airline loyalty modeling in Thailand	It is quantitative study with 1,600 respondents who are an airline passengers. Structural equation modeling was used for statistical analysis.	The findings found that (1) perceived service quality significantly affected perceived value; (2) perceived value significantly influenced satisfaction; (3) perceived service quality significantly influenced satisfaction; (4) perceived value significantly affected loyalty; (5) satisfaction significantly influenced loyalty; (6) trust significantly influenced satisfaction; (7) airline image significantly affected loyalty; (8) commitment significantly influenced loyalty.
2	Yunus, Bojei, and Rashid (2013)	Service quality towards customer loyalty in Malaysia's domestic low-cost airline services	This is a literature review paper that focus on three key factors: Service quality, customer satisfaction, and customer loyalty.	The paper indicated that service quality influenced both customer satisfaction and customer loyalty. It showed that customer satisfaction affected customer loyalty.
3	Pi and Huang (2011)	Effects of promotion on relationship quality and customer loyalty in the airline industry: The relationship marketing approach	It is quantitative research. Sample size was 110 respondents. Multiple regression analysis was used.	The results found that satisfaction, trust, and commitment significantly influenced customer loyalty.
4	Gures, Arslan, and Tun (2014)	Customer expectation, satisfaction and loyalty relationship in Turkish airline industry	It is quantitative study. Data were collected from 421 domestic passengers and 400 international passengers. Structural equation modeling was employed.	The finding showed that passengers' satisfaction positively influenced their loyalty.
5	Hassan and Salem (2022)	Impact of service quality of low-cost carriers on airline image and consumers' satisfaction and loyalty during the COVID-19 outbreak	299 passengers were sample size in this quantitative research. Structural equation modeling was performed.	The results showed that (1) service quality significantly affected customer satisfaction and loyalty; (2) airline image significantly influenced loyalty; but (3) satisfaction did not affect customer loyalty.



6	Wang and Chaipoopirutana (2015)	A study of the factors influencing customer loyalty: A case study of Thai airways	400 Thai Airways respondents were samples of this quantitative research. This study utilized correlation for statistical analysis.	The findings were (1) service quality significantly related with customer satisfaction and loyalty; (2) complaint handling significantly related with passenger satisfaction and loyalty; (3) corporate image significantly related with customer satisfaction and loyalty; and (4) passengers' satisfaction significantly related with customer loyalty.
7	Gures, Inan, and Arslan (2018)	Determinants of customer loyalty: A filed research in aviation industry	This is quantitative research with sample size equal to 350 respondents. Structural equation modeling was employed.	It found that perceived value and trust significantly influenced customer loyalty in airline business.
8	Lembana and Valucy (2018)	Could satisfaction on the airline's service quality (AIRQUAL) make lion air's customers trust and become loyal to the airline company?	252 questionnaires were used for this quantitative study and structural equation modeling was performed.	The findings found that (1) service quality significantly affected customer satisfaction but did not affect customer loyalty; (2) customer satisfaction significantly influenced customer loyalty; and (3) customer satisfaction also mediated the relationship between service quality and customer loyalty.
9	Kusumawardani and Aruan (2019)	Comparing the effects of service quality and value-for-money on customer satisfaction, airline image and behavioural intention between full-service and low-cost airlines: Evidence from Indonesia	This is quantitative study with 229 respondents. Structural equation modeling was utilized.	The findings indicated that (1) service quality significantly affected customer satisfaction and (2) service quality significantly affected airline image.
10	Lee, Ng, Chan, Choy, Tai and Choi (2018)	A multi-group analysis of social media engagement and loyalty constructs between full-service and low cost carriers in Hong Kong	356 respondents participated in this quantitative research. Structural equation modeling was employed.	The results showed that (1) perceived value significantly affected customer satisfaction; (2) perceived value significantly affected perceived service quality; (3) perceived service quality significantly affected customer satisfaction; and (4) customer satisfaction significantly influenced attitudinal loyalty, but did not affect behavioral loyalty.



11	Rai and Srivastav (2014)	Customer loyalty in the Indian aviation industry: An empirical examination	Quantitative research with sample size equal to 100 respondents.	Customer loyalty drives repeat purchases and airline profitability. Therefore, aviation organizations should focus on the loyalty of the passengers.
12	Namukasa (2013)	The influence of airline service quality on passenger satisfaction and loyalty: The case of Uganda airline industry	303 passengers on international flights were sample size in this quantitative study. Multiple regression analysis was performed.	It found that (1) service quality had a significant effect on passenger satisfaction and (2) satisfaction significantly affected passenger loyalty.
13	Sakdaar and Chaiwongkeat, (2020)	Measuring Customer Loyalty for Airline Business	Literature review on customer loyalty in airline business.	It found that passenger loyalty is a key factor of airline success and customer retention.
14	Ganiyu (2016)	Perceived service quality and customer loyalty: The mediating effect of passenger satisfaction in the Nigerian airline industry	503 questionnaires were used for statistical analysis in this quantitative research. Multiple regression analysis was employed.	The findings showed that (1) service quality significantly affected customer satisfaction; (2) service quality significantly affected customer loyalty; and (3) customer satisfaction significantly influenced customer loyalty.
15	Kit (2021)	Relationship quality factors on passenger loyalty of the airline industry in Johor, Malaysia	Quantitative study with 90 usable questionnaires and PLS-SEM was utilized for statistical analysis.	The results found that (1) perceived service quality significantly affected customer loyalty; (2) trust significantly influenced customer loyalty; and (3) customer commitment significantly influenced customer loyalty.
16	Moghadam, Tabriz, Khorshidi, and Menhaj (2014)	Investigating the influence of relationship quality on passengers' loyalty in airline industry	500 passengers were sample of this quantitative research and structural equation modeling was performed.	The findings indicated that (1) service quality significantly influenced customer loyalty; (2) trust significantly affected passenger loyalty; (3) customer commitment significantly influenced customer loyalty; and (4) passenger satisfaction significantly influenced passenger loyalty.
17	Salah and Abou-Shouk (2019)	The effect of customer relationship management practices on airline customer loyalty	215 questionnaires were used for structural equation model analysis.	The result showed that passenger satisfaction positively influenced passenger loyalty. Also, it found that compliant handling significantly affected passenger satisfaction.



18	Vlachos and Lin (2014)	Drivers of airline loyalty: Evidence from the business travelers in China	462 usable questionnaires were used for the hierarchical regression analysis.	Various aspects of service quality, such as staff service and aircraft quality, have a significant effect on the loyalty of airline passengers.
19	Hapsari, Clemes and Dean (2015)	The role of customer engagement in enhancing passenger loyalty in Indonesian airline industry: Relationship marketing approach	This is quantitative research with sample size equal to 250. Structural equation modeling was performed.	The result showed that perceived value had a significant effect on passenger loyalty.

Customer loyalty

Customer loyalty is a key motivating factor for passengers' continued choice of airline services (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020). Loyalty is a consumer perspective that relates to organizational or product attitudes that influence consumption, repeat purchases, and telling others (Hassan & Salem, 2022; Yunus, Bojei, & Rashid, 2013). In the past, loyalty was often used to generate repeat purchases, but nowadays, loyalty involves both the moral and behavioral aspects of the consumer, such as repeat purchases and telling others (Pi & Huang, 2011). Customer loyalty is clearly a key success factor for any organization (Gures, Inan, & Arslan, 2018; Wang & Chaipoopirutana, 2015). Also, customer loyalty is an intangible asset of any organization that is critical to its competitiveness (Jiang & Zhang, 2016). Customer loyalty drives airline repeat purchases and profitability (Rai & Srivastav, 2014). It found that passenger loyalty is a key factor of airline success and customer retention (Sakdaar & Chaiwongkeat, 2020). Previous studies have found that there are several factors that influence customer loyalty, including: perceived value (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020), service quality (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Hassan & Salem, 2022; Yunus, Bojei, & Rashid, 2013), complaint handling (Wang & Chaipoopirutana, 2015), satisfaction (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Gures, Arslan, & Tun, 2014; Hassan & Salem, 2022; Pi & Huang, 2011; Yunus, Bojei, & Rashid, 2013), trust (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Pi & Huang, 2011), airline image (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Hassan & Salem, 2022), and commitment (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020; Pi & Huang, 2011). The study of Gures, Inan, and Arslan (2018) and the study of Lembana and Valucy (2018) in airline industry recommended that focusing on customer loyalty will influence the sustainability of the airline business. This is consistent with Lee, et al. (2018) who indicated that customer loyalty affects corporate bottom line and ultimately leads to sustainable competitiveness.

Perceived value

Perceived value is a very important marketing factor that organizations need to pay attention to especially when it comes to customer satisfaction (Gures, Inan, & Arslan, 2018). Creating value for customers is an essential factor in competitiveness (Hapsari, Clemes & Dean, 2015). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) in Thailand's airline industry concluded that perceived value significantly influenced passengers' satisfaction and loyalty. The study of Gures, Inan, and Arslan (2018) in Turkish airline industry indicated that perceived value significantly influenced customer loyalty in airline industry. The study of Lee, et al. (2018) in Hong Kong airline business showed that perceived value significantly affected customer satisfaction and perceived service quality. The study of Hapsari, Clemes and Dean (2015) in Indonesian airline industry found that perceived value had a significant effect on passenger loyalty.

Perceived quality

Service organizations need to focus on service quality factors in order to meet customer needs or expectations (Yunus, Bojei, & Rashid, 2013). Aviation business is a service business that emphasizes service quality, which is an important factor in building competitiveness (Chayomchai, et al., 2021). The management who has to formulate corporate policies needs to understand the factors that affect the quality of aviation business services (Chonsalasin, Jomnonkwao, & Ratanavaraha, 2020). If the airline business performs well in service quality, it will result in passenger satisfaction and loyalty (Chayomchai, et al., 2021). Most of the past



research examined five key areas of service quality factors: tangibles, responsiveness, reliability, assurance, and empathy (Chayomchai, et al., 2021; Lembana & Valucy, 2018; Yunus, Bojei, & Rashid, 2013). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) in the airline industry of Thailand revealed that perceived service quality of airline business significantly affected passengers' perceived value and satisfaction. The study of Yunus, Bojei, and Rashid (2013) in Malaysia's low-cost airline business found that service quality influenced customer satisfaction and loyalty. The study of Hassan and Salem (2022) indicated that perceived service quality significantly affected passenger satisfaction and loyalty in the airline industry. The study of Wang and Chaipooipirutana (2015) in Thai Airways airline business pointed out that service quality significantly related with customer satisfaction and loyalty. The study of Namukasa (2013) in airline industry pointed out that service quality had a significant effect on passenger satisfaction. The study of Ganiyu (2016) in Nigerian airline industry showed that service quality significantly affected customer satisfaction and loyalty. The study of Kit (2012) in Malaysian airline business found that perceived service quality significantly affected customer loyalty. The study of Moghadam, Tabriz, Khorshidi, and Menhaj (2014) in airline industry indicated that service quality significantly influenced customer loyalty. The study of Vlachos and Lin (2014) pointed out that various aspects of service quality, such as staff service and aircraft quality, have a significant effect on the loyalty of airline passengers. The study of Lembana and Valucy (2018) in Indonesian airline business indicated that service quality significantly affected customer satisfaction but did not affect customer loyalty. However, they found that customer satisfaction mediated the relationship between service quality and customer loyalty. In addition, the study of Lee, et al. (2018) in Hong Kong airline industry pointed out that perceived service quality significantly affected customer satisfaction.

Complaint handling

Customer or consumer complaints are inevitable and are always present in business (Wang & Chaipooipirutana, 2015). Some studies have found that there are more complaints in the case of low-cost airlines (Lembana & Valucy, 2018). Organizations need to have a customer complaint handling strategy in order to build trust with customers at all times (Wang & Chaipooipirutana, 2015). The study of Wang and Chaipooipirutana (2015) in Thai Airways airline business revealed that complaint handling significantly related with passenger satisfaction and loyalty. The study of Salah and Abou-Shouk (2019) found that complaint handling significantly affected passenger satisfaction in airline business.

Satisfaction

The satisfaction is a feeling that is assessed against that person's expectations (Yunus, Bojei, & Rashid, 2013). Having satisfied customers with the services of a business will have a positive effect on the organization's business operations (Gures, Arslan, & Tun, 2014). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) pointed out that airline passengers' satisfaction significantly affected their loyalty. The study of Yunus, Bojei, and Rashid (2013) in Malaysia's low-cost airline business indicated that passengers' satisfaction influenced their loyalty. The study of Pi and Huang (2011) in Taiwan's airline industry revealed the significant effect of customer satisfaction on customer loyalty. The study of Gures, Arslan, and Tun (2014) who focus on passenger satisfaction and loyalty in Turkish airline industry concluded that passengers' satisfaction positively influenced passengers' loyalty. The study of Wang and Chaipooipirutana (2015) in Thai Airways airline of Thailand indicated that passengers' satisfaction significantly related with customer loyalty. The study of Lembana and Valucy (2018) in Indonesian airline industry found that customer satisfaction significantly influenced customer loyalty. The study of Lee, et al. (2018) in Hong Kong airline business found that customer satisfaction significantly influenced attitudinal loyalty, but did not affect behavioral loyalty. The study of Namukasa (2013) revealed that passenger satisfaction significantly affected passenger loyalty in airline business. The study of Ganiyu (2016) in Nigerian airline business found that customer satisfaction significantly influenced customer loyalty. The study of Moghadam, Tabriz, Khorshidi, and Menhaj (2014) in airline industry found that passenger satisfaction significantly influenced passenger loyalty. The study of Salah and Abou-Shouk (2019) found that passenger satisfaction positively influenced passenger loyalty in airline business. However, the study of Hassan and Salem (2022) indicated that passenger satisfaction did not affect passenger loyalty in the airline business.

Trust

Trust is one of the marketing factors that influence marketing and organizational success (Gures, Inan, & Arslan, 2018). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) in Thailand's airline industry concluded that passenger trust significantly influenced their loyalty. The study of Pi and Huang (2011) in Taiwan's airline industry revealed the significant effect of passengers'

trust on their loyalty. The study of Gures, Inan, and Arslan (2018) in Turkish airline industry found that passenger trust significantly influenced their loyalty in airline business. The study of Kit (2012) in Malaysian airline industry revealed that trust significantly influenced customer loyalty. The study of Moghadam, Tabriz, Khorshidi, and Menhaj (2014) in airline industry showed that customer trust significantly influenced customer loyalty.

Airline image

An organization's image is the perception or perspective that a consumer has in mind about an organization, often in relation to the organization's brand and products (Wang & Chaipoopirutana, 2015). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) in Thailand's airline business found that airline image significantly affected passengers' loyalty. The study of Hassan and Salem (2022) indicated that airline image significantly affected passenger loyalty in the airline industry. The study of Wang and Chaipoopirutana (2015) in Thai Airways airline industry found that corporate image significantly related with customer satisfaction and loyalty.

Commitment

Similar to trust, commitment is a key factor in a successful relationship (Moghadam, Tabriz, Khorshidi, & Menhaj, 2014). The study of Chonsalasin, Jomnonkwao, and Ratanavaraha (2020) indicated that commitment of airline passengers significantly influenced their loyalty. The study of Kit (2012) showed that customer commitment significantly influenced customer loyalty in Malaysian airline industry. The study of Moghadam, Tabriz, Khorshidi, and Menhaj (2014) in airline industry indicated that customer commitment significantly influenced customer loyalty. The study of Pi and Huang (2011) in Taiwan's airline industry found the significant effect of customer commitment on their loyalty. The recommendation from the study is to focus on airline passengers' commitments that will affect their loyalty in the future.

From the literature review and all related research above, the researcher has developed a research model for presentation to the academic community as shown in Figure 1.

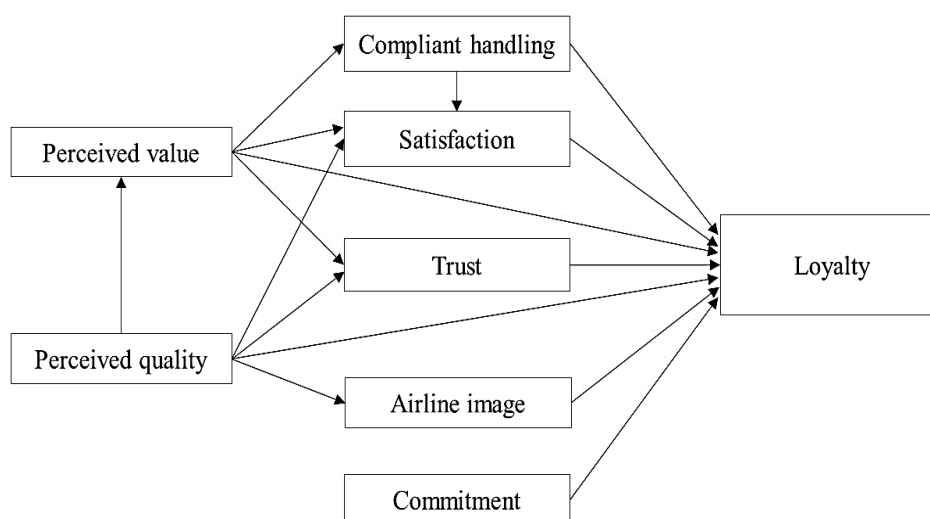


Figure 1. The proposed model

CONCLUSION

This research approaches a review of the relevant literature by examining research findings and studies consistent with the global aviation industry. The researcher focused on the factors affecting airline passenger loyalty. This loyalty is an important factor for the success and competitiveness of the aviation business. The study found that there were seven key factors that directly and indirectly influence airline passenger loyalty: perceived value, perceived service quality, complaint handling, satisfaction, trust, airline image, and commitment. Perceived value not only affects loyalty, but also affects complaint handling, satisfaction, and passenger trust. The perceived quality of service also affects the satisfaction, confidence, and image of the airline. Therefore, in conclusion, the researcher suggested that airline executives should focus on creating value and quality of service excellence for the airline's passengers, which



will result in passenger satisfaction, trust, complaint reduction, and ultimately affect customer loyalty. In addition, executives at all levels of the airline should pay attention to satisfaction, trust, airline image, commitment to the airline's passengers. These will directly affect the loyalty of passengers and lead to the success of the airline business in the future.

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