ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES

CUSTOMER SATISFACTION LEVELS IN ETHIOPIAN AIRLINES SERVICES
(A CASE OF BOLE INTERNATIONAL AIRPORT FLIGHTS)

BY
MEAZA BERHANE

FEBRURAY 2013
ADDIS ABABA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ato Teshome Bekelle. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name   Signature

St. Mary's University College, Addis Ababa   **February, 2013**

ENDORSEMENT

This thesis has been submitted to St. Mary's University College, School of Graduate

Studies for examination with my approval as a university advisor.

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Advisor   Signature

St. Mary's University College, Addis Ababa   **February, 2013**

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ABSTRACT

In today's competitive business world customer satisfaction has come out as a decisive factor in determining the success or failure of business objectives. Airlines are facing toughest competition than ever. They can win the competition by doing a better job in order to satisfy customers' needs and wants by believing customers as their core of business success. The study focuses on the customer satisfaction levels of Ethiopian airlines services for the case of Bole international airport flights. Total samples of 150 respondents who have made a flight with Ethiopian airlines were taken as respondents. A questionnaire was designed based on the research frame work in order to examine the six factors: physical, time, employee responsiveness, complaint handling, safety and price: as a result passengers of Ethiopian airlines are not satisfied with three dimensions which are Time, price and complaint handling. But in the remaining three dimensions employee responsiveness, safety and physical, passengers are satisfied.

It is recommended that in order to improve satisfaction of customers, Managers of the company should train employees, improve visually attractive facilities and coordinate all people, departments and organizations involved with the services. Finally, managers at Ethiopian Airlines should measure passengers 'satisfaction and service quality seasonally to keep the services corresponded with customers' opinion.

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Chapter One

1. Introduction

Service industry also known as tertiary sector of industry, consists soft parts of the economy, provides intangible services to final consumers. Examples of services sector employment include: health care, education, banking, insurance, legal, financial; consulting, tourism and so on.

Customer satisfaction is a person feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his/her expectation (Kotler P and Armstrong G, 2010:7). It may be clear from the above definition customers' satisfaction is a Function of perceived performance and expectations. If the performance falls short of Expectations, the customer is dissatisfied. If the performance matches the expectations, the Customer is satisfied, and if the performance exceeds expectations, the customer is highly Satisfied or delighted.

Customers play the major role in services industry. It is believed that customer beliefs and awareness play an important role in the service industry. It is also considered that fulfilling customer needs is the fundamental aspect of strategic management and marketing for firms in service sector (Atilgan etal2008). Customer satisfaction and reliability as a result of high quality, ensures long term growth and success (Atilgan, etal, 2008). If service sector has to carry on its growth it has to focus on offering excellent customer service and improve customer satisfaction by analyzing their needs and understanding their perceptions and meeting them.

Ethiopian Airline is one of those companies which involve in service giving industry particularly in air transport. It involve in transporting humans as well as products across the four continents of the world. It is one of the popular airlines in Africa. It played its significant role in promoting tourism, international investment and globalization which in turn has contributed to the economic growth of the country. Determining customer demands in the Airline is really tricky as customer satisfaction is ascertained by several insubstantial aspects ambiance of the cabin, quality of food and beverages served in the flight, on time flight, lost baggage to name a few.

The term customer satisfaction has been explained as meeting the expectation of the service with which is really experiences by the end user (Sureshchandar, 2010). The end user is the customer and has a key role in any business. Satisfaction which is inculcated in the customer is an individual feeling of pleasure

or the disappointment, if expectation level meets, the level of satisfaction also increase but if not then the reverse happens. Checking the level of Customer satisfaction is high determines can measure how competitive an organization is. Having this in mind the main purpose of this paper is to investigate the key variables which have strong influence on the level of satisfaction of Ethiopian Airlines customers.

1.1. Statement of the problem

Customer satisfaction is very vital which plays a determinant factor in the long term survival of business organization, (Jeans F, 2004:54). So, in today's competitive business world it has come out as a decisive factor in determining the success or failure of business objectives. For this reason, companies meeting their customers' needs and wants are enjoying the market with the marketing success could be unthinkable. The well accepted tenets in business management are staying close to the customer and foreseeing the customer's all the time (Daetz etal...1995).

Ethiopian Airline is one of those who have long flying history in Africa. Currently it has 66 international destinations in four continents of the world (www.etiopianairlinesportal.com). Millions of passengers are traveling through the hub of the company Addis Ababa in a year. Location of the country is one of the natural competitive advantages that the company is enjoying. However now days a number of other international airlines are showing their interest to involve in the African market. Since few years back the company is exposed to a heavy competition against alliance in the international scene, regional alliance in Africa and Middle East, and strong individual airlines from Europe, Middle East and Africa. As a result of the stiff competition, currently there are eleven international airlines flying to Addis Ababa. For example the company is forced to close operation to Bahrain due to the competition faced by the Gulf Airline.

There are a number of complaints on the customer satisfaction attribute factors of the company both on the domestic and international flights. In 2012, African journal rated Ethiopian Airlines seven in customers' services quality of out of twenty five African airlines which were included in the study. Moreover, Customers leave comments on one of the website called www.consumer daddy.com about their travel experience by taking into consideration: Transparency, comfort, customer friendliness, hygiene, qualification of staff, punctuality, and safety and on time luggage delivery and hence the customers rated it average and below. This indicates that customer satisfaction attributes are not getting due attention by the company. A Number of reasons may have contributed these customer discontents.

Whatever the reasons may be, once the customer is dissatisfied, it would be very difficult to gain their trust back .Unless the Airline prepare and develops strategy to counter the upcoming competitive pressure, the consequences could be the worst. Management of the company should be able to customize the Air line's service and factors which are vital to customer satisfaction propositions. In this regard, a research should be carried out to assess the root causes of the problem and get suggest possible improvements.

1.2. Research questions

- ✓ How do customers get their meal and beverage of their choice?
- ✓ How Airline staffs are helpful, communicative, and hospitable in helping travelers?
- ✓ How is the convenience of flight schedules to customers?
- ✓ How passengers complain is handling?
- ✓ How customers receive their luggage properly?
- ✓ How fair is ticket price and how easy to buy ticket online?
- ✓ What is the procedure to buy ticket from frequent flying account?
- ✓ How satisfactory is the safety and security of the company?
- ✓ How well satisfied customers are with important services such as internet, banking, and restaurants, medical and shopping to the level of their satisfaction?

1.3. Objectives of the study

The general objective of the study aims to identify the factors for passenger satisfaction regarding facilities provided on platforms. Therefore the basic objectives of the study is

- ✓ To measure the satisfaction level among passengers of Ethiopian airlines
- ✓ To identify factors determining service quality in Ethiopian airlines that lead to customer satisfaction.
- ✓ To identify key challenges and problems which hinder satisfaction of travelers
- ✓ To identify factors which contribute to customer satisfaction
- ✓ To draw policy measures and recommendations which help the Airline to provide best service

1.4. Significance of the study

Even though the Airline sector in Ethiopia is subject to restrictions and yet not liberalized to the private sector fully, knowing factors which determine customers to satisfy is magnificently important. It is intending to fill the literature gap related to the different customer satisfaction level using a research frame work that will describe the various factors of service delivery through six dimensions. More specifically this study will serve as preliminary work or a stepping stone for further study on the issue.

1.5. Scope, Limitation and direction of research

The research only focuses on the international customers; domestic customers were not included in the research. The researcher took as a respondent those passengers that were waiting their flight at Bole international air port on 01/01/2013. The sample was taken from the 41 international flights (6765 numbers of passengers) .On top of this, due to time and financial constraints the research mainly focused on customers who use Ethiopian airlines from Addis Ababa and to Addis Ababa international airport. More over those who are included in the study are those who can speak, write and read English language only. Due to the diversity of the customers, it is difficult to the researcher to collect data in different languages.

1.6. Organization of the Study

This study has been organized into four chapters. The first chapter deals with the problem and its approach which contains background, statement, research questions, objectives, research design and procedures. The second chapter presents theoretical and conceptual framework by reviewing different literatures. The third chapter treats presentation and analysis of data collected from the organization under the study. The fourth chapter presents the conclusion and recommendations.

1.7. Research methodology

The aim of this section is to highlight the overall methodological considerations of the thesis. The methodology section is divided into five sub-sections. The first section outlines the general research approach which the paper relies on and the second encompass research frame work the Researcher used. The third section elaborates on the sampling method used and the justification for it and the sample size

determined for the research. Finally, section four and five respectively constitute the method of data collection and the description of the data analysis method.

1.7.1. Research Approach

The knowledge obtained in this thesis is mainly based on primary research data. Because as to my knowledge, there is no prior research conducted on customer satisfaction level and its subsequent effect on customer satisfaction with regard to the airline. Hence, in order to solve the research problem at hand, the thesis is relied on primary data sources mainly the use of questionnaires.

1.7.2. Sampling Method and sample size

In collecting data the respondents were selected from those who had at least travel experience of once and more. Moreover; the questionnaire was designed for those who can speak and write English language only. Samples of 150 passengers were considered from incoming as well as outgoing flights from the Addis Ababa airport. Questionnaires were distributed and collected within 24 hours, 140 passengers returned a completely filled questionnaire. Three passengers returned questionnaires with missing data, four others returned unfilled and three respondents didn't return the questionnaire. Therefore, 140 provide a response that served as data for analysis to present the findings and draw conclusion all the respondents were contacted by the ground flight handling agents assigned in the flight and the researcher herself. Convenience sampling technique was used in the study. The reason for using convenience sampling is because the population is too large and it is impossible to include every individual and their convenient accessibility and proximity to the researcher.

1.7.3. Data Collection

The study is based on literature review in the area of levels of customer satisfaction that was further modified in the context of Ethiopian airlines.

Hence, the study examined the perceptions about performance of travel service provider and their expectation about quality of services, price and safety factors. The study mainly used primary data. In collect data, a questionnaire consisting a list of customer satisfaction factors (based on service, price and safety dimensions), and overall factors affecting customer satisfaction statement was developed and used. All the questionnaires items were placed on a 5-point likert type scale (1 strongly disagree/dissatisfied up to 5 being strongly agree/satisfied). In order to distribute the questionnaires to the selected respondents/customers, the researcher personally participated and also used ground handling agents as a

means to reach to respondents. The target population includes the customers of Ethiopian airlines mainly focused on frequent travelers in Addis Ababa. The researcher planned the activities carefully and allocated the required resources before starting the survey and committed on fulfilling the job. Upon the distribution of questionnaires the researcher has got full support from staffs of handling flight.

1.7.4. Data Analysis

The process of data analysis started as soon as the completed questionnaires were returned. The first step was to ensure that the data collected was accurate. The raw data was then converted from this state to reduced and classified form that was more appropriate to analysis. The second step involves transforming the data into results. After collecting data, it was analyzed by changing into percentile.

The data collected through closed – ended question items were organized, presented in tables and analyzed using percentage because the responses of the respondents were prepared in such a way that they are represented on nominal and discrete scale.

1.7.5. Description of study area

Ethiopian Airlines is the flag carrier of Ethiopia. For the last sixty years and more it has become one of the continent's leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence. Operating at the forefront of technology, it has also become one of Ethiopia's major industries and a veritable institution in Africa. It commands a lion's share of the pan African network including the only daily east-west flight across the continent. Ethiopian serves 66 international destinations. (www.ethiopian airlines portal.com)

Furthermore, it is working diligently to be the leading aviation academy in Africa. Ethiopian is one of the airlines, in the world, operating the newest and youngest fleets. It is established in 1945 Gregorian calendar and owned totally by the government. Its vision is be the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering and ground services by 2025. The airline has three important missions which are expressed as; to become the leading Aviation group in Africa by providing safe and reliable passenger and cargo transport, aviation training, flight catering and ground services whose quality and price "value proposition" is always better than its competitors, to ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its owner and to contribute positively to socio economic development of Ethiopia in particular and the countries it

operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity.

Ethiopian airline serves a total of 83 destinations, among which 66 are international destinations and 17 are domestic destinations. When we see the regional classification of the destinations it have 41 in Africa, 8 in Europe, America and Canada, 17 in the Middle East & Asia, 17 Domestic. In addition to the passenger destinations the airline gives cargo service for a total of 25 destinations. Of these destinations 18 are in Africa, 5 in the Middle East and 2 in Europe.

Ethiopian has code share agreements with a total of eleven air lines. Of which two are African airlines, five are from Europe, three from the Middle East and one from Asia. Furthermore, last year it has joined the star alliance group which included the best airlines of the world as its members.

The airline has a special feature called Cloud Nine: Combined service of First and Business classes. Cloud Nine has the space, comfort and a style of service that makes flying with Ethiopia a pleasure all the time. In the Economy Class, Passengers are offered 12 audio channels with access to a video library of more than seven titles. Sheba Miles is Ethiopian's Frequent Flyer customer loyalty program. As a member of Sheba Miles, passengers accumulate miles which will entitle them to ticket awards and many other privileges.

As to its capacity building, the ultra-modern airport terminal was inaugurated on January 21, 2003. This spacious terminal handles all international flights with its 21st century facilities. Ethiopian is self-sufficient in all aviation training systems. The Ethiopian Aviation Academy offers training for pilots both for foreign nationals and Ethiopians, aircraft technicians, cabin crew, and marketing, management and finance staff. Ethiopian airline has won a lot of awards for different nominations (Ethiopian airlines portal page).

Chapter Two

Literature Review

2.1. Service Quality

Service quality is a customer perception of how well a service meets or exceeds their expectations (Czepiel, 1990). It is considered as a key factor for enhancing customer satisfaction (Geetika, 2010). The study of Cronin and Taylor (1992) found it a key antecedent to customer satisfaction. Service quality not only play vital role to satisfy customers (Grzinic, 2007) but also considered as a value driven for consumers and a way to position product in a dynamic environment (Kaul, 2005).Understanding the customers' requirement about the service quality and catering the need in this regard is beneficial in many ways (Shahin, 2002).

Service industries are playing an increasingly important role in the overall economies of the countries of developed and developing countries. The 21st century is considered to be as the service industry.

There are many definitions regarding concepts of service; Services are deeds, processes, and performances (Parasuraman et al. 1985). Gronroos (1983) defined service as: "An activity or series of activities of more or less intangibles nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods. Sasser et. Al, (1978) gave another meaning for service: "A service is a package of explicit and implicit benefits performed with a supporting facility and using facilitating goods". To payne 1993 Service is: "Any primary or complementary activity that does not directly. Produce a physical product - that is, the non-goods part of the transaction between customer and provider". It includes all economic activities which are intangible, not physically apparent like Products which provide value to the customer; it has become very crucial in all business industries due to globalization and information technology developments. Services are now seen almost in every part of our life, starting from the most essential demands, like eating to other entertainment activities, such as: sport, travelling, etc. Nowadays products heavily rely on its services to acquire competitive advantage, and to satisfy customers' needs.

2.2. Major determinant of quality dimensions

Service giving organization can measure their service quality in light of the following factors by getting feedback from customers. The feedback can be obtained from customers through dealing with individual customers or structured survey depending on the types of services the organization is in. There are a number of identified service quality factors (ibid: 78). These are: responsiveness dependability service objective and standards accessibility communication and technology.

Responsiveness rests on the foundations of good service principles and requires simplicity and specialization. If the organization design and service is simple, it is easier to be responsive and successful. This help to build rapid service management system of the organization. For an organization to be responsive and establish quality service management system, it has to understand what business it is in and then develop the capacity to do it .Both the management and front line personnel have to understand the capability of their system and what the service users expect from it.

Dependability or reliability from the company point of view is keeping the promise to satisfy customers' needs. It refers to long-term citizen loyalty. Dependable or high quality service is based on service foundations. Among these, service providers take extra steps to satisfy customer needs in the service provision process to develop friendly services.

Managers of high reliable service organization develop (promote) a strong sense of appreciation for people within their organization. The primary goal in developing dependable service is to stand behind what is promised. To do this, the organization has to develop service knowledgeable personnel and manager, provide employee training and feedback performance for front line service providers.

One of the most important aspects in managing service excellence is to define specific service objectives and standards as a basis for measuring performance levels. Employees are encouraged to exceed the minimum level of standards set out of the desire to meet and exceed service user's expectations. There are two main criteria used to set target for effective service management system. These are objective and standards. Objectives are concrete, measurable outcome from specific activities while standards define the minimal acceptable performance level with in a specific category (ibid: 128).

A standard is a unit of measurement established to serve as a criterion or level of reference for performance .The purpose of establishing standards is to set a minimum acceptable performance level. Establishing service standards require two broad but separate criteria .These are policies, procedures, methods and rules that help keep a service management system running smoothly and the other is personnel considerations which ensure effective rather than just efficient.

Communication is the process of exchanging information and feeling between two or more people and it is essential to effective management .Communication helps managerial planning to be performed effectively, managerial monitoring to be carried out as required. Therefore, good communications are required to achieve co-ordinate results i.e. good communications can allocate differences and conflict existing between different individuals or groups and pave way to better cooperation. They can enhance mutuality, commitment and loyalty among the organization members as well as external stakeholders. Good communication system has three-way communications (upward, downward and sideways) they are required so that management can keep employees informed of the policies, functional objectives, plans, and budgets to those who have to implement them. And employees can react promptly with better views about management's proposals and actions. With regard to external relations, communication area includes the presentation of information about the organization and its services to the customers and the public at large.

Effective communication attempts to minimize time and costs in the total information exchange effort. Cost may include resources (material and money), forgone comfort, energy and effort expended in communicating. Effective communication involves the most accurate sending and receiving of information during the service management process, full comprehension of the massage by both upon completion of the information exchange.

2.3. Customer Loyalty

Since airline companies are very concerned about customer loyalty, they need to review and reexamine their strategies not only to sustain customer loyalty but also to remain competitive. Natalisa and Subroto (2003) suggested that domestic airline operators need to honor promises made in their promotional and external communication materials. Continuous training activities should also be provided to frontline operators, in addition to developing various kinds of loyalty programs to ensure continued customer loyalty. Chin (2002) stated that an attractive frequent flier program could actually contribute to

increased loyalty from the repeat business of an increased number of customers. In addition, Dick and Basu (1994) suggested that reliability and confidence might encourage loyalty to the service provider.

Even though customer loyalty is very important to the survival of service companies, Selnes, (1993) contend that this is an area that needs to be researched further. The result of customer loyalty can be depicted in customer behaviors such as repurchase intentions and purchasing sequence (Day, 1969) and attitudinal outcomes, such as recommending the service to others (Cronin and Taylor, 1992; Zeithaml, Parasuraman, and Berry, 1990; Selnes, 1993).

2.4. Managing Service Quality and Effectiveness

Service quality is difficult to define and judge as a product quality because there is no clear cut measurement of a service quality. However, customers can make judgment about service quality, and service providers want to know customers' expectations for designing effective service. Customer's satisfaction with service quality can be defined by comparing perception of service received with expectations of service desired. When expectations exceed, service is perceived to be of exceptional quality and surprising while the service quality that does not meet expectations is assumed as unacceptable. Customer can be satisfied if they get their expectations from the service provider on time. Therefore, the key of managing service quality of the office is to deliver high quality service consistently as expected by customers or service users (Kotler, 1998:484). Even (1997:114) suggested customers' complaints satisfying system to be done using service.

Recovery program which involves three steps:

➢ Make it easy for dissatisfied customers complain by providing suggestions and complaints forms and others.

➢ Employees of companies who receive complaints must be trained in order to be able to solve customers' problems firstly and with great satisfactions.

➢ Companies should find the main causes of problems beyond satisfying particular customers.

2.5. Customer Satisfaction

Customer satisfaction has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition (Kotler, 2000). Overall customer satisfaction translates to more profits for companies and market share increase. The importance of customers has been highlighted by many researchers and academicians. The principal concern of marketing is to connect with customers by building a strong customer relationship in order to meet their expectations. Researchers have tried to define customer satisfaction and in general they have defined it as process. Oliver (1981) defined satisfaction "as a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (pp. 24).

Kotler (2000) defined satisfaction as: "a person's feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her expectations".According to Hansemark and Albinsson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire". Parasuraman et al. (1988) distinguish service quality and satisfaction: "perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction". Customer satisfaction as an attitude is like a judgment following a purchase act or based on series of consumer-product interactions (Yi, 1989). Customer satisfaction leads to repeat purchases, loyalty and to customer retention (Zairi, 2000). Satisfied customers are more likely to repeat buying products or services. They will also tend to say good things and to recommend the product or service to others. On the other hand dissatisfied customers respond differently. Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to reduce the dissonance by seeking information that might confirm its high value (Kotler, 2000). Expectations also play an important role in the satisfaction formation. The extent to which a product or service fulfills a customer's need and desire may play an important role in forming feelings of satisfaction because of the impact of confirmation or disconfirmation that have on satisfaction.

Consumers expect to be delivered quality products and services; therefore companies need to offer quality products and services. The term expectations really matters to companies because they want to know what customers' expectations are. The term "expectations" has different uses, in the satisfaction literature, it is viewed as a prediction made by a consumer about what is likely to happen during an exchange or transaction. According to Oliver (1981) "… expectations are consumer-defined probabilities of the occurrence of positive and negative events if the consumer engages in some behavior" (pp.25-48).

Perception is an opinion about something viewed and assessed and it varies from customers to customers, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction. Customer satisfaction is determined by the customers' perceptions and expectations of the quality of the products and services. In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies. Satisfied customers provide recommendations; maintain loyalty towards the company and customers in turn are more likely to pay price premiums (Reichheld, 1996).

Customer loyalty is a crucial factor in companies' growth and their performance. Loyalty is linked with repeat business. Thus, a customer is loyal when he is frequently repurchasing a product or service from a particular provider. Oliver defines loyalty as "A deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior" (cited by Kotler, 2000).

Customers that are very satisfied with a company are very likely to remain with that company leads to future revenue for the company. It is now a widely accepted business theory that customer retention optimizes profitability; the cost of acquiring new customers is higher than the cost of retaining existing customers. Therefore, the aim of a service company is to satisfy their customers in order to stimulate them to retain and to repeat their service purchase.

Yi (1990) defined customer satisfaction as "... an emotional response to the experiences provided by, associated with particular products and services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall market Place" (Yi, 1990, p. 69). Although, there are a number of customer satisfaction theories in the literature such as contrast theory, dissonance theory, and equity theory, research shows that expectation-disconfirmation paradigm has

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received much empirical attention (Parasuraman et al. 1988). However, other empirical findings demonstrate that customer satisfaction can also be measured through product or service performance (Anderson and Sullivan, 1993; Churchill and Surprenant, 1982) or an outcome of service quality (Anderson et al., 1994). Investigating all these theories and providing an extensive review of the customer satisfaction is well beyond the scope of this study, instead this study defines customer satisfaction and relates it to repurchase and word-of-mouth intentions.

When customers praise the firm and express preference for the company over others, it means they are likely to increase the volume of their purchases (Zeithaml et al., 1996). In the present study, repurchase intention refers to the airline passengers' plans to fly with the national airline company in their next trip.

There is overwhelming evidence in both service quality and customer satisfaction literatures that repurchase intension is an outcome of service quality perceptions as well as satisfaction obtained from purchase episode (Carman, 1990; Singh, 1988; Smith et al., 1999; Zeithaml and Bitner, 2000). On the other hand, word of mouth also received considerable research attention Kau and Loh (2006, p. 103) delineated word of mouth as "... the informal communication between consumers about the characteristics of a business or a product". Schiffman and Kanuk (2004) argued that word of mouth communications tend to be highly persuasive and extremely effective in nature; thus companies need to understand factors creating word of mouth intention and to invest heavily in creating a positive one.

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Saha and Theingi, 2009). The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Bitner and Hubbert, 1994). Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions (Cronin and Taylor, 1992, Fornell, 1992). Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992; Halstead and Page, 1992) several studies have concluded that it costs more to gain a new customer than to retain an existing one. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Halstead and Page, 1992; Fornell, 1992).

In many industries, having satisfied customers also means that organization receives fewer complaints (Fornell, 1992), hence reducing costs in handling failures. Researchers also maintain that satisfied customers are willing to pay more for the benefits they receive and are more likely to be tolerant of an

increase in price (Fornell, 1992). Bitner and Hubbert (1994) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

2.6. Price and customer satisfaction.

Anderson, Fornell and Lehmann (1994) emphasized perceived price as an important factor of consumer satisfaction. Zeithaml and Bitner (1996) suggested that the extent of satisfaction was broader than that of service quality assessment and was subject to several factors, such as service quality, product quality, price, situation, and personal attributes. Lee and Cunningham (1996) noted that service quality alone was not a sufficient condition for the establishment of customer loyalty because customers were always conscious of cost/benefit trade-off relationships. Generally, the lower the perceived price and sacrifice, the more satisfaction with the perceived price and the overall transaction is created (Zeithaml, 1988). Oliver (1997) noted that consumers usually judged price and service quality by the concept of "equity", then generated their satisfaction or dissatisfaction level, therefore, a lower monetary price or perceived price does not guarantee higher satisfaction. There are millions of products in the world having different prices. Prices are set according to the value of the product. Price from marketing mix Han (2009) states that one of the most flexible element that changed the world quickly.

In the literature of Khan (2011) marketing the most important factor indicated for customer satisfaction is price, because most of the customers estimate the value of the product or obtained service through price. The single most important decision in marketing is that of price. This is partly because price may have an impact on sales volumes.

According to Jean F, (2004) if the price is too high, and the market is competitive, sales may reduce. Indeed many economists would see price as the main determinants of Sales volume. On the other hand, many of the most sophisticated marketers have found ways to reduce the impact of price (Kurtz and Boone, 2007:87). Therefore, companies need to balance the costs of producing a product and the perception of target customers to select the right price of a product. That is the reason why pricing takes creativity, time, research, good record keeping and flexibility.

2.7. Internal employee and customer satisfaction

According to the internal marketing perspective, if the service organization wants its contact employees to do a great job with its customers, it must be prepared to do a great job with its employees (George, 1990). Schneider (1980) found evidence that job satisfaction is a primary reason that employees deliver quality service. The attitude of the employee is a crucial factor in the performance of the customer-oriented company, not only in offering the basic product but also in offering all extra services (Vranesevic et al., 2002). Some investigations have provided explicit measures of this relationship. A study made Sears Roebuck showed that a five-point improvement in employee attitudes led to a 1.3 rise in customer satisfaction which, in turn, generated a 0.5 increase in revenues. Brooks (2000) reviewed the relationship between financial success and customer and employee variables (e.g., customer satisfaction, employee satisfaction, etc.) and found that, depending on market segment and industry, between 40 and 80 percent of customer satisfaction and customer loyalty was accounted for by the relationship between employee attitudes and customer-related variables. Similarly, Vilares and Cohelo (2000) found that perceived employee satisfaction, perceived employee loyalty, and perceived employee commitment had a sizable impact on perceived product quality and on perceived service quality and his study offers several explanations as to why employee satisfaction affects customer satisfaction:

1. Employees that interact with customers are in a position to develop awareness of and respond to customer goals and needs.

2. Satisfied employees are motivated employees; that is, they have the motivational resources to deliver adequate effort and care.

3. Satisfied employees are empowered employees; in other words, they have the resources, Training, and responsibilities to understand and serve customer needs and demands.

4. Satisfied employees have high energy and willingness to give good service: at a very Minimum, the can deliver a more positive perception of the service/product provided.

5. Satisfied employees can provide customers with interpersonal sensibility and social account (i.e. adequate explanations for undesirable outcomes). It has been suggested that these components of interactional justice (i.e., quality of interpersonal treatment provided in a negotiation/exchange) have a significant impact on customer satisfaction. According to this view, because satisfied employees experience interactional justice, they can deliver it; that is,

satisfied employees have enough emotional resources to show empathy, Understanding, respect and concern. Thus, sales force acceptance would seem to be critical for successful provision of good service many service industries. Attitudes towards customer attribute factors among salespeople need to be better understood since they are the main people to interact with external customers and they play a key role in the external customer relationship.

2.8. Complaints management

Customers complain under one or both of the conditions: their expectations being underperformed to a degree that falls outside their zone of tolerance or unfair treatment.

Complaints management process should be developed to take a positive view of customer complaints. Customers who complain provide an opportunity for the service firm to identify root causes of problems as well as win back unhappy or dissatisfied customers to retain their future value (Buttle, 2005). A complaints management process should allow company to capture complaints before customers spread a negative word of- mouth or take their business elsewhere (Buttle, 1998). Up to two-thirds of customers who are dissatisfied do not complain to the organization (Richins, 1983). However, they may complain to their social networks. Dissatisfied customers are likely to inform twice as many people about their experience than customers with a positive experience (TARP, 1995 in Buttle, 2005).

According to Wilson (1991) only 4 percent of dis satisfied customers actually complain, providing valuable feedback to the company. The remaining 96 percent choose to simply leave the business and go elsewhere. Companies choose to deal with complaints efficiently to bring about customer retention, continuous improvement in service quality and build a customer- focused organization (Looy, Gemmel & Dierdonck, 2003).

2.9. The Importance of Service Quality in Airline Services

Quality has become a significant concern for those in the service industry, specifically the Airline industry. Although people primarily use airplanes to satisfy their need to go from one place to place, procedure from ticketing, checking, boarding and traveling to baggage handling can also deeply influence travelers' attitudes to the services provided by airlines and their satisfaction.

Hence, airline passengers can experience many service encounters with front-line employees as well as in-flight attendants, this is called 'moment of truth'. Passengers may judge or evaluate airline service quality through a comparison between their experiences and expectations, over a number of quality attributes (Grönroos, 2000). So far, many academic researchers have devoted themselves into studying the quality of airline service by following the simple logic of comparing expectations, experiences or gap analysis. In the research of Gourdin and Kloppenborg (1991), for example, indicated that identification of service gaps are the first step toward quality improvements. Their findings showed that the gap between passenger expectations and management perceptions of passenger expectations was the most crucial failure point. That is, a critical issue for airline managers is being aware of passengers' expectations. Ostrowski, *et al.* (1993) also pointed out that superior service quality could lead passengers to a significantly higher propensity of retained preference. Some similar points also can be seen in the research of Lee and Cunningham (1996).

Thus, the service quality of airlines is an important issue, not only for airline managers; it is also a key factor in building long-term brand recognition. Whether for business purposes, official duties or for holidays, passengers traveling on airlines expect certain levels of service quality, and this applies to specifically Ethiopian airlines travelers as well. Consumers' overall impressions of service quality are linked to how efficiently an organization renders its services, and it is this impression that determines customers' behavioral intentions to continuously patronize the airline or not. Good service quality helps organizations increase profits (Buzzell and Gale, 1987) and maintains their competitive advantage within their specific industry (Park, Roberson, and Wu, 2004). Airlines also need to be aware of differences in service expectations among airline passengers (Sultan and Simpson, 2000; Cunningham, Young and Lee, 2002). Since service quality and delivery are tangible, customers can make comparison between good and poor service providers. Thus, it is important for airlines to develop passenger-focused services by making an effort to understand passengers' expectations (Park, Robertson, and Wu, 2004).

Some research has shown that, besides having to change planes, flight scheduling, ticket prices, in-flight service, employee attitudes, facilities and ticketing procedures are also key factors in determining how airline service quality is evaluated and can influence a traveler's choice of Airline. (Cunningham, *et al*. 2002; Sultan and Simpson, 2000).

2.10. Airline Service Quality

It is perceived that air transport is a service retailer. Although airlines offer varying degrees of tangibility, airlines predominantly sell services. The demand for an airline seat is a derived demand based on the customers' desire to be in a different location at a certain time. One airline seat is really not much different from another. It is the quality of service given to the customers that will differentiate the competitors, determine market share and ultimately profitability (Ayling 1991, Ott 1993). Second, the expectation from a customer from an airline is mainly service related. Airlines must surpass a passenger's expectation of timeliness, convenience and comfort (Ott, 1993). Third, it was revealed in an earlier study that convenient schedules is the most important service indicator for frequent (more than 10 trips a year) and moderate fliers (3- 9 trips a year) whilst light fliers (1-2 trips a year) ranked destinations as their main preference (Ott, 1993). This justifies that though the objective of flying from one place to another is for transportation purposes, the importance in ranking by airline passengers is mainly service related.

According to Atilgan et al. (2008), in most of the service settings customers may not received the level of service they expected before the actual service experience. The performance of the service falls either under customers' expectations or above expectation. When expectations are exceeded, service is perceived to be of high quality and also to be a surprise. When expectations are not met, service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory. However, quality, which falls short of expectations, has a greater effect on customer satisfaction than quality which exceeds satisfaction (Zeithal and Bitner, 2000). The notion that service quality and customer satisfaction are distinctive variables has achieved some degree of consensus among researchers (Saha and Theingi, 2009).

The construct of service quality is evaluated by the actual service performance in terms of particular service attributes in the specific context; whereas satisfaction is measured by the customers' overall service experiences. Customer satisfaction depends on a variety of factors, including perceived service quality, customers' mood, emotions, social interactions, and other experience-specific subjective factors (Rust and Oliver, 1994). According to Crompton and Love (1995), the two constructs are likely to be positively correlated, but unlikely to be linear.

Although researchers have generally agreed on the conceptions and distinctiveness of service quality and satisfaction, their causal relationship is yet to be resolved including in the airline service consumption. Quality has become a significant concern for those in the service industry, specifically the airline industry. Although people primarily use airplanes to satisfy their need to go from one place to another, procedures from ticketing, checking, boarding and traveling to baggage handling, etc. can also deeply influence travelers' attitudes to the services provided by airlines and their satisfaction with those services. Hence, airline passengers can experience many service encounters with front-line employees as well as in-flight attendants, this is called 'moment of truth'. Passengers may judge or evaluate airline service quality through a comparison between their experiences and expectations, over a number of quality attributes (Grönroos, 2000).

2.11. Research frame work of the study.

Takeuchi (1983) quality is standard of something which consumer measure against the other different things; quality can be measured by giving grade, merit, attributes etc. to the products or services. Consumer can not differentiate between the quality and its requirements. Service quality is evaluated when customer compare his/her perception and expectation of service delivery Gronroos (1984). By recognized the need of measures of service quality many researchers most often use service quality to measure customer satisfaction Zeithaml (1985). Under the service quality measurements I took the following points to be considered.

Physical: physical surroundings are helpful to create image in the mind of customers and to influence their behavior. Facilities available in airport, employee appearance, uniform, aircraft, onboard entertainment, variety of meals and the like are included. Lim (2010) indicated that ultimate satisfaction may have significant effect of physical.

Time: It is the significant part of services quality concerned with the speed and promptness of service. Here waiting time at departure and transfer desk, error free service, convenience of flight hours and check in process are included.

Employee responsiveness: Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customers request, questions, complaints, and problems. Responsiveness is communicated to customers by the length of

time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customers need (Zeithaml *et al*., 2006).

Complaint handling: A complaints management process should allow company to capture complaints before customers spread a negative word of- mouth or take their business elsewhere (Buttle, 1998).It includes transmission of information, orders, instructions in all directions so as to handle complain of customers and avert to normal condition.

Safety and security: Bitner (1990) suggested that some people considered airline travel threatening, and to these people, boarding an airplane was a life-and death issue; hence safety and security needs were critical. Comm (1993) reported that airline safety and security precautions were ranked as two of the most important attributes used in airline choice. The

Hijackings of United States airplanes on September 11, 2001, decreased consumer confidence in the safety and security of air travel (Floyd, Gibson, Pennington-Gray, and Thapa, 2003). Simmons Market Research (2001) assessed the immediate aftershocks for those respondents who had air travel plans during the next twelve months, 39% noted the events of September 11 would have a large to very large effect on their travel plans.

Price: Skindaras (2009) there are millions of products or services in this world having different prices. Pricing a product is difficult thing to do. Prices are set according to the value of the product. Price from marketing mix Han (2009) state that one of the most flexible element that changed quickly. In the literature of Khan (2011) marketing the most important factor indicated for customer satisfaction is price, because most of the customers estimate the value of the product or obtained service through price.

Remark: In the process of preparing the frame work I tried to see different ideas from different writers including Parasuraman *et al*. (1991) of SERVQUAL model. after I conceptualizing the SERVQUAL model I tried to change and developed the research frame work which I believe practical to Ethiopian airline.
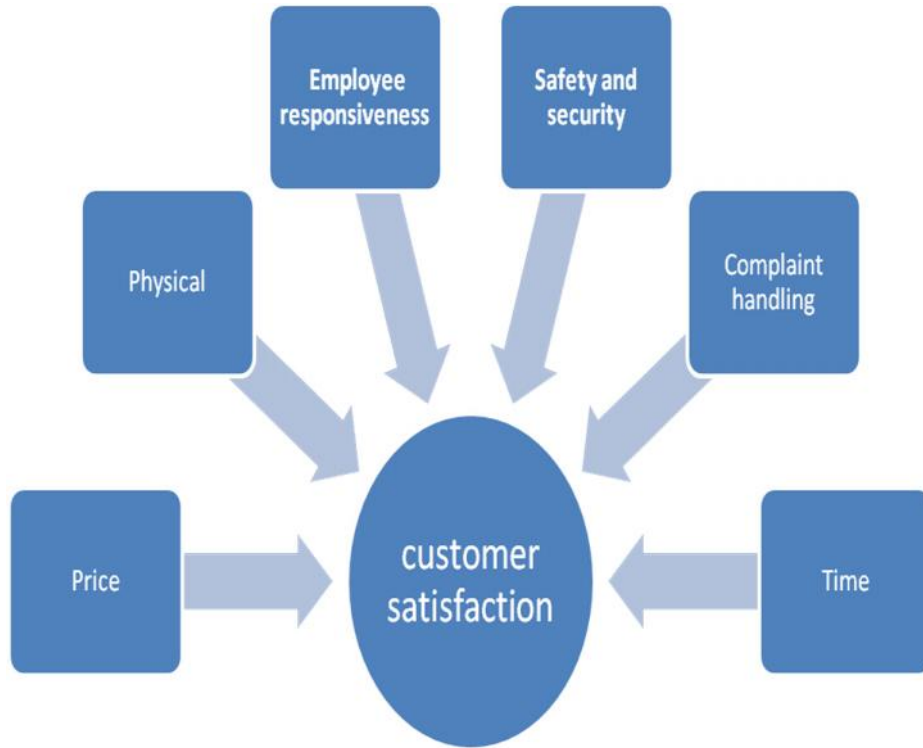
Figure 2 research frame work adapted from SERVQUAL model. (Parasuraman *et al.,* 1985)

Chapter Three

Discussion and Data Analysis

3.1 Introduction

In this chapter the results from the study is presented in graphical and tabular format based on the responses given by the respondents. A total of 150 respondents received questionnaires and 140 respondents return fully completed questionnaires.

3.2 Demographic distribution of sample.

Table 1 age distribution

Age	Frequency	Valid percent
18-30	40	28.6
31-45	62	44.3
46-60	31	22.1
Above 60	7	5
Total	140	100

Source: questionnaire analysis, 2013

Respondents represented customers from a range of ages. The highest percentage of 44.3% of the respondents was in the age group of 34-45 years of age. 28.6 % of the respondents were between 18 and 30 years of age. 22.1 % of the respondents were between 46 and 60 years of age while 5% was above 60 years of age and is the lowest percentage of the respondents group.

Table 2 gender distribution

	Frequency	percent	Valid percent
female	61	44%	44%
Male	79	56%	56%
Total	140	100	100

Source: questionnaire analysis, 2013

When we see the demographic variable of gender division of the respondents, majority of the respondents were males, i.e. 56% representing a bigger part of the sample group. However, 44% of the respondents were females. This study was only aimed at those passengers that were waiting their flight and transit passengers who were waiting their next flight at bole international airport terminal. The main reason for not involving the response of other customers of the airline is due to inconveniency because they are dispersed geographically.

Table 3 Educational qualification of respondents

	Frequency	percent
12/10 incomplete	11	7.8
12/10 complete	18	12.9
Diploma	36	25.7
First degree	47	33.6
Masters /above	28	20
total	140	100

Source: questionnaire analysis, 2013

When we see the distribution of educational status, most of the respondents have an educational level above college diploma. Only 7.8% of the respondents didn't accomplish high school. When we see the specific qualification level of the others 12.9% of the respondents have a qualification of tenth or twelve complete, 25.7% have a college diploma, 33.6% of the respondents have a first degree qualification and 20% of the respondents have an educational qualification of masters and above.

Table 4 frequency of flights

	frequency	Percent
Once	25	17.9
Twice	28	20
Three times	40	28.6
Four times	31	22.1
Five and more times	16	11.4
Total	140	100

Source: questionnaire analysis, 2013

As it can be seen from the above table, the other main variable that the respondents were asked is the number of flights they had made using Ethiopian airline. For this question majority (28.6%) of the respondents answered they had made a flight with the airline more than three times, 22.1% of the respondents answered they made four times, 17.9% of the respondents made flight with the company for the first time and 11.4% of the respondents made their flight by Ethiopian for five and more times.

3.3 Service Quality Measurements

3.3.1 Physical factors

Satisfied   Neutral   Dissatisfied

		Scale										
		5		4		3		2		1		total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Employee dressing is neat	66	**47**	39	**28**	20	**14**	15	**11**	-	**-**	140	100
2	Employee facial expression is attractive	50	**35.7**	60	**42.9**	12	**8.6**	12	**8.6**	6	**4.2**	140	100
3	The airline has enough aircrafts	30	**21.4**	40	**28.6**	30	**21.4**	25	**17.9**	15	**10.7**	140	100
4	Appearance and uniforms of employees is excellent	45	**32.1**	60	**42.9**	30	**21.4**	5	**3.6**	-	**-**	14	100
5	Services like internet, restaurant and shopping are excellent in the airport.	-	**-**	30	**21.4**	29	**20.7**	64	**45.7**	17	**12.2**	140	100
6	All aircrafts are equipped with up to date technology	9	**6.4**	42	**30**	17	**12.1**	58	**41.4**	14	**10**	140	100
7	In-flight modern and clean facilities are available	40	**28.6**	51	**36.4**	30	**21.4**	10	**7.1**	9	**6.4**	140	100
8	Varity and quality of in-flight meals is good	-	**-**	28	**20**	43	**30.7**	39	**27.9**	30	**21.4**	140	100

Table 5 physical dimension

Source: questionnaire analysis, 2013

As it can be seen from the above table the response given for the employee dressing concerned, 47% of the passengers were highly satisfied , 28% were satisfied ,14% answered neutral and 11% of them were

dissatisfied. It can be seen that majority of the respondents are satisfied by the dressing of the employees and the rest 25% are not happy of the item concerned.

Based on the response given for item number two, 35.7% of the respondents are highly satisfied about the facial expression of the employees, 42.9% are satisfied , 8.6% are neutral, 8.6 % dissatisfied and 4.2% of them are highly dissatisfied.

Concerned item number three, respondents were asked if the airline has enough aircrafts in terms of quality and quantity and as a result 21.4% of them are strongly agree of the idea,28.6 % agree,21.4 % neutral,17.9% disagree and finally 10.7% of the answered disagree. In this specific item it is easily observed that almost 50% answer below average which in turn helps to infer there is service gap.

For the appearance and uniform of employees in item four, 32.1% are highly satisfied, 42.9 % satisfied, 21.4% neutral and only 3.6% are dissatisfied. Here majority respondents lie in the satisfied section. The neither satisfied nor dissatisfied and dissatisfied together consists 25%. In this particular case only some amendments in the provision of the service can take those who lie in neutral part to the level of satisfied and reduce the level of dissatisfaction of those who are not happy of the service of the company.

In item five which deals about airport facilities 21.4% answered satisfied, 20.7% neutral, 45.7% dissatisfied and 12.2% answered highly dissatisfied. Here more than 78.6% of the respondents are out of the zone of satisfaction and hence needs the attention of management.

Respondents were asked if all aircrafts of the company are equipped with necessary technology, as a result 6.4% are highly satisfied 30% satisfied, 12.1% neutral, 41.4% dissatisfied and 10% are highly dissatisfied. Only 36.4% of the respondents are satisfied with the technology aircrafts equipped with. However majority of the rest of the respondents lie in the dissatisfaction zone. It is advertised in different media that the airline has owned the latest and newly manufactured aircrafts but it seems few in number and the old once are still in use.

Modernity and cleanness of inside aircraft service were out of the questions asked to respondents to be answered. Consequently 28.6%, 36.4%, 21.4%, 7.1%, 6.4% answered highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied respectively. It seems those small portions of the respondents are in the level of dissatisfaction, if some measures are not taken it is significant to hand over even one customer to competitors due minor mistakes.

Varity and quality of meal provided inside aircraft was the last but not the least item in the physical measurements provided to respondents. Here no respondents were found to be highly satisfied, 20% are satisfied, and 30.7% are neither satisfied nor dissatisfied, 27.9% are dissatisfied and 21.4 % are highly dissatisfied. By asking customers need at time of ticket purchasing and reservation might reduce dissatisfaction of passengers.

Remark: The above table is summarized and resized into the following figure by taking respondents those who answered 5 and 4 as satisfied and those who answered 2 and 1 as dissatisfied and assign by negative sign, but those who answered neutral are represented by 0.
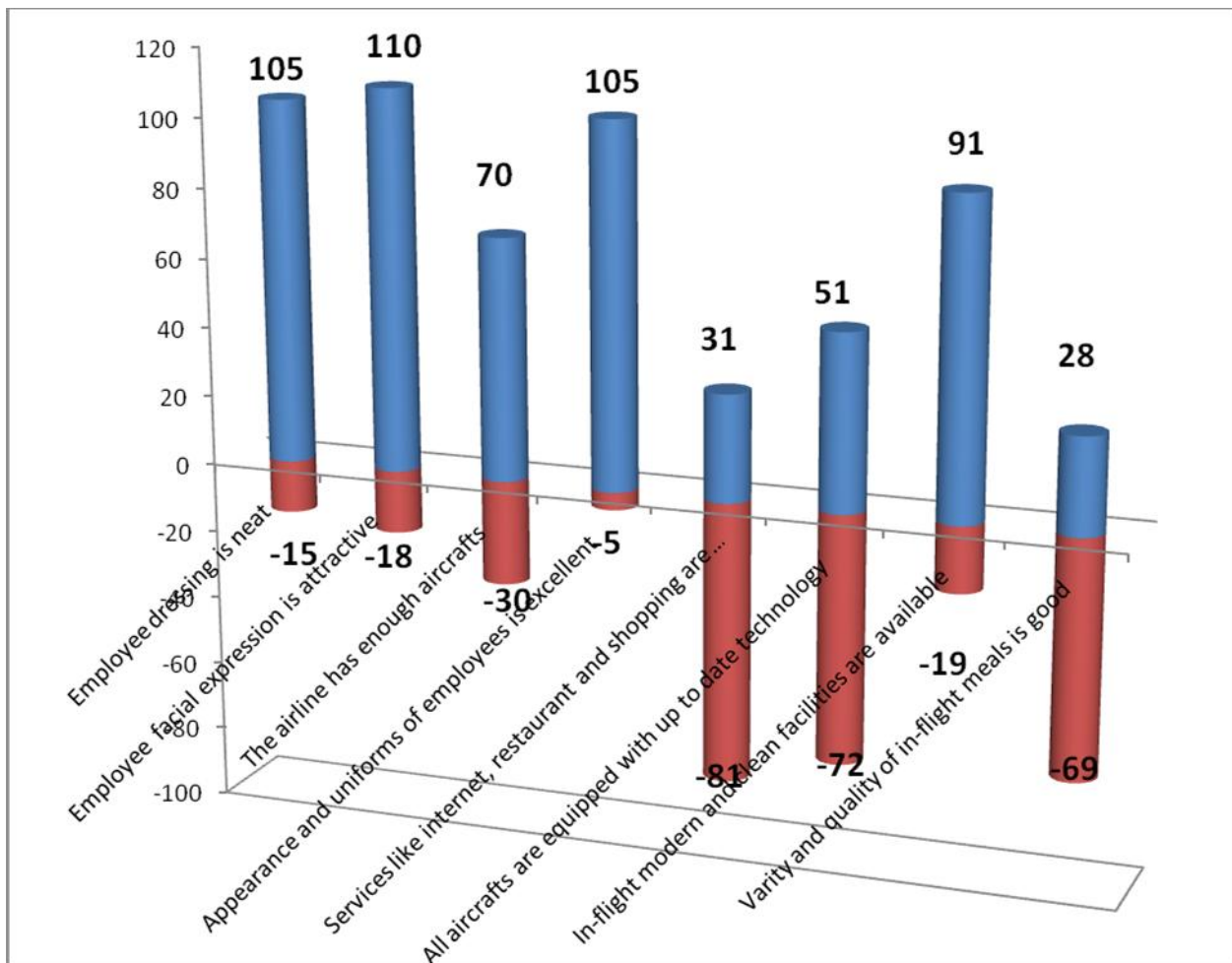

Figure 3.3.1 satisfied/dissatisfied of physical

Employee dressing, facial expression and appearance of uniform majority of the respondents are satisfied, but it doesn't mean nothing should be done, because significant number of respondents still need more service, for service giving organizations like Ethiopian airlines not need to focus exclusively on attracting new customers , since the acquisition of new customers costs more than retaining the existing ones. Only a customer who is satisfied with the quality of a received service will repeat purchase and will be loyal to the company.

Out of the parameters given in the physical section, air craft technology equipment and airport facility showed the worst result, majority of respondents are dissatisfied. This indicates old aircrafts are still in operation and need to be changed with well technology equipped aircrafts. Recently the company is possessed the latest aircrafts in the world. But still need more new technology aircrafts and replace the old ones.

A standard international airport needs to be equipped with different facilities and services such as internet, banking, medical shops, and different duty free shops. However in case of Addis Ababa airport, significant respondents are dissatisfied, from the information personally I gathered the airport is administer by airport enterprise which is out of the control of the company. However the company management needs to make discussion with responsible administration staffs of the other organization so as to fulfill the need of customers.

Meal in terms of quality and variety is where attention needs; the ratio of satisfied/dissatisfied is 28/69, Company customers are from different age groups, religions, life styles and so on. At time of reservation and tickets passengers' meal preference need to be recorded and act accordingly so as to satisfy customers. However when we see the total effect, satisfied respondents is higher than dissatisfied respondents.

3.3.2.Time factor

		Satisfied				Neutral		Dissatisfied					
		Scale											
		5		4		3		2		1		total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Accuracy of service	17	**12.1**	27	**19.3**	33	**23.6**	42	**30**	21	**15**	140	100
2	Flight hours are convenience to customers	21	**15**	32	**22.9**	33	**23.6**	38	**27.1**	16	**11.4**	140	100
3	Provision of service is as it is promised	18	**12.9**	28	**20**	31	**22.1**	39	**27.9**	24	**17.1**	140	100
4	waiting time is short	9	**6.4**	35	**25**	30	**21.4**	45	**32.1**	21	**15**	140	100
5	Departure and arrival time is as it is promised	19	**13.6**	31	**22.1**	42	**30**	30	**21.4**	18	**12.9**	140	100
6	Check in process is efficient	16	**11.4**	36	**25.7**	27	**19.3**	41	**29.3**	20	**14.3**	140	100

Table 6 time dimension

Source: questionnaire analysis, 2013

For accuracy of service 12.1% of the respondents agree on the highly satisfied, 19.3% are satisfied, 23.6% do not mind of the service, 30% agree that they are dissatisfied and lastly 15% of the respondents are highly dissatisfied. In this time it is easily visible that more than 57 respondents of the total 140 sample are not satisfied of the company service in terms of accuracy.

In item number two which concerns about convenience of flight hours,16 passengers (11.4%) are highly dissatisfied,38 (27.1%) are dissatisfied, 33(23.6%) of the whole sample neither satisfied nor dissatisfied, 32(22.9%) are satisfied and finally 21 (15%) are highly satisfied.

In item number three, passengers were asked to rate level of satisfaction if they get service from the company as they are promised for. Consequently 12.9% are highly satisfied, 20% are satisfied, and 22.1% are neither satisfied nor dissatisfied, 27.9% are dissatisfied and 17.1% are highly dissatisfied.

It seems waiting time is long for about 15% of those responded for item number 4 which is highly dissatisfied,32.1% of them are satisfied, 21.4% are neutral, 25% are satisfied and lastly only 6.4% are highly satisfied.

If departure and arrival time is as it is promised were asked in item number five, as a result 13.6%, 22.1%,30%, 21.4% and 12.6% responded highly satisfied, satisfied, neutral, dissatisfied and highly satisfied respectively.

11.4 % of the given sample is highly satisfied about the check in process in the counter, 25.7% are satisfied; neither satisfied nor dissatisfied consists of 19.3% of the total sample.29.3% are dissatisfied about the efficiency of the check in process. The highly dissatisfied respondents consist of about 14.3%.
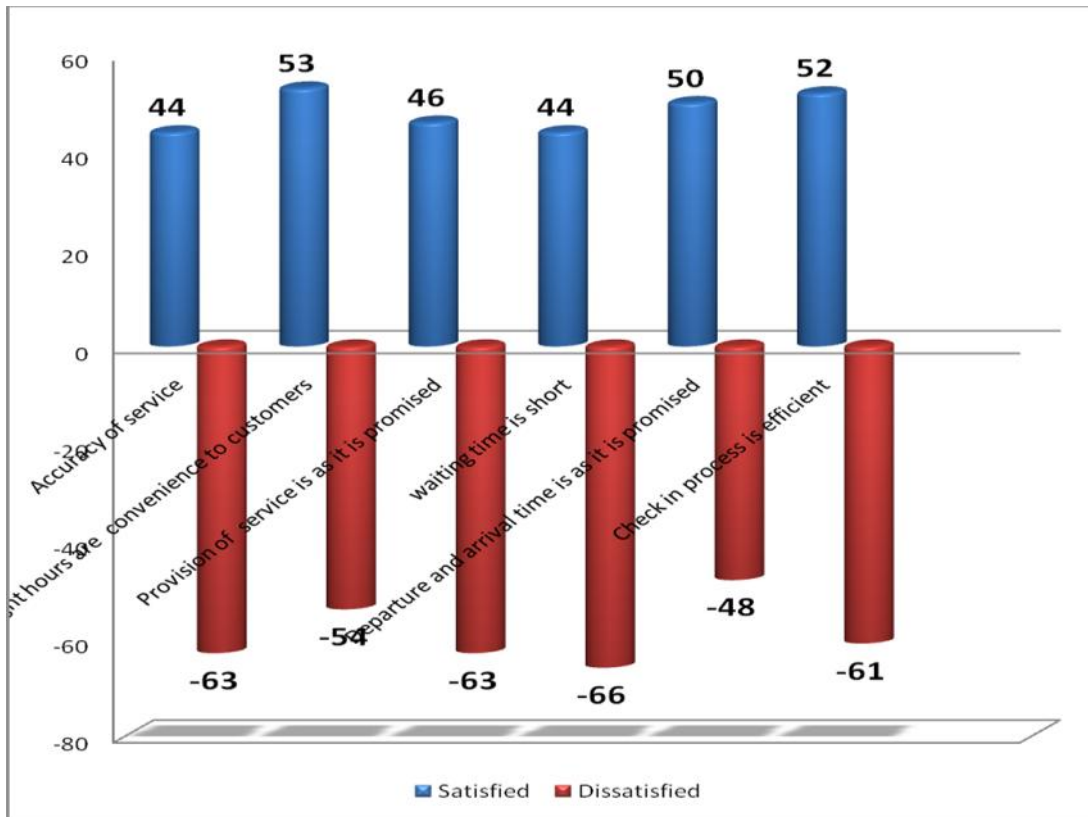

Figure 3.3.2 satisfied/dissatisfied of time

Unlike the physical factor, Time factor seems here very critical to the company. Almost all respondents are dissatisfied except in number three. Waiting time at the check in counter as well as in the transfer desk is high. In addition check in process in the counter is inefficient as per the respondents' response. In general the ratio of dissatisfied is higher than the satisfied respondents. To solve the problem the company has to assess where the problem and take correcting measures, Equipping check in counter with necessary equipment which can help to facilitate check in process is important.

3.3.3 Employee responsiveness

Satisfied ←   Neutral   Dissatisfied →

		Scale											
		5		4		3		2		1		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Employee are willing to help customers	24	**17.1**	35	**25**	30	**21.4**	29	**20.7**	22	**15.7**	140	100
2	Employees communication is excellent	31	**22.1**	31	**22.1**	21	**15**	38	**27.1**	19	**13.6**	140	100
3	Employees have sincere interest in solving your problem	28	**20**	31	**22.1**	25	**17.9**	33	**23.6**	23	**16.4**	140	100
4	Your confidence and trust on the employees is excellent	25	**17.9**	29	**20.7**	27	**19.3**	35	**25**	24	**17.1**	140	100
5	Employees are polite	32	**22.8**	40	**28.6**	29	**20.7**	21	**15**	18	**12.9**	140	100
6	Degree of understanding of the needs of customer excellent	21	**15**	19	**13.6**	43	**30.7**	38	**27.1**	19	**13.6**	140	100

Table 7 employee responsiveness

Source: questionnaire analysis, 2013

Respondents asked to rate willingness of employees to help customers as a result 17.1% are highly satisfied, 25% of the total are satisfied, 21.4% neither satisfied nor dissatisfied.36.4% respondents fall in the dissatisfaction range, that is 25.7% are dissatisfied and 15.7% are highly dissatisfied. As it can be further seen from the following figure, leaving the neutral respondents aside, majority of them are satisfied. However significant numbers of respondents are still dissatisfied which implies different action measures seems important, this could be done through training, and giving some other incentives to employees of the company.
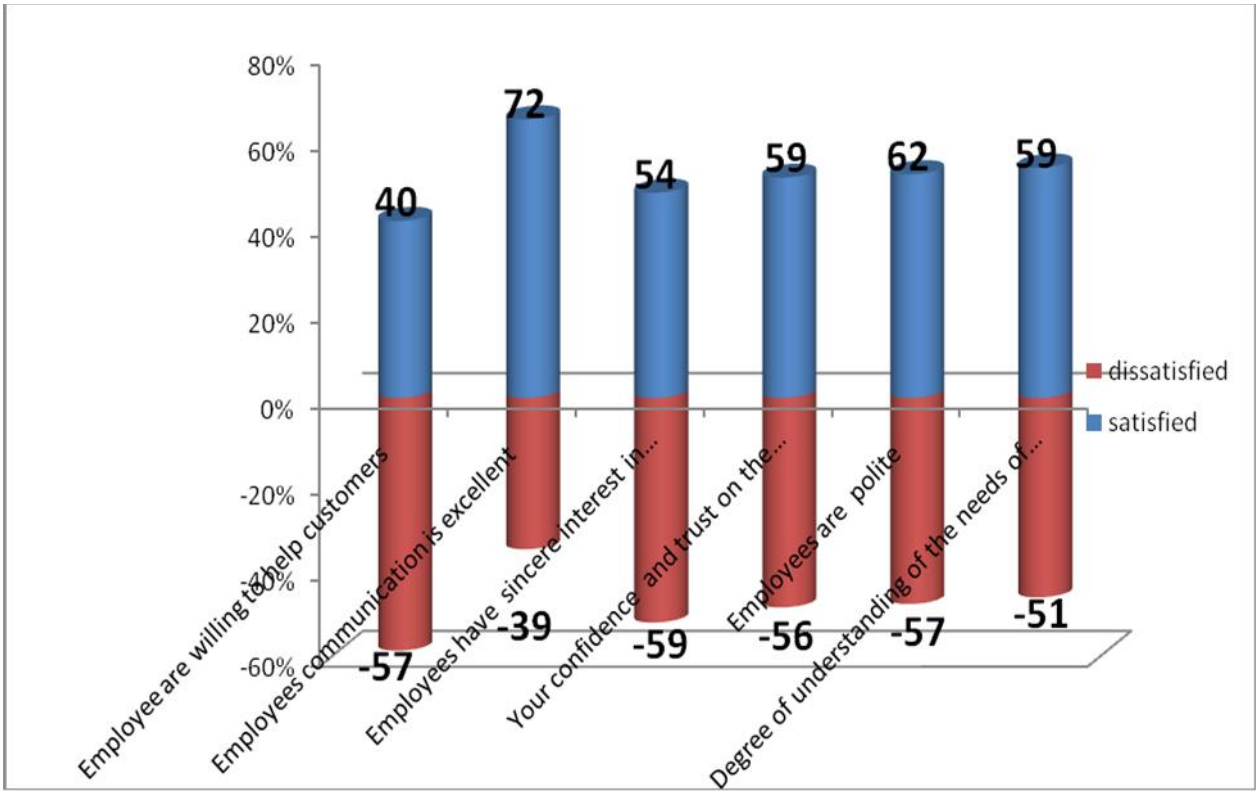
Figure 3.3.3. Employee responsiveness

In item number two, communication skill was rated by the respondents and highly satisfied consists about 21.2%, satisfied respondents were about 22.1%, neither satisfied nor dissatisfied consists 15%. When we see the level of dissatisfaction 27.1% of them are dissatisfied and 13.6% are highly dissatisfied. Generally speaking communication skill of the employees is good.

If employees have sincere interest to solve customers' problem was the issues raised in item number three, consequently 20% and 22.1% of them fall in the range of satisfaction which is 20% are highly satisfied and 22.1% are satisfied. Those who fall at the dissatisfaction level are about 40%, specifically

23.6 % of them are satisfied and the rest are highly dissatisfied. Those who are neither satisfied nor dissatisfied are 17.9%. Most of the respondents are dissatisfied about the sincerity of the employees.

17.9% have high confidence and trust on employees, 20.7% are satisfied about the confidence and trust on employees and 19.3% of the respondents do not mind of the issue concened.25% are dissatisfied and lastly 17.1% are highly dissatisfied. if customers get dissatisfied on other points of employee responsive which automatically implies that customers trust and confidence on employees to cease,

In item five, employee politeness were asked, 72 respondents are in the level of satisfaction (i.et 22.8%, 28.6% are highly satisfied and satisfied respectively).Those who are dissatisfied consists of 15% and those who are highly dissatisfied are 12.9%. The neither satisfied nor dissatisfied are 20.7%, it is easy to infer from the above figure that employee politeness is the point which a lot of respondents are satisfied unlike the other points.

Degree of understanding of employees is in item number six, 15% are highly satisfied,13.6% are satisfied, 30.7% are neutral.27.1% are dissatisfied and 13.6% are highly dissatisfied. Adding the six factors rose in the employee responsiveness satisfied customers are higher than those who are dissatisfied.

3.3.4 Complaint handling

Satisfied   Neutral   Dissatisfied

		Scale											
		5		4		3		2		1		total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Procedure of complaint handling is straight forward	14	**10**	30	**21.4**	33	**23.6**	36	**25.7**	27	**19.3**	140	100
2	There is good compensation for missing baggage	8	**5.7**	23	**16.4**	33	**23.6**	46	**32.9**	30	**21.4**	140	100
3	Capacity to respond to canceled or delayed flights is nice	11	**7.9**	21	**15**	15	**10.7**	50	**35.7**	43	**30.7**	140	100
4	Prompt respond of employees of the airline to your request or complaint is good	20	**14.3**	27	**19.3**	43	**30.7**	29	**20.7**	21	**15**	140	100

Table 8 complaint handling

Source: questionnaire analysis, 2013

As it is indicated in the above table four items were put in the complaint handling section. in item number one if procedure compliant handling is straight forward were asked, as a result only 10% are highly satisfied, 21.4% are satisfied, 23.6% are neutral, 25.7% are dissatisfied and 19.3% are highly dissatisfied.

In item number two, 5.7% of respondents are highly satisfied about missing baggage compensation, 16.4% are satisfied, 23.6% are neutral, 32.9 are dissatisfied and finally 21.4% are highly dissatisfied.

Capacity to respond to cancelled flight is in item number three and respondents rated highly satisfied 7.9%, 15% dissatisfied,10.7% neutral,35.7% dissatisfied and 30.7% are highly dissatisfied.

In item number four promote respond of employees to customer complaint handling were asked and 20 out of 140 respondents are highly satisfied, 19.3% are satisfied, 30.7% are neutral, 20.7% dissatisfied and 15% are highly dissatisfied.

Unlike to physical and employee responsiveness, except those who are neutral, in all issues rose in the complaints handling section majorities are dissatisfied and needs immediate attention of management of Ethiopian airlines, handling to missing baggage is showed the worst of the rest.
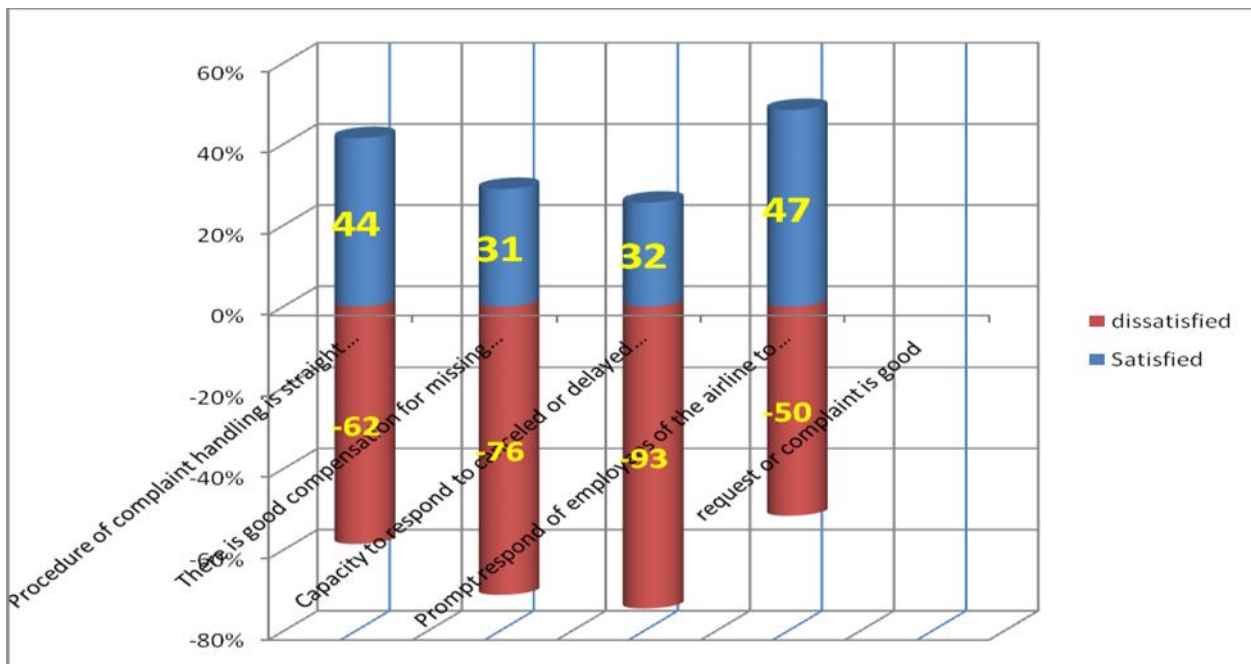

Figure 3.3.4 complaint handling summary

3.3.5 Safety issues

		Satisfied		Neutral		Dissatisfied						

		Scale										
		5		4		3		2		1		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	There is safety check list at time of check in	26	**18.6**	41	**29.3**	30	**21.4**	33	**23.6**	10	**7.1**	140	100
2	Customers are well informed about safety before check in	10	**7.1**	28	**20**	55	**39.3**	37	**26.5**	10	**7.1**	140	100
3	There is way of monitoring if customers bags are properly packed and rapped.	9	**6.4**	34	**24.3**	67	**47.9**	22	**15.7**	8	**5.7**	140	100
4	Customers get all their propriety at their destination.	21	**15**	32	**22.9**	38	**27.1**	26	**18.6**	23	**16.4**	140	100
5	There is proper orientation about safety inside aircraft.	25	**17.9**	70	**50**	33	**23.5**	12	**8.6**	-	**-**	140	100
6	Security of self is confidential	38	**27.1**	69	**49.3**	22	**15.7**	11	**7.9**	-	**-**	140	100
7	Safety performance of the company is good	46	**32.9**	44	**31.4**	30	**21.4**	20	**14.3**	-	**-**	140	100
8	Security of luggage is confidential	13	**9.2**	27	**19.3**	37	**26.4**	34	**24.3**	29	**20.7**	140	100

Table 9 safety dimension

Source: questionnaire analysis, 2013

Safety related issues were presented in the above table. Safety checklist at time of check in is listed in item one .The response are presented 18.6%, 29.3%, 21.4%, 23.6%,7.1% are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied respectively.

Only 7.1 % of respondents are highly satisfied about information of safety before check in.20% are satisfied and 39 .3% are neither satisfied nor dissatisfied. In this particular case 26.5% are satisfied and 7.1% are highly dissatisfied.

Before the process of check in started, travelers need to back their luggage properly and if is well monitored was given to be rated by respondents and consequently 6.4% are highly agree and satisfied, 5.7 % are highly dissatisfied , 15.7% are dissatisfied and 24.3% are satisfied. Those who are in between of the two extremes are about 49.7%.

Whether customers get all their property at their destination were asked in item number four, as a result only 5% of them are highly satisfied, 22.9% are satisfied,27.1% are in between of satisfaction and dissatisfaction.18.6% are dissatisfied and 16.4% are highly dissatisfied.

17.9% of respondents are highly satisfied about the orientation given inside aircraft, 50% are satisfied, 23.5% are neutral and only 8.6% are dissatisfied. Here none of those respondents rated highly dissatisfied.

Confidentiality of self was asked in sixth item and 27.1% are highly satisfied, 49.3% are satisfied, 15.7% are neutral and 7.9% are dissatisfied. But none of them answered highly dissatisfied.

The highly dissatisfied respondents are none concerned about the safety performance of the company. Only 14.3% are dissatisfied once, 21.4% don't mind about the level satisfaction of the safety performance. Majority of the respondents answered in favor of the satisfaction range. i.e.32.9% is highly and 31.4% satisfied.

In the last item of safety issues, security of luggage was asked as a result in contrary of security of self-significant number of respondents fall in the dissatisfaction level. Only 9.2% are highly satisfied, 19.3% are satisfied, 26.4% are neutral, and 24.3% are dissatisfied
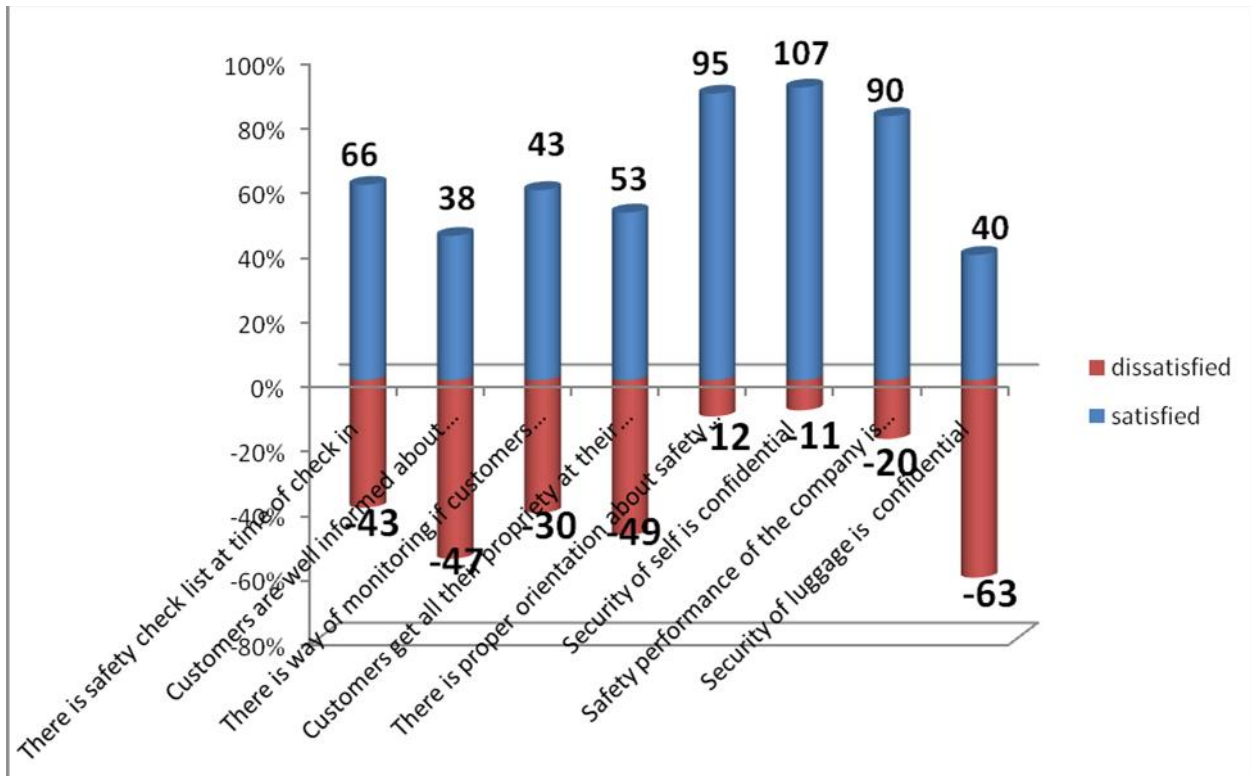
Figure 3.4 summary of safety performance

By looking the above figure in general respondents are satisfied however regarding security of luggage, safety and security information before check in respondents are dissatisfied.

3.3.6 Price issues

		Scale											
		5		4		3		2		1		total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	The price is fair	20	**14.3**	30	**21.4**	34	**24.3**	31	**22.1**	25	**17.9**	140	100
2	It is easy to buy ticket from your frequent flying account	10	**7.1**	32	**22.9**	40	**28.6**	34	**24.3**	24	**17.1**	140	100
3	It is easy to buy ticket online	25	**17.9**	25	**17.9**	62	**44.3**	13	**9.3**	15	**10.7**	140	100
4	Date change and cancellation penalty is fair	17	**12.1**	40	**28.6**	41	**29.3**	24	**17.1**	18	**12.9**	140	100
5	I have my service for what I have paid for	5	**3.6**	27	**19.3**	33	**23.6**	37	**26.4**	38	**27.1**	140	100

Table 10 Price dimension

Five points were raised in the price related issues in the last part of the questionnaire. If price charged by the company is fair or not was in the first item.14.3% are highly satisfied, 21.4% are satisfied, and 24.3 % are neutral, 22.1% are dissatisfied and 17.9% are highly dissatisfied. In item number two to buy ticket from accumulated frequent flying account, only 10.7% are highly satisfied,26.4% are satisfied,28.6% are neutral,24.3% are dissatisfied and 10% are highly dissatisfied.

Concerning online ticketing, 17.9% are highly satisfied,17.9% are satisfied ,44.3% neither satisfied nor dissatisfied.9.3% are dissatisfied and finally 10.7% are highly dissatisfied.

Date change and cancellation penalty is in item number four.12.1% are highly agree about the fairness of charge,28.6% are satisfied,29.3% are neutral, 17.1% are dissatisfied and 12.9% are highly dissatisfied.

In the final item, respondents were asked if they get the service they paid for, only 3.6% highly satisfied, 19.3% are satisfied, 23.6% are neither satisfied nor dissatisfied, 26.4% are dissatisfied and 27.1% are highly dissatisfied.

Figure 3.5 price summary
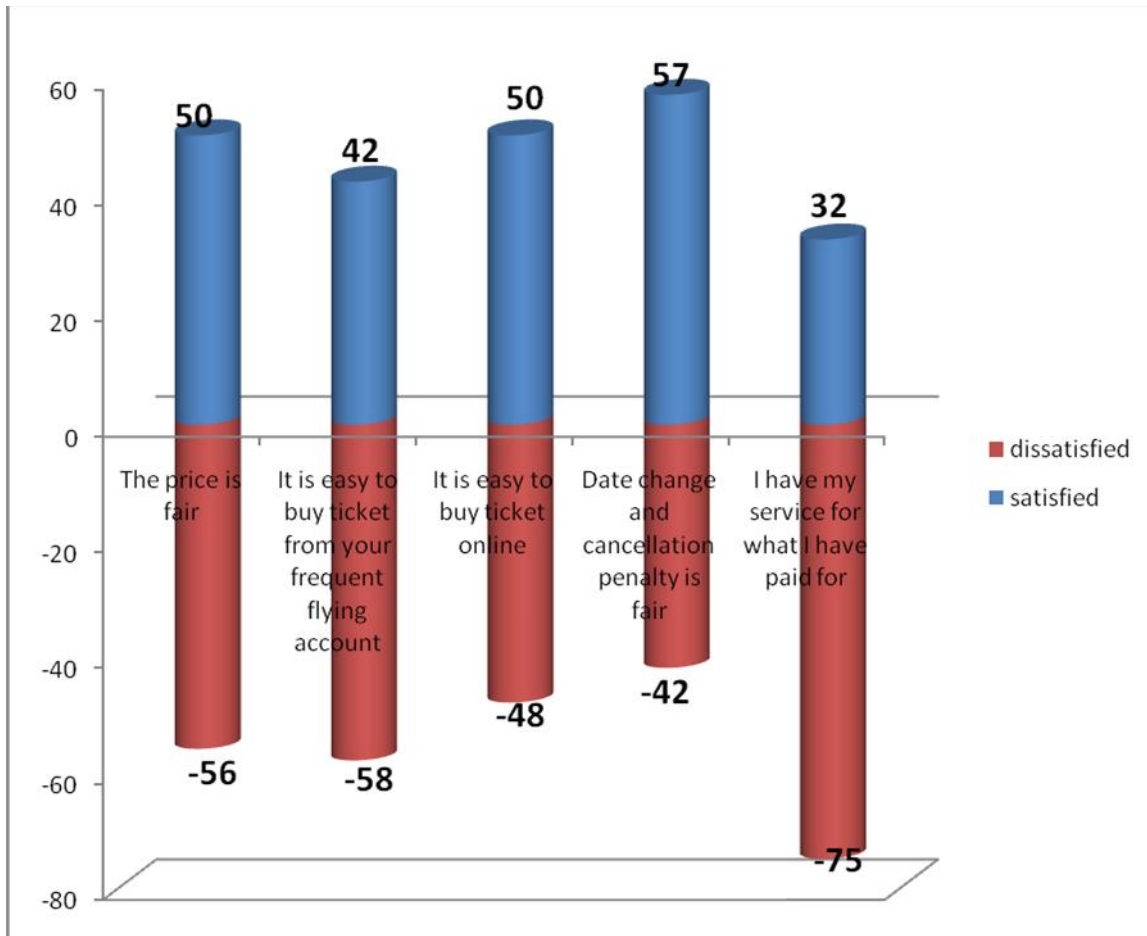
With regarding to price fairness and redemption from frequent flying account, majority of the respondents were dissatisfied, however ticketing channel , date change and cancellation penalty has showed satisfied. Finally respondents do not consider they are served for the price they are paid for. Price as determinants of customer satisfaction showed negative result for majority of respondents.

Chapter Four

Conclusions and Recommendations

4.1 Conclusion

In this paper the six dimensions and their respective attributes of the research framework are expressed using a five point Likert scale in the following manner: Highly satisfied, satisfied, neutral, dissatisfied, highly dissatisfied.

Accordingly the cumulative result of the three dimensions: physical, employee responsiveness and safety showed positive score. On the other hand the other three dimensions: Time, complaint handling and price showed negative result. It is measured by taking the overall summation of each issues rose in each dimension which enables to compute the performance of the airlines. Thus in three dimension Ethiopian airlines passengers are not satisfied. But with each attributes indicated in each dimensions; they are satisfied in five attributes and dissatisfied in the other three in the physical dimension. Variety and quality of meal, up-to-date technology of aircrafts and airport services found to be poor.

In the time factor except the departure and arrival time the rest scored weak point, waiting time in the check in and transfer counter is long and check in efficiency is also poor. With regard to employee responsiveness, Ethiopian airlines have good score, especially employees were found to be very polite and have good communication skill. However in the complaint handling section the company has weak result. In all attributes of the factor in consideration customers are dissatisfied. Out of the eight points listed in the safety issues, Ethiopian customers are satisfied with six attributes and dissatisfied with the rest two points, it scores poor with regard to safety of luggage and information about safety before check in.

Finally, customers are able to buy their ticket online and the price they pay for flight cancellation and date change which the positive score of the company, however passengers rate price as expensive, and redemption from frequent flier account found difficult as well they don't consider they get service they paid for.

4.2 Recommendations

In three dimensions of the research frame work, passengers of Ethiopian airlines are dissatisfied and are satisfied with the rest dimensions and the airline may strive to gain more information about travelers' attitude and prepare plans to improve weak points.

In physical, the company has satisfied customers. For instance for attributes like appearance and attitudes of employees customers are satisfied. It makes the job easier for managers to empower this dimension. Since, in physical the passengers can see the changes visually. The management can provide some visually appealing equipment or some in flight entertainments. Providing variety and choices of in flight entertainment facilities should be there. There are many tools and programs to entertain passengers such as showing films, broadcasting music and various magazines.

Ethiopian airlines need pay attention more about time. Time consists of efficiency of the check in process, transfer service at departure point, on time performance of scheduled flights providing ground/in flight services constantly and performing the services right the first time. In order to shorten waiting time at the check in counter, the company may add manpower and assignee senior staffs who can manipulate the system more effectively.

In order to alleviate the problems in the pricing of ticket, the company should set its pricing technique based on the analysis of the customer's perception of the ticket value. Moreover, the price has to be set to attract more customers and to increase their level of satisfaction by rewarding extra luggage and miles. The airline has a policy of rewarding frequent customers through Sheba miles program: Having a sound loyalty and mileage program to recognize frequent customers can bring a competitive advantage for the company. Frequent customers will turn into loyal customers that they can help the company to survive in competitive environments however customer didn't get it easy to buy ticket from their accumulated account, in addition price was found to be expensive unlike other competitive airlines.

With regard to complaint handling Ethiopian airlines has negative score. It needs immediate action from managers. Compensation to missing bags, capacity to delayed and cancelled flight, promotes respond of employees need immediate action from each departments, it is not only responsibility of front personnel rather responsible of all back office personnel also. In addition, it is important to train and assign staff who can solely handle complaints of passengers in the airport might solve the problem.

For employee responsiveness, Ethiopian airlines scored good result. Satisfied customers talk favorably to others about the company and its services. The favorable talk, in turn, attracts new customers to the company. Thus to increase the level of satisfaction more, it should effectively manipulate the attributes by giving more training, by giving difference incentives and rewarding good performer employees.

Safety as determinant of customer satisfaction, Ethiopian airlines showed positive score. It makes the job easier to make some adjustment so as to make customers more satisfied. However it score negative for safety of luggage and information about safety before check in. safety information can be given at time of reservation and ticketing. To protect safety luggage there must a mechanism to work in coordination with community and stakeholders of the airport. To increase the satisfaction level among passengers long term strategic plan for long term benefit need to be implemented. It is more important to do what is strategically right than what is immediately profitable (Kotler, 2003).

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Appendix

Saint Mary University College

Questionnaire to be filled by customers

This questionnaire is designed to gather information on "Customer satisfaction levels in Ethiopian Airlines services". The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at Saint Mary University College. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. You do not need to write your name. Finally, I would like to thank you very much for your cooperation and sparing your valuable time for my request. Please circle on one of the given choice.

Part one: - Personal information.

1. Sex:

   A. male   B. female

2. Educational status

   A. Twelfth/Tenth incomplete   B. Twelve complete

   C. Diploma   D. First Degree

   E. masters degree and above

3. Age group in (years)

4. A.18-30   B.31-45

   C. 46-60   D. above 60

5. How frequently you fly by Ethiopian airline in a year

   A. once   B. twice

   C. three times   D. four times   E. five and more times

6. Do you have flight experience other than Ethiopian airlines

   A. Yes   B. No

Part two: - General direction

Please rate the degree of your satisfaction on the following factors, being provided by Ethiopian airlines, on a scale of five point where 5= highly satisfied, 4= satisfied, 3=neutral, 2= dissatisfied and 1= highly dissatisfied and tick **"X"** on the space given to each sentence

Service quality measurements						
		scale				
		5	4	3	2	1
S.N	factors					-
Physical						
1	Employee dressing is neat					
2	Employee facial expression is attractive					
3	The airline has enough aircrafts					
4	Appearance and uniforms of employees is excellent					
5	Services like internet, restaurant and shopping are excellent in the airport.					
6	All aircrafts are equipped with up to date technology					
7	In-flight modern and clean facilities are available					
8	Varity and quality of in flight meals is good					
Time						
1	There is high Degree of accuracy (error free) service					
3	Flight hours are convenience to customers					
4	waiting time is short					
5	Departure and arrival time is as it is promised					

6	Check in process is efficient					
Employee responsiveness						
1	Employee are willing to help customers					
2	Employees communication is excellent					
3	Employees have sincere interest in solving your problem					
4	Your confidence and trust on the employees is excellent					
5	Employees are polite					
6	Degree of understanding of the needs of customer excellent					
Complaint handling						
1	Procedure of complaint handling is straight forward					
2	There is good compensation for missing baggage					
3	Capacity to respond to canceled or delayed flights is nice					
4	Prompt respond of employees of the airline to your request or complaint is good					
Safety issues						
1	There is safety check list at time of check in					
2	Customers are well informed about safety before check in					
3	There is way of monitoring if customers bags are properly packed and rapped.					
4	Customers get all their propriety at their destination.					
5	There is proper orientation about safety inside aircraft.					

6	Security of self is confidential					
7	Safety performance of the company is good					
8	Security of luggage is confidential					
Price issues						
1	The price is fair					
2	It is easy to buy ticket from your frequent flying account					
3	It is easy to buy ticket online					
4	Date change and cancellation penalty is fair					
5	There are other airlines which have low price with the same quality					
6	I have my service for what I have paid for					