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SBPD7001

Approaches to Research and Academic Communication Assessment

Part I:

The Factors Contribute to the Customer Behavioral Loyalty in
Hong Kong Airline Industry

Part II:

Critique on “Airline Passenger Loyalty: The Distinct Effects of
Airline Passenger Perceived Pre-Flight and In-Flight Service
Quality”

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Part I: The Factors Contribute to the Customer Behavioral Loyalty in Hong Kong Airline Industry

1. Literature Review – Customer Loyalty

1.1 Summary

This study is composed of two sections. The objective of the first section is to identify a research gap. A comparison of the literature of the generic model of service quality - customer satisfaction - customer loyalty and its evolution versus the application of these concepts in the airline industry will be implemented to identify their discrepancies and pinpoint the research gap. The fundamental idea is that quality service will lead to customer satisfaction, customer satisfaction will lead to customer loyalty. A research window has been revealed that there are only a few researches which differentiate between attitudinal loyalty and behavioral loyalty in the airline industry while there is a trend to distinguish them in the generic loyalty researches. The loyalty researches of the airline industry emphasize the perceived value, which is the comparison of the total costs involved and total benefits received (Zeithaml et al. 2013), but there is less emphasis of the perceived value on the generic researches. The measures of service quality in the airline industry contain more items than those in the generic consumer products or services industries. The important point is that there is no research to investigate customer loyalty in Hong Kong's airline industry. The research gap exists by combining behavioral loyalty and perceived value in the airline industry with the context of Hong Kong. Therefore, the research title becomes: The Factors contribute to the customer behavioral loyalty in Hong Kong airline industry.

The second section of this study is a critique on a research written by Etemad-Sajadi, Way and Bohrer (2016) namely Airline Passenger Loyalty: The Distinct Effects of Airline Passenger Perceived Pre-Flight and In-Flight Service Quality. They alleged that the airline passenger's perceived pre-flight service quality and the airline passenger's perceived in-flight service quality are the two distinct constructs which contribute to the airline passenger loyalty. Several issues in various areas were found. From the sampling point of view, the sample size is not so large and the sample is biased

with students from the same university programme accounted for 59.6% of the respondents. Sample selection criteria, survey timing and duration have not been defined. From the ethical point of view, there is no disclosure statements of letter of consent, authorization of airport authority to process the survey in the airport; a potential issue of undue influence because the relationship between one of the authors with the majority of the respondents have not been elaborated. Despite the scales of the survey are adopted from other researches, there is no disclosure of the pilot test and if there are any different language versions of the questionnaire. For the reliability and validity of the survey questions, the discriminant validity is only marginal. Since the sample is biased, the survey and the questionnaire are not well planned, undue influence may exist, common method bias is likely to occur. From the model development point of view, the model is statistically significant but more analysis and explanation of the underlying rationale are needed.

1.2 The Evolution of The Customer Loyalty Definition

Past researches usually applied the behavioral approach to describe customer loyalty by the frequency, percentage or proportion of purchase of the same brand products or services within a certain period of time. The higher the frequency, the percentage or the proportion, the stronger is the customer loyalty (Jacoby and Kyner, 1973). However, this old definition of loyalty does not precisely describe loyalty meaning. For example, a person frequently buys the same brand of toothpaste solely because it is the cheapest available in the market. Should this kind of purchase behavior be counted as brand loyalty is in question, the motive behind the purchases has to be considered. Jacoby and Kyner (1973) enhanced the definition to a psychological evaluation process that a decision-making unit applies his/her/its biased behavioral purchases of a certain brand among other brands. Their definition of brand loyalty has considered many factors. Psychological evaluation process means that it is a cognitive process in product or service selection. A decision-making unit covers buyer, or someone makes the decision to purchase such as one asks someone to buy for him/her, or a group of people. Biased means that this decision-making unit has preference over a certain

brand among other brands, it also implies there are more than one choices available and this is why loyalty is an evaluation process. Oliver (1999) transcended the definition of customer loyalty to include dynamic element, customer loyalty can be swayed by relatively low price and better features offered by other substitutes. Customer loyalty can be maintained if there is no change in the brand's quality relative to the others. "Loyalty is as viable a strategy as it ever was" (Oliver,1999). The definition was further modified into proactive loyalty and situational loyalty by McMullan and Gilmore (2008). Proactive loyalty indicates that the customer buys the brand frequently and ignores others while situational loyalty is revealed when the customer makes his purchase of the brand on a special occasion or when an opportunity arises. For example, someone keeps buying the same brand of chocolate only once a year during Christmas time. Kim and Lee (2010) further expand the loyalty definition to include emotional loyalty and functional loyalty. Emotional loyalty is the love of a brand from a satisfied customer, the customer will likely patronize the brand and contribute to the brand's profitability. Functional loyalty occurs when a customer, especially for a grocery customer, is used to buy from a specific shop due to a special function provided by the shop such as proximity of the customer's home, availability of free parking lots and shorter line-up time etc. Dehghan and Shahin (2011) alleged that loyalty towards a brand comprises five elements: repeated purchases, positive word-of-mouth, a preference, unwillingness of switching to other brands and identifying with the brand. This is a definition associated with composite loyalty which includes both attitudinal and behavioral aspects of loyalty. Attitudinal loyalty infers customer's preferential attitude towards the brand while behavioral loyalty indicates the customer's actual purchase behavior. A crucial point is that customers with high level of attitudinal loyalty may not actually buy their preferred brand products or services due to their unique circumstances. For example, a student ever likes the i-Phone a lot, but it is too expensive for him/her to buy one. Such loyalty is termed latent loyalty. On the contrary, spurious loyalty arises when someone keeps buying the same brand products but s/he feels no significance among brands. Maybe the reason for purchase is that the patron's spouse likes the

brand. In addition, the relationship between customer satisfaction and loyalty is not linear, it is most visible on the high satisfaction end while the difference between low and median loyalty level is not obvious (Dehghan and Shahin, 2011).

1.3 Sources of Loyalty

Lee, Jeon and Kim (2011) examined the tour quality, tourist satisfaction and loyalty of the Chinese tourists in Korea. Figure 1 below is a graphical presentation of the relationships among constructs of their model. The model starts from the customer expectations to the service quality to customer satisfaction and finally to customer loyalty. It is a very rational model as a good service quality leads to a high level of customer satisfaction, which in turn develops customer loyalty and reduces complaints. They also found that there is a negative relationship between customer expectation and the service quality due to a high level of expectation is difficult to realize, the interpretation of expectancy-disconfirmation paradigm. The tourist motivations mean tourist engagement, the higher the tourist expectations, the higher is the tourist's engagement (Zehrer, Crofts and Magnini, 2011).

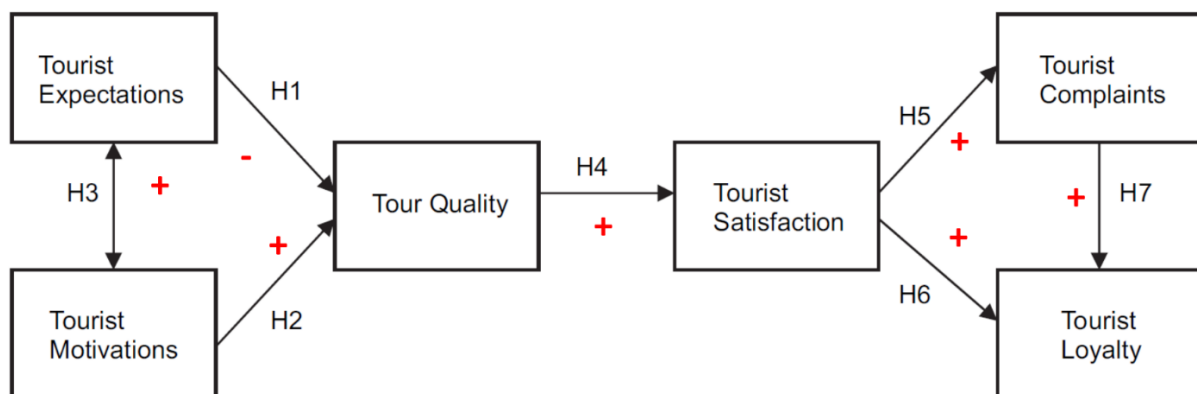


Figure 1, the model of Lee, Jeon and Kim (2011)

+: a significant positive relationship, -: a significant negative relationship

Human and Naudé (2014) studied the largest supplier of Computer Aided Design in South Africa. Figure 2 below is a graphical presentation of the relationships among constructs of their model.

They interpreted the relationship differently and placing perceived product quality and perceived service quality separately as antecedents of the attitudinal loyalty; relationship satisfaction as a predictor of the attitudinal loyalty; trust, commitment and information sharing as respective mediators of the attitudinal loyalty. They found that there is no significant direct relationship between relationship satisfaction and attitudinal loyalty, the relationship between information sharing and attitudinal loyalty is not so strong, it is only significant at 90% confidence level, but they did prove that trust and information sharing leads to commitment separately. They concluded that trust, commitment and information sharing are the mediators between relationship satisfaction and attitudinal loyalty. Their model also indicated that there is a significant disparity between male and female regarding the path to attitudinal loyalty. Sex is an important moderator.

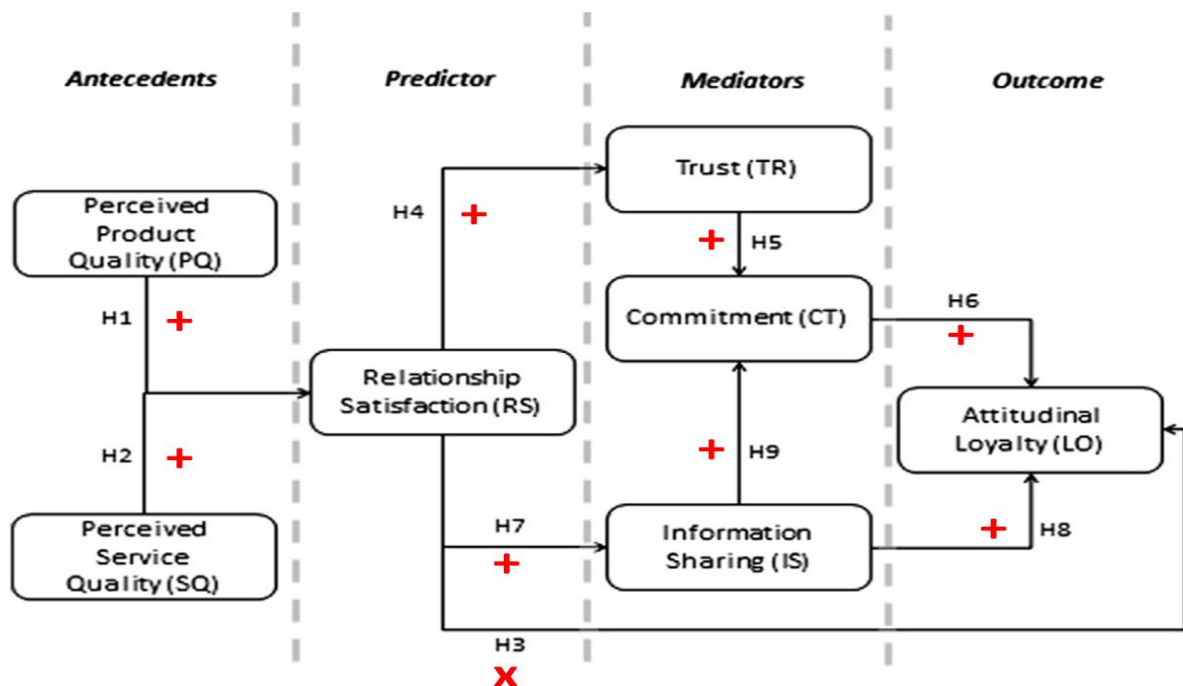


Figure 2, the model of Human and Naudé (2014)

+: significant positive relationship, X: no significant relationship

Watson et al. (2015) did a meta-analysis and postulated that trust, commitment, satisfaction and loyalty incentives are antecedents of both attitudinal and behavioral loyalty, they have different impacts on these two kinds of loyalty. Figure 3 below is a graphical presentation of the relationships among constructs of their model. Trust represents the confidence towards the brand due to its reliability and integrity, commitment refers to the desire of keeping the relationship with the brand, satisfaction is the surplus between the received and perceived service or product performance. These three antecedents have a stronger impact on attitudinal loyalty than on behavioral loyalty. Loyalty incentives are rewards earned from keeping the loyalty such as the credit points or gift awarded by the continuing purchase of a brand's products or services, it has a greater effect on behavioral loyalty than attitudinal loyalty. They also found that the outcomes of loyalty are word of mouth and purchases, using word of mouth to measure of loyalty is improper.

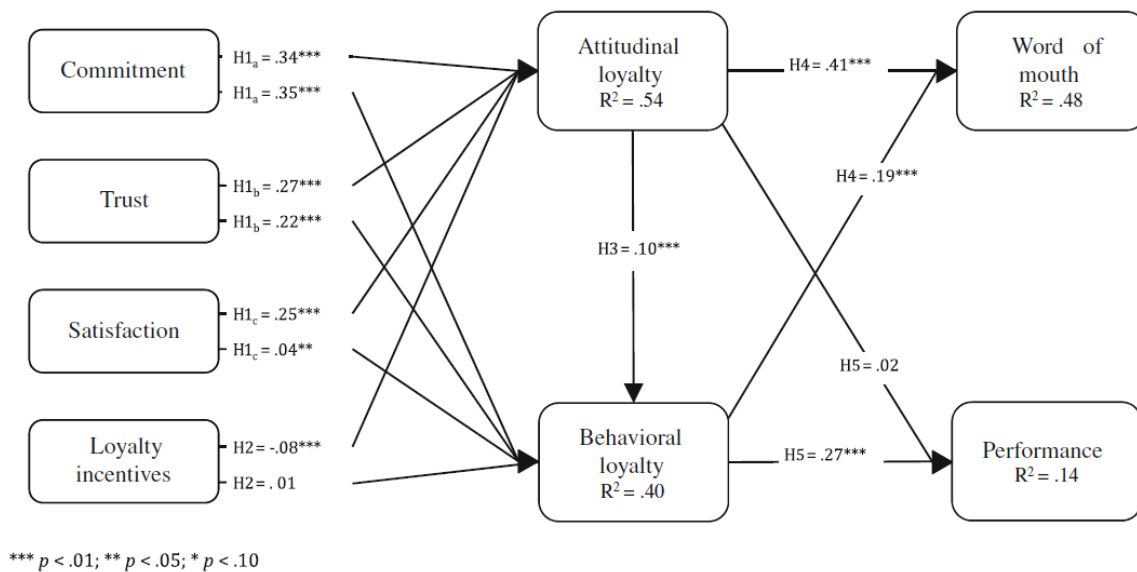


Figure 3, the model of Watson et al. (2015)

The number next to the hypothesis represents the respective regression beta

Schirmer et al. 2018 investigated the mediation effect between customer satisfaction and customer loyalty in a gasoline retailing setting. Figure 4 below is a graphical presentation of the relationships among constructs of their model. The study postulates that trust and commitment partially mediate

the link between customer satisfaction and loyalty in general. However, there are moderating effects on different groups of customers. For customers with high education level, trust and commitment fully mediate the link between satisfaction and loyalty. For customers with low education level, trust and commitment only partially mediate the link between satisfaction and loyalty.

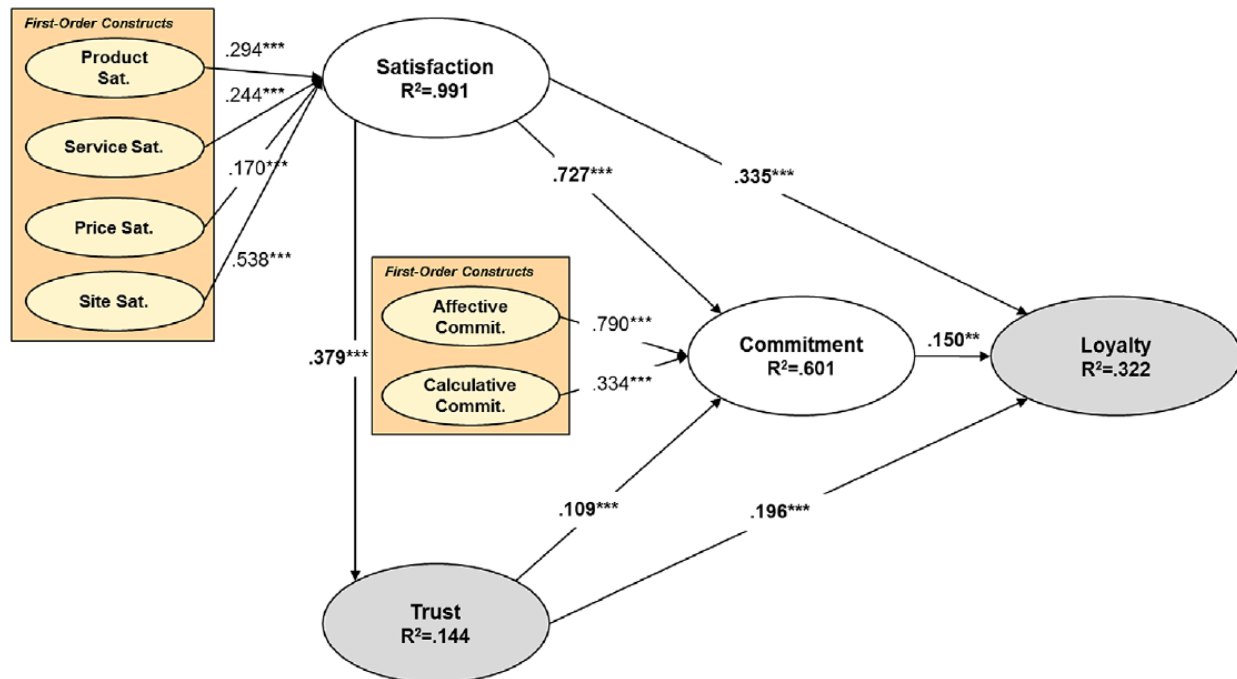


Figure 4, the model of Schirmer et al. (2018)

The number on a path represents respective regression beta

1.4 Evolution of Generic Customer Loyalty Concepts

From the above contents, there is an evolution in the definition of customer loyalty. It originated from frequency of purchase (Jacoby and Kyner, 1973) to a dynamic definition as a strategy (Oliver, 1999) and subsequently categorized by proactive loyalty, situational loyalty (Gilmore, 2008), emotional loyalty, functional loyalty (Kim and Lee, 2010), attitudinal loyalty and behavioral loyalty (Dehghan and Shahin, 2011). Since behavioral loyalty, which includes emotional loyalty, represents the actual repurchase intention, future research direction should focus on the behavioral branch of loyalty.

1.5 Maintenance of Loyalty

Maintenance of customer loyalty should be based on the loyalty level of customers, high level of loyalty customers do not intend to try alternatives and show more tolerance of service failure. They are not so price-sensitive, but they do require reciprocal rewards for their loyalty, these rewards are not necessary in monetary term, provision of more caring such as flexibility in booking, business lounge access are kinds of reward. Customers with a medium level of loyalty are interested in developing a relationship with the brand and also seek for reciprocal treatment for their loyalty, such as price discount in services and related packages. Low level of loyalty customers are not keen on establishing a relationship with the brand but they are conscious of promotional offers (McMullan and Gilmore, 2008).

Oliver (1999) pointed out that sustainers are those retain and attract customer loyalty such as the continuation of provision of quality service. Vulnerabilities are obstacles to loyalty which makes customers find substitutes. Switching incentives, unsolved issues with the brand, multi-brand loyalty and changes in need are examples of vulnerabilities. Companies want to increase or maintain the size of loyal customers should avoid those factors in vulnerabilities and enhance those factors in sustainers.

After examining the generic concepts of loyalty and its evolution, the focus of this study will shift to the subject industry, the airline industry.

1.6 Airline Industry

Since the deregulation of the airline industry in the United States in 1978, the competition among airline companies has been fierce. Full-service carrier (“FSC”) airline companies and the low-cost carrier (“LCC”) are the two major competing forces in the industry. The deregulation opened a window for the LCC airline operation, they reduce their operating costs significantly by dropping

some “free” services offered by the FSC airline companies such as free in-flight meals, drinks and baggage. They also utilize the advanced technology to save costs especially the salaries or wages, i.e. on-line booking, e-ticket, e-check-in etc. Operation wise, they apply point-to-point flight by using smaller carriers in the short and mid-haul market to save fuel cost and attract customers who look for the convenient travel experience. Squeezing the ground-time and putting departure and arrival time in non-busy hours also save a meaningful amount of operating cost for LCC operators (Belobaba et al., 2015). The point-to-point concepts have recently been extended to the long-haul market due to the invention of fuel-efficient medium-size carriers (Boeing, 2017). In order to compete with the LLC airline companies, FSC airline companies have adopted some cost-saving tactics such as online booking, e-ticket, e-check-in etc. They also employ the hub-and-spoke networks to concentrate their customers and carry them by large aircrafts to save operating costs. As a result, the operating cost difference between LCC and FSC has been narrowed recently (Belobaba et al., 2015). There is a trend that LCC airline companies have been modifying their business models from cost leadership to product differentiation (Daft and Albers, 2013). Some dominant FSC airline companies acquired LCC airline companies, it is called airline-within-an-airline, for better market share and meeting the needs of various types of customers. The strong demand for LCC in last two decades originated from the rapid economic and demographic progress in many countries, especially those in Asia (Whyte and Lohmann, 2015).

1.7 Airline Industry Related Customer Loyalty Literature

Under the airline industry related customer loyalty literature, many researchers express that perceived value, quality service and customer satisfaction will develop customer loyalty (Chen and Hu (2013), Jiang and Zhang (2016), Namukasa (2013), Ostrowski, O'Brien and Gordon (1993), Sandada and Matibiri (2016), Yang et al. (2017)). Despite these factors are the major constructs to customer loyalty, the measures, interpretations, paths from these independent variables to the dependent variables are under great discussion.

Ostrowski, O'Brien and Gordon (1993) investigated in the relationship between service quality and customer loyalty in the airline industry. The ratio scale is adopted to force respondents to rank the importance of loyalty program, ticket price, schedule convenience, and preference in the airline in selecting a flight. They alleged that price is ranked the most important factor for selecting LCC airlines while schedule convenience has the highest priority in selecting FSC airlines. Travellers rank airline preference as the least important. FSC airline companies attain higher scores in service quality. However, both LLC and FSC airline companies got the similar score of value for money, they concluded that price competition only has a temporary effect in gaining market share, but it will not build customer loyalty for both LLC and FSC airline companies in the long run.

Namukasa (2013) defined service quality as meeting customers' needs and matching customers' expectation in the airline industry. Service quality comprises pre-flight, in-flight and post-flight service quality. Customers' overall experience in these three stages will form customer satisfaction. Zeithaml et al. (2013) pointed out that customers form their perceived value by contrasting the total benefit they get with the total costs they pay, for instance, the overall airline services quality and experience versus the ticket price and the waiting time spent in the whole tour. Chen and Hu (2013) postulated that airline companies need to offer relationship benefits to their customers to earn their loyalty. Relationship benefits consist of respect, confidence, socialization and special treatment. Relationship benefits is the mediator between service quality and customer loyalty.

Jiang and Zhang (2016) did a research on the four largest airline companies in China: China Southern, Air China, Hainan Airlines and China Eastern for the link between service quality, customer satisfaction and loyalty. Their findings show that leisure travellers are more price cautious than business travellers; if the ticket is paid from the traveller's own pocket, their level of satisfaction will

tend to be lower. Customer satisfaction has a strong relationship with customer loyalty only for leisure travellers, but not for business travellers. These two types of travellers are not motivated by the frequent flyer program nor the loyalty program, thus these programs do not build their loyalty. Sandada and Matibiri (2016) studied the source of customer loyalty in the Southern Africa airline industry. Factors of safety perception, service quality, customer satisfaction and satisfaction on customer loyalty programs were investigated. They asserted that service quality leads to customer satisfaction, which in turn leads to customer loyalty. Safety perception and customer loyalty programs have a positive direct relationship with customer loyalty, but safety perception and customer loyalty programs do not have a significant relationship with customer satisfaction.

Hapsari, Clemes and Dean (2017) found that customer engagement is the most powerful factor through direct and mediation effect on customer loyalty of FSC airline companies in Indonesia. Sense of belonging to the brand, passion and interest with the brand, attention to the brand, sympathy of the brand, interaction or participation with the brand are measures used in their research. Customer satisfaction is the second influential factor to customer loyalty, but it is the main driver for customer engagement, service quality and perceived value are the mediators in this relationship. Yang et al. (2017) investigated the factors affecting customer satisfaction and service quality of LCC airline services in Vietnam. They found that perceived value, reliability and subjective norms, which is defined as the rational behavior of important people, have a significant positive relationship with the customer satisfaction while the customer expectation does not have a significant positive relationship with the customer satisfaction. Only responsiveness and empathy have a significant positive relationship with the service quality, assurance and tangible do not have a significant positive relationship with the service quality. The service quality and customer satisfaction have a significant positive relationship with customer loyalty respectively and there is also a significant positive relationship between service quality and customer satisfaction. They concluded that customers do

not fully satisfy the service of LCC airline services in Vietnam and their loyalty level is not high. However, they are likely to continue using the Vietnam LCC airline because of their competitive price.

1.8 Differences between Generic Customer Loyalty and Airline Industry Customer Loyalty

After reviewing the literature of generic customer loyalty and airline industry customer loyalty, four major differences are found. The first one is the difference between behavioral loyalty and attitudinal loyalty. In the airline customer loyalty literature, the distinction between these two kinds of loyalty is not obvious, but a separation of them is essential. As alleged by Dehghan and Shahin (2011), a customer with high attitudinal loyalty will spread good mouth-of-word and attitudinally loyal to the company but they may not make a purchase again with the company. Even an airline company have a large group of attitudinally loyal customers, it does not necessarily mean they have good business prospects, which is all profit-seeking companies' desire. Therefore, the future researches in customer loyalty in the airline industry should specifically mention whether they aim for attitudinal loyalty or behavioral loyalty. Behavioral loyalty should gain more weight as it is more practical and affect the bottom line of airline companies. The second difference is that the generic researches of customer loyalty pay less attention to the concept of perceived value while it is extensively researched in the airline industry literature. For an ordinary consumer good or service, the price usually accounts for a small portion of an average consumer's disposal income, but this may not be the case in consuming the airline service unless the ticket price is paid by other parties such as the business traveller's air ticket is usually paid by the employer. It also explains why many airline customers loyalty researches postulated that ticket price has a significant impact on customer loyalty (Ostrowski, O'Brien and Gordon (1993), Jiang and Zhang (2016), Namukasa (2013), Yang et al. (2017)). It also synchronizes the findings of Yang et al. (2017) and Ostrowski, O'Brien and Gordon (1993) that LCC airline customers ranked price is the most important factor for them to select airline companies. Therefore, the impact of perceived value on customer satisfaction, attitudinal and behavioral loyalty should be emphasized in future research. The third difference is that the service

package in airline industry comprises relatively larger number of items, they are categorized by pre-flight, in-flight and post-flight services (Namukasa, 2013), and each of them is composed of many items. The fourth difference is that there are some service customer behavioral loyalty researches with the context of Hong Kong but there is no airline customer behavioral loyalty research with the context of Hong Kong has been done. As a result, it is a research gap for future research to pursue.

1.9 Research Gap

Hong Kong is a world-class financial centre and one of the busiest international airports in the world. It handled over 1,100 arrival and departure flights per day and served 72.9 million travellers in 2018 (Hong Kong International Airport, 2019). Same as other airline markets in the world, the competition between LCC and FSC airline are very keen in Hong Kong. More and more leisure travellers would like to take LCC to save their self-planned trip costs. However, the operating environment becomes tougher as the major LCC operator in Iceland went bankrupt on 29 March 2019 because of intensive competition and spiralling fuel costs (Reuters, 2019). The impact of the suspension of Boeing 737 Max 8 by civil aviation departments in various countries, which is estimated to reduce 8,600 flights per week (Lu et al. 2019), will worsen the revenue of airline companies over the world. On the other hand, the largest airline operator in Hong Kong, Cathay Pacific Airline Limited, which operates a fleet of 201 passenger and cargo planes, has a network to connect 232 destinations in 53 countries and utilizes approximate 45 per cent of Hong Kong International Airport runway slots, intends to adopt the airline-within-an-airline strategy to acquire Hong Kong Express Airways Limited (Lee and Zhang, 2019), will complicate the operating environment in Hong Kong airline industry. Knowing how to win the customers' behavioral loyalty is an imminent task for every airline operator in Hong Kong. The proposed research will help airline companies in Hong Kong to identify new ways to enhance their competitiveness and win the behavioral loyalty of their customers. Therefore, the research title becomes: The Factors contribute to the customer behavioral loyalty in Hong Kong airline industry.

Part II: Critique on “Airline Passenger Loyalty: The Distinct Effects of Airline Passenger Perceived Pre-Flight and In-Flight Service Quality”

Authors: Reza Etemad-Sajadi, Sean A. Way, and Laura Bohrer

Journal: Cornell Hospitality Quarterly

Impact factor of Cornell Hospitality Quarterly: 2.06 in 2017

Etemad-Sajadi, Way and Bohrer (2016) (“the authors”) did a study (“the subject study”) on the effects of perceived pre-flight service quality, perceived in-flight service quality and perceived price fairness of airline passenger on their loyalty to the airline. Figure 5 below is a graphical presentation of the relationships among constructs. One of the main purposes of the subject study is to find out a method to improve customer satisfaction and loyalty. The authors alleged that some factors such as bad weather may cause a delay which will significantly affect the perceived service quality, but these factors are out of the airlines’ control. Airline companies should focus on what they can control, i.e. the pre-flight and in-flight service, good pre-flight service quality and good in-flight service quality will lead to good perceived pre-flight service quality and good perceived in-flight service quality, which in turn improve the customer satisfaction and customer loyalty. The authors postulated that perceived pre-flight service quality and perceived in-flight service quality are distinct aspects of airline service quality, these distinct aspects have a positive and independent impact on airline customer satisfaction. Perceived pre-flight service quality has a positive and substantive relationship on airline customer loyalty.

2.1 Sampling Related Issues

The survey adopted the convenience sampling method. The sample contains 68 air travellers who were surveyed personally at Munich airport, 121 university students who were studying Bachelor of Science in International Hospitality Management in a private university in Switzerland who were surveyed through e-mails and 14 respondents from an airline social media page, totalling 203

respondents. They were asked for the most recent flight experience. Despite a random sampling method may not be feasible in the real world, the concentration of sample distribution should be avoided in non-probability sampling. Obviously, the size of university students, which accounts for 59.6% of the total sample size, makes the sample biased and it is evidenced by the low average age of 32 years. This research concludes phenomena for the general airline passengers, not a special group of airline passengers. Such lack of heterogeneity will make the sample significantly biased, which in turn will violate the assumption of the statistical model, the actual sampling distribution of parameters may not be correctly inferred. The consequence is that sampling variability and estimated abilities will also be potentially biased, the model may not be able to estimate the true nature of the latent variables and may make the research invalid (Schuster and Yuan, 2011).

The second issue is the selection criteria. The subject study targeted customers who had their most recent flight with Singapore Airlines, Air France, Lufthansa, British Airways, Swissair and KLM Royal Dutch Airlines. The subject study did not indicate the reason why the selection conditions need to be so specific to include only these airlines. Limitation of the portfolio of airlines will limit the sample representativeness of the true population. In addition, the subject study did not disclose other selection criteria, it just asks for respondents' most recent flight experience, but the definition of the most recent flight is missing. If the timing of flight experience has no limit, the service quality among different airlines in different timing is difficult to assess because the technology has changed a lot in recent years, it affects the customers' experience and hence their perception of services quality, which are the core elements in the subject study. The respondents' memory also may not be so long-lasting, which will affect the quality of their responses and the ultimate result of the subject study. Munich airport is a large international airport with annual passenger traffic of 46.3 million (Munich Airport, 2019), but the subject study only surveyed 68 passengers at Munich airport, no elaboration of the small size sample from the airport was given.

The third issue is the true identity of the 14 respondents from an airline social media page, these respondents' true identities are unknown because many people do not use true identity in social media communication. As Lee (2014) postulated that identity becomes a fluid concept in social media, some forms of identity such as interests, hobbies and social networks change over time, they just like a mark that can be put on or taken off according to the needs of social interaction.

The fourth issue is timing. A survey should be processed during a period of time, it should be ideally covered all business and non-business hours, weekdays, weekends and holidays for the purpose of covering a good diversity of respondents to enhance the representativeness of the sample (Sapsford, 2007). For example, leisure passengers who pay their air tickets by themselves may focus on the price more than other factors such as convenient flight schedule, they may choose to depart in the late evening to save ticket cost, they may also choose to travel around public holidays to save some days of their annual leaves. On the other hand, business passengers may prefer to depart in the day time and avoid public holidays for convenient travel experience and time saving. However, the research did not mention about the survey timing nor the survey duration.

The fifth issue is the accuracy of the allegation that there is no statistically significant group difference among the respondent groups of Munich airport respondents, the university students and the social media respondents for the responded latent variables. It will be very interesting to know why there is no difference. The subject study does not provide a demographic characteristics table, which is considered improper from a rigorous point of view, but it mentions the average age of the 203 respondents is 32 years. Given that the average university student is around 20 years old, it implies that the average age of the rest respondents is 49.7 years old. These two groups of people should have significant disparities in income level, education level, career, life experience, frequency in

consuming airline services, value perception, flight schedule and service quality perception. The difference should be substantial. Pakdil and Aydın (2007) found that educational level will affect respondents' expectations and perceptions while educational level, flight purposes and frequency of flight will affect their SERVQUAL gap scores. Jiang and Zhang (2016) stressed that the distinctions between leisure and business air travellers are crucial in finding the determinants of customer satisfaction and customer loyalty.

2.2 Ethical Issues

The subject study did not mention if the respondents have signed a letter of consent, or if they have been informed that they can withdraw from the survey anytime they want to do so, or the respondents have been briefed. This is a potential violation of voluntary participation principle (Polonsky and Waller, 2015). They should be briefed that they have no obligation to join the survey and will not have negative consequences if they do not join or withdraw from the survey. The subject study did not indicate how respondents' personal information such as e-mail address were confidentially kept, nor they will be destroyed after a certain period of completion of the subject study. These are potential breaches of the right to privacy (Polonsky and Waller, 2015). On the other hand, there was a declaration of "no potential conflicts of interest with respect to the research, authorship, or publication of this article." The interesting point is that in the author biographies section, one of the authors, Laura Bohrer, "obtained her Bachelor of Science in International Hospitality Management". The wording of her degree is exactly the same as what the 121 university students were studying. Even though the subject study does not disclose any relationship between Laura Bohrer and the 121 university students, it is a suspicious point of the ethical issue. Furthermore, if Laura Bohrer actually has a relationship with the university students, potential infringements of the use of coercion and undue influence need to be considered and investigated (Polonsky and Waller, 2015). In addition, surveying in an airport usually needs authorization from the airport authority, the subject study did not mention about this issue too.

2.3 Questionnaire Related Issues

The authors adopted questionnaires from other literature, and they were properly cited. This method is very common in the research filed. However, the subject study did not offer any information regarding the pilot test of the questionnaire. A pilot test is essential for the questionnaire design, it enables the researcher to identify potential problems and eliminate them before collecting the formal survey data. Through the pilot test, a researcher can know how long it takes to complete the survey, whether the order of questions is proper, what questions are more important than the others and if the questions are error-free. The most important function of the pilot test is to check if the responses' distributions are in line with the researcher's expectation and coincide with the concepts being tested. It will enhance the reliability and validity of the constructs. The pilot test will also discover common errors and problems encountered by the respondents, survey administrator and research (Ekinci, 2015). Another issue of doing a survey of airline customers is the language of a survey. The subject study did not mention how many kinds of language the survey is translated to and what procedures have been done to ensure the correct translation. If the authors only use one language in the survey, it will limit the diversity of the respondents. An effective pilot test with the proper translation of the survey will reduce the common method bias too. Attitudinal loyalty is not that matter in business reality, behavioral loyalty is more important. It is suggested that there should be scales to measure the behavioral loyalty, such as how many purchases the customer has made during last 24 months with the subject airline company, the customer will purchase the subject company's service next time when he/she want to have airline service etc.

2.4 Common Method Bias Related Issues

Common method bias is caused by the defects in the measurement process, the content of the scales, the format of the response, the briefing or general instruction of the survey, the handling and characteristics of the surveyor, the settings including physical settings of the survey and the reason of

taking the survey. Inevitably measuring instruments will have systematic trait/construct variance resulted from the target trait/construct, systematic error variance originated from the measuring method which is common to every trait/construct and random error variance which is out of researcher's control (Campbell and Fiske, 1959). The concentration of a group of respondents, a deficiency in selection criteria, survey timing and duration, these issues will lower the quality of responses and they are sources of systematic error variance and thus the common method bias. As discussed in the above ethical issues section, if the students, which accounts for 59.6% of the sample size, did not initiate to do the survey, instead, they are asked by a friend to fill up the survey questions, they may not be serious in reading, thinking and answering the survey questions. They may be lack of experience about the topic because they are young university students and may not have much experience of air travelling. Although they are asked for the most recent experience, they need to have a reference point to compare and form their opinion. The most recent experience means they need to rely on retrospective recall of their memory. If they were requested to fill the questionnaire by their friends, it is a kind of forced participation, with low personal relevance of the issue, low self-efficacy to answer it properly and low altruistic feelings. All these factors are the conditions of method bias and cause two negative consequences. The first one is that the systematic method variance will be accumulated together with systematic trait variance in the construct, leading to incorrect results of the adequacy of a scale's convergent validity and reliability. The second is that the systematic method variance will make the parameter estimates of the relationship between two different constructs become biased (Mackenzie and Podsakoff, 2012). The subject study is likely to have the common method bias and their conclusion may be questionable.

2.5 Reliability Related Issue

Reliability test investigates if the scales measure what they are designed to measure, it is the proportion of variance contributed by the underlying latent variable (DeVellis, 2012). The subject research does not use Cornbach Alpha. Instead, it applies the composite reliability factor, each composite scale has a composite reliability factor of greater than 0.7, so the reliability of the composites is acceptable (Gong and Yi, 2018).

2.6 Validity Related Issues

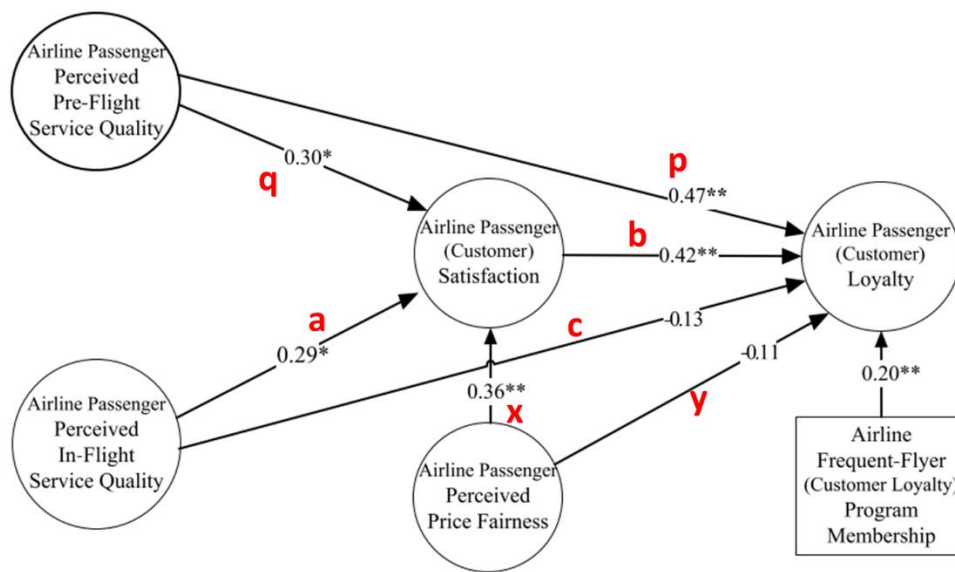
Convergent validity states that theoretically related constructs should have a high correlation with one another, but these correlations should be lower than the correlation among scales under the same construct (DeVellis, 2012). For the convergent validity, each composite should have an average of variance extracted (AVE) greater than 0.5 (Gong and Yi (2018), Fornell and Larcker, (1981)), but the authors cited that Chung and Petrick (2013) suggested that AVE greater than 0.45 is still acceptable. However, Chung and Petrick (2013) did not explain why it is acceptable. In the absence of questions' correlation table, there is no other way to assess the convergent validity of the questions under each latent variable. The low AVE of 0.45 may indicate the existence of common method bias as previously mentioned in this critique.

Discriminant validity test is to test if those constructs in a model are distinct from one another, they should not be an empirical reflection of one another (Voorhees et al. 2016). The discriminant validity can be verified by two separate methods. The first one is to compare the AVE of each construct with the shared variance (SV) between the construct and all other constructs in the model. A discriminant validity exists if the AVE is greater than the SV (Human and Naudé, 2014). In the subject study, the authors have done such a test and proved the existence of discriminant validity. The second method is to calculate the heterotrait–monotrait (HTMT) ratio of correlations which is supposed to be less than 0.85 in order to recognize the discriminant validity (Hair, Hult, Ringle, & Sarstedt, 2017). The

subject study did not calculate the HTMT ratio of correlations, so the discriminant validity cannot be assessed by this method. The subject study did not show the correlation table (ANOVA table), so the correlation among constructs or scales cannot be examined.

2.7 Model Related Issues:

The following figure is the hypothesized structural model extracted from Etemad-Sajadi, Way and Bohrer (2016)



Note. The exhibit displays the hypothesized structural model with standardized direct effect and two-tailed significance (bias-corrected percentile method) estimates. As shown in Exhibit 2, the hypothesized structural model demonstrated a good fit with the data ($n = 203$).
 $*p < .05$. $**p < .01$.

Figure 5: The hypothesized structural model extracted from Etemad-Sajadi, Way and Bohrer (2016)

The number on a path represents respective regression beta

Source: Etemad-Sajadi, Way and Bohrer (2016)

All paths from the model seem to be reasonable except path c and y, which have a negative relationship with airline passenger loyalty. However, the authors claimed that path c and y are not statistically significant, so there are full mediating effects as indicated by path a and b, from airline passenger perceived in-flight service quality to airline passenger satisfaction and airline passenger

satisfaction to airline passenger loyalty; and paths x and b, from airline passenger perceived price fairness to airline passenger satisfaction and airline passenger satisfaction to airline passenger loyalty. However, no explanation has been offered to elucidate the phenomena. Good perceived pre-flight service quality, good perceived in-flight service quality and good perceived price fairness should have some good direct impact on the customer loyalty, what is the underlying reason that only perceived pre-flight service quality has the privilege should be elaborated. Park, Robertson and Wu (2006) asserted that perceived price has a negative direct relationship with customer's future behavioral intentions, which means air passengers' repurchase intention and willingness to use word-of-mouth to recommend the airline. Because the lower the price, the lower the perceived price and the higher the perceived value, the higher is the repurchase and word of mouth intention. The subject study did not find such a relationship.

Regarding the perceived service quality, the authors only use perceived airline passenger pre-flight service quality and perceived airline passenger in-flight service while ignoring the perceived airline passenger post-flight service quality such as baggage claim arrangement. The inclusion of the perceived airline passenger post-flight service quality will enhance the model coverage to a full set of service that airline companies usually provide, just like what Namukasa (2013) defined service quality as meeting customers' needs and matching customers' expectation in the airline industry, service quality comprises pre-flight, in-flight and post-flight service quality. In addition, post-flight service quality is also under the control of an airline company.

The subject study did not define what airline passenger loyalty is. The two loyalty related questions in the questionnaire are: "I will first consider this airline even if another airline provides the same quality of service" and "I consider the airline company my first choice for air transportation" (Etemad-Sajadi, Way and Bohrer, 2016). The wording of these two questions is attitudinal rather than

behavioral. In the managerial implications section, the authors suggested that airline companies should improve their pre-flight and in-flight service quality in order to enhance the perceived pre-flight and perceived in-flight quality, so as to strengthen the air passenger loyalty. When the subject study is related to the business in the real world, the outcome of attitudinal loyalty is good word-of-mouth, it may not represent actual purchase behavior. Therefore, the focus of the subject study should shift to the behavioral loyalty, which is the actual repurchase intention and have an impact on the airline companies' profitability (Park, Robertson and Wu (2006), Dehghan and Shahin (2011)).

2.8 Conclusion

This research offers a golden opportunity to deepen my knowledge and prepare for the dissertation. This is a tough research because it does require an advanced level of academic work. The first part of this research not only involves deep thinking and researching into the paradigm, epistemology and ontology of the theory, customer loyalty in this research, but also tests student's capability in finding the research gap for his dissertation. The second part of this research is a critique of a study, which is related to what student has found in the first part.

There are many researches examining the traditional model of service quality - customer satisfaction – customer loyalty. The variations come from what constructs are being investigated and how these constructs are inter-related. In the service quality category, it includes overall service quality, pre-flight, in-flight and post-flight service quality while these service aspects can also be divided into expected, actual or perceived service quality. Customer satisfaction has the least varieties whereas loyalty is also mainly split to attitudinal loyalty and behavioral loyalty. Other constructs such as safety, perceived value, price fairness, environment and tangible service quality are also common constructs in various models. Different models have different interpretation and paths to the inter-relationship among constructs or latent variable. In other words, direct effect, moderating effect, partial mediating

effect and full mediating effect are also hot topics for investigations. In the airline industry, many studies do not distinguish the attitudinal loyalty and behavioral loyalty, this distinction is very important for an airline company's survival as high-level attitudinal loyalty may not reflect high repurchase intention. Value concept is emphasized in the airline customer loyalty researches, may it be due to the large ticket price. Future research on air passenger loyalty should focus on behavioral loyalty in different contexts.

Writing a critique is demanding as it requires in-depth subject knowledge and to be sensitive in reading the authors' logic. Having a full review of what have been taught so far is not sufficient, I have to acquire ever-evolving knowledge on my own in order to support my findings in the critique. I have read 89 books and articles to write this research despite not all of them can be utilized. Now I know every detail in doing research otherwise I cannot comment on other people's work. From concept development, operationalization of the constructs, pilot testing and building questionnaire, administering the survey, checking reliability and validity, analyzing and interpreting the statistical result. During the sampling process, we need to reduce the common method bias to make the sample unbiased while paying attention to the moderation effects of the demographic variables on the background of assessing the direct and mediating effects. Ethical consideration is a serious issue to make the research in proper status and also reduce common method bias. Sample data needs to be checked for their validity and reliability statistically. The core objective of research is to investigate the inter-relationship among constructs, besides applying statistical tests to prove a relationship is significant or not, we should also scrutinize if the concepts are valid with rational and logical explanation.

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Approaches to Research and Academic Communication SBPD7001

Professor: Dr. Millissa Cheung

Presenter: Mr. William Lai

Research Topic:

Customer Loyalty-Airline Industry-Hong Kong

- Hong Kong is one of the busiest international airport in the world. It handled over 1,100 arrival and departure flights per day and served 72.9 million travelers in 2018 (Hong Kong International Airport, 2019).
- Same as other airline markets in the world, the competition between LLC and FSC airline are very keen in Hong Kong
- Winning customer loyalty becomes an imminent task

Literature Review:

Generic Concepts of Customer Loyalty and Its Evolution

- The fundamental idea is that quality service will lead to customer satisfaction, customer satisfaction will lead to customer loyalty.
- Past researches usually applied behavioral approach to describe customer loyalty by the frequency, percentage or proportion of purchase of the same brand products or services within a certain period of time. The higher the frequency, the percentage or the proportion, the stronger is the customer loyalty (Jacoby and Kyner, 1973).
- Problem: A person frequently buys the same brand of tooth paste solely because it is the cheapest available in the market. Should he be counted as a loyal customer?

Literature Review:

Generic Concepts of Customer Loyalty and Its Evolution

- “Loyalty is as viable a strategy as it ever was” (Oliver,1999).
- Oliver (1999) transcended the definition of customer loyalty to include dynamic element, customer loyalty could be swayed by relatively low price and better features offered by other substitutes.
- Proactive loyalty indicates that the customer buys the brand frequently and ignores others while situational loyalty is revealed when the customer makes his purchase of the brand in a special occasion or when an opportunity arises (McMullan and Gilmore, 2008).
- Kim and Lee (2010) further expand the loyalty definition to include emotional loyalty and functional loyalty. Emotional loyalty is the love of a brand from a satisfied customer, the customer will likely patronize the brand and contribute to the brand’s profitability. Functional loyalty occurs when a customer, especially for a grocery customer, is used to buy from a specific shop due to a special function provided by the shop such as proximity of the customer’s home.

Literature Review:

Generic Concepts of Customer Loyalty and Its Evolution

- Dehghan and Shahin (2011) alleged that loyalty towards a brand comprises five elements: repeated purchases, a positive word-of-mouth, a preference, unwillingness of switching to other brands and identifying with the brand
- Attitudinal loyalty infers customer's preferential attitude towards the brand while behavioral loyalty indicates the customer's actual purchase behavior.
- Customers with high level of attitudinal loyalty may not actually buy their preferred brand products, i.e. a student ever likes the i-Phone a lot, but it is too expensive for him/her to buy one.

Literature Review:

Generic Concepts of Customer Loyalty and Its Evolution

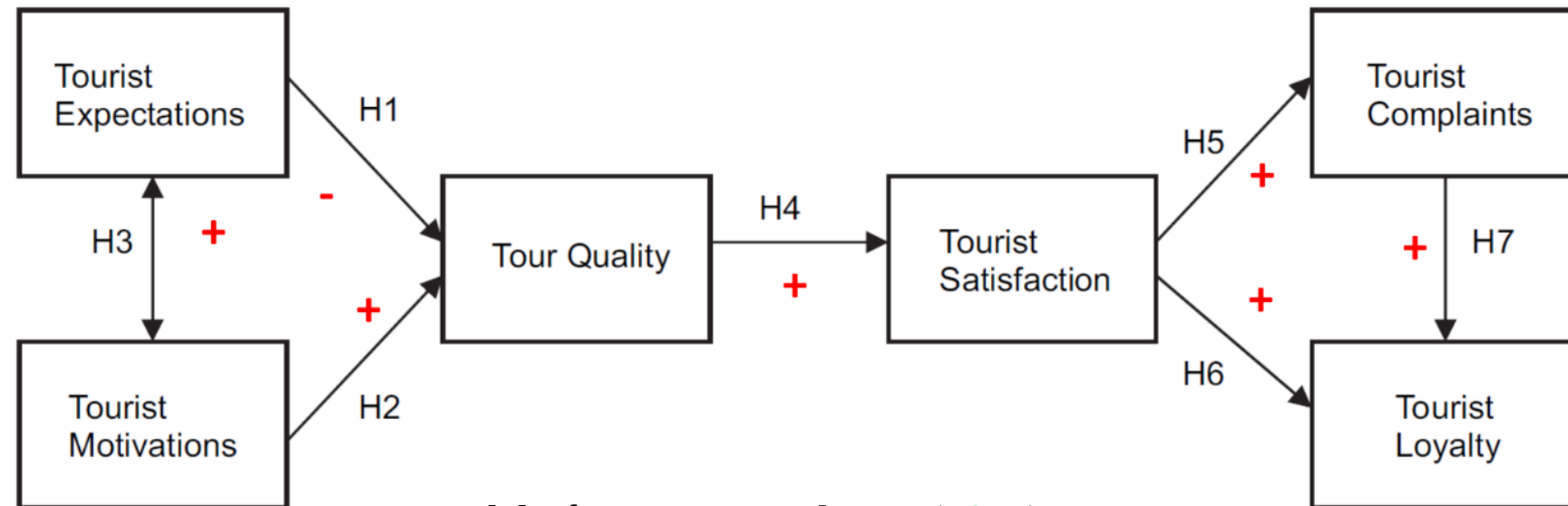
Evolution:

- 1973: Only behavioral, focus is on the frequency of purchases
- 1999: Inclusion of dynamic element, the strategy
- 2008: Subdivision of customer loyalty into proactive loyalty and situational loyalty
- 2010: Emotional loyalty and Functional loyalty were added
- 2011 to now: Further subdivision of customer loyalty into attitudinal loyalty and behavioral loyalty

Literature Review:

Generic Concepts of Source of Customer Loyalty and Its Evolution

- Traditional quality services quality –customer satisfaction–customer loyalty model
- They also found that there is a negative relationship between the customer expectation and the service quality due to a high level of expectation is difficult to realize, the interpretation of expectancy-disconfirmation paradigm (Zehrer, Crotts and Magnini, 2011).



Model of Lee, Jeon and Kim (2011)

+ : significant positive relationship, - : significant negative relationship

Literature Review:

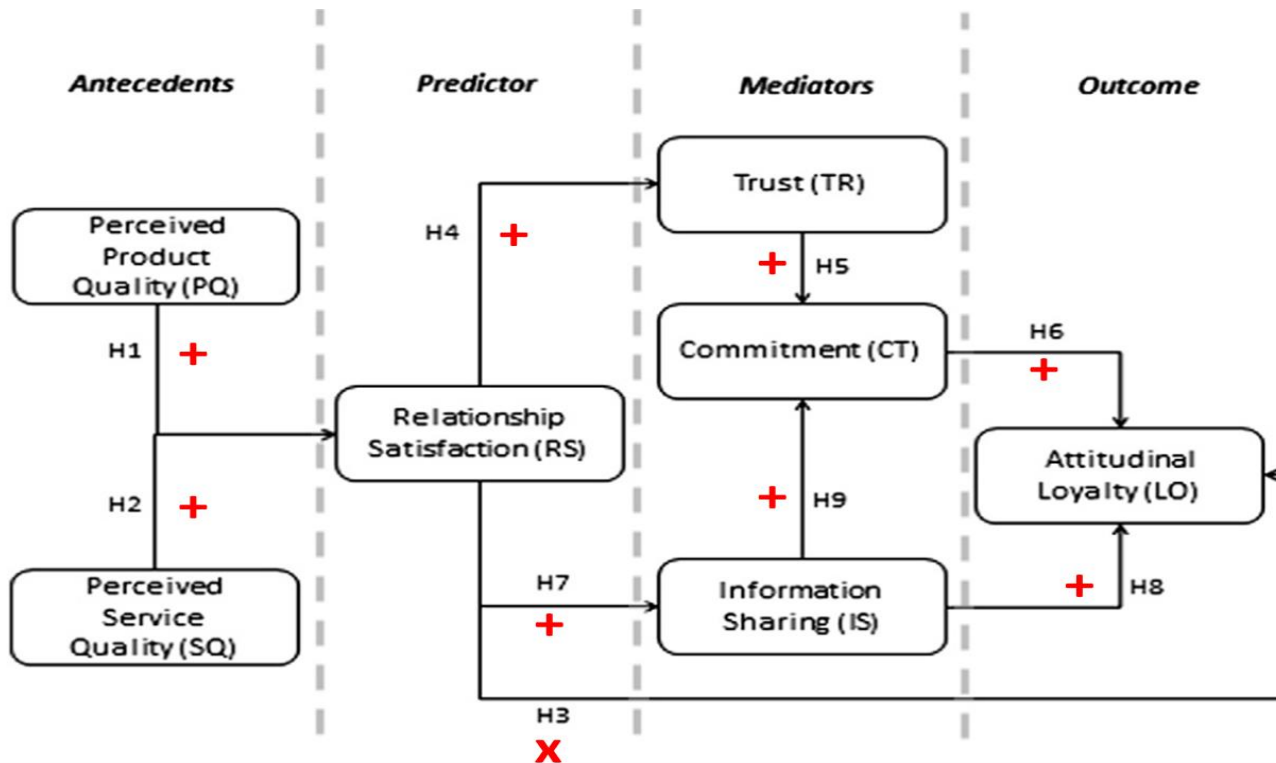
Generic Concepts of Source of Customer Loyalty and Its Evolution

Full mediation effect:

- Relationship satisfaction > Information sharing > Attitudinal loyalty
+ Relationship satisfaction > X > Attitudinal loyalty

Significant moderation effect:

- a significant disparity between male and female regarding the path to the attitudinal loyalty.



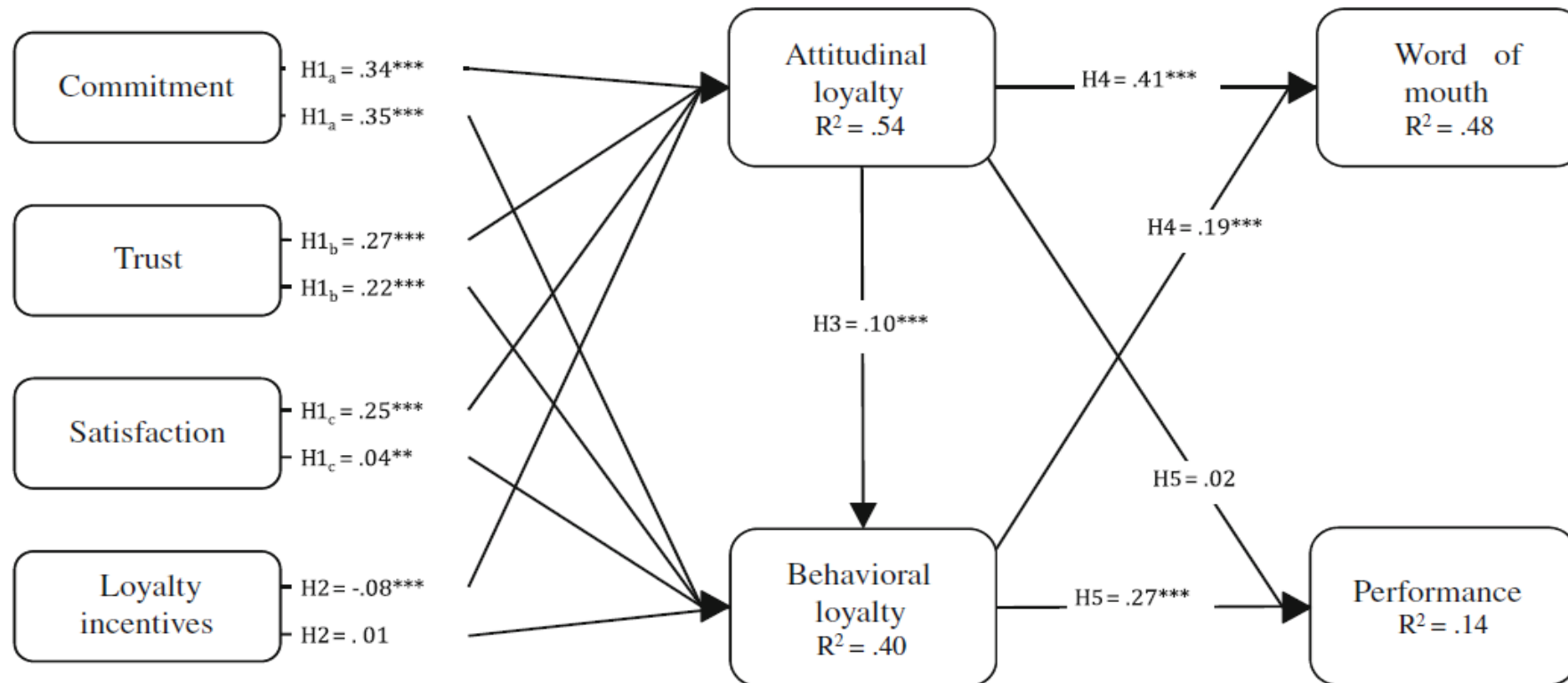
Model of Human and Naudé (2014)
Product: CAD program

+: significant positive relationship,
X: no significant relationship

Literature Review:

Generic Concepts of Source of Customer Loyalty and Its Evolution

- Attitudinal loyalty and behavioral loyalty are treated separately
- Word of mouth is an outcome of loyalty, not a measure of loyalty.
- Satisfaction is the surplus between the received and perceived performance



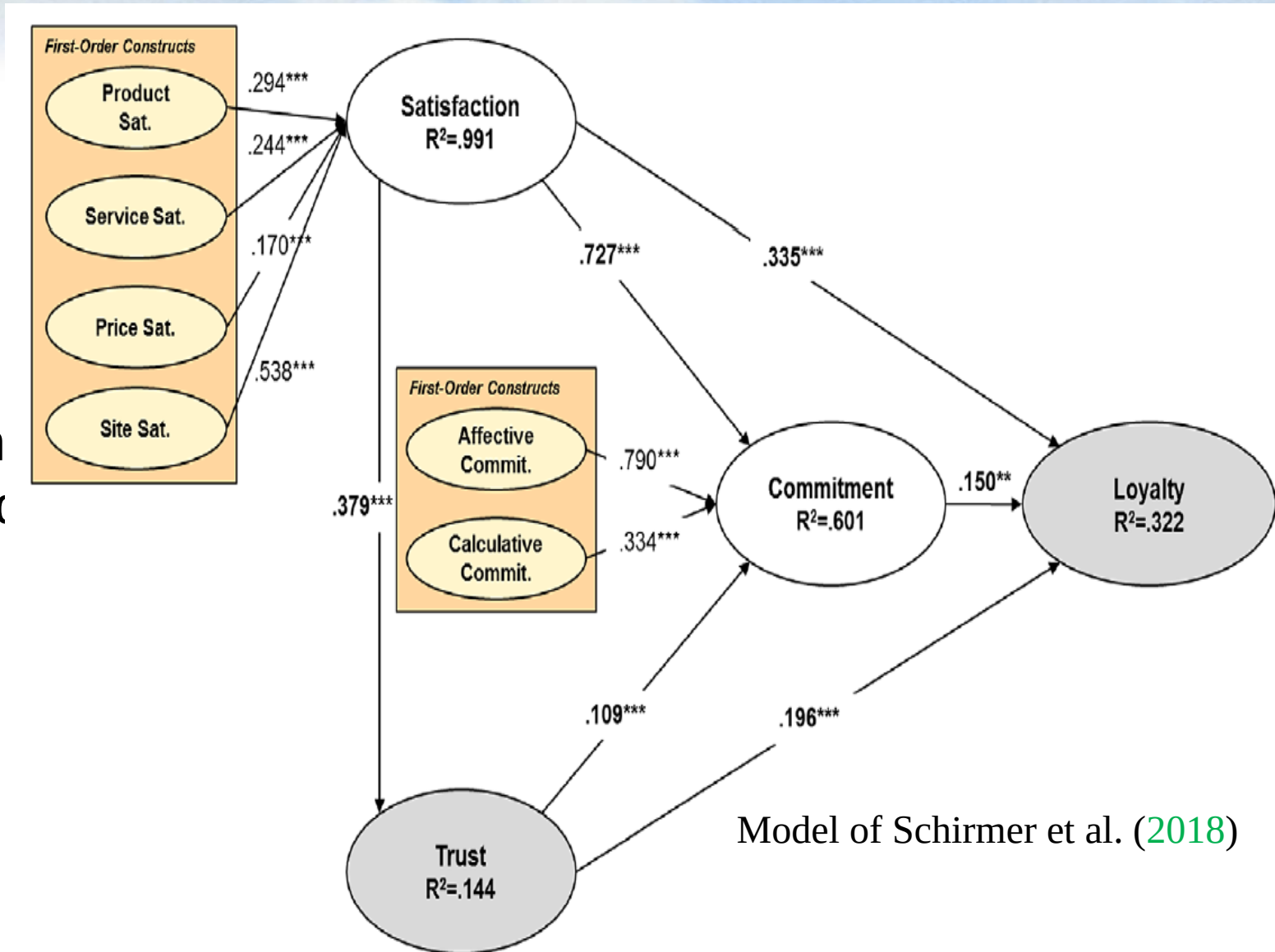
*** $p < .01$; ** $p < .05$; * $p < .10$

Model of Watson, G. et al. (2015)

Literature Review:

Generic Concepts of Source of Customer Loyalty and Its Evolution

- Trust and commitment partially mediate the link between satisfaction and loyalty in general
- For highly educated customers, trust and commitment fully mediate the link between satisfaction and loyalty
- For low education level customer, trust and commitment only partially mediate the link between satisfaction and loyalty



Literature Review:

Generic Concepts of Source of Customer Loyalty and Its Evolution

Evolution:

- 2011: Traditional quality-satisfaction-loyalty model with expectancy-disconfirmation paradigm (Lee, Jeon and Kim, 2011)
- 2014: more emphasis on mediation effect and moderation effect (Human and Naudé, 2014)
- 2015: Formal separation of attitudinal and behavioral loyalty; more focus should be put on behavioral loyalty (Watson et al. 2015)
- 2018: Trust and commitment mediate the link between customer satisfaction and loyalty, but education level is a moderator (Schirmer et al. 2018)

Literature Review:

Airline Industry Related Customer Loyalty Literature

- Many researchers express that perceived value, quality service and customer satisfaction will develop customer loyalty (Chen and Hu (2013), Jiang and Zhang (2016), Namukasa (2013), Ostrowski, O'Brien and Gordon (1993), Sandada and Matibiri (2016), Yang, et al. (2017)).
- Despite these factors are the major constructs to the customer loyalty, the measures, interpretations, paths from these independent variables to the dependent variables are under great discussion.

Literature Review:

Differences Between Generic Customer Loyalty Literature and Airline Industry Customer Loyalty Literature

- In the airline customer loyalty literature, the distinction between attitudinal and behavioral loyalty is not obvious, but separation of them is essential in future researches
- The generic researches of customer loyalty pay less attention to the concept of perceived value while it is extensively researched in the airline industry researches.

Literature Review:

Differences Between Generic Customer Loyalty Literature and Airline Industry Customer Loyalty Literature

- The service package in airline industry comprises relatively larger number of items, they are categorized by pre-flight, in-flight and post-flight items (Namukasa, 2013), and each of them is composed of many sub-items
- Research gap: there is no customer behavioral loyalty research in the airline industry with the context of Hong Kong has been done.
- Research title: The Factors contribute to the customer behavioral loyalty in Hong Kong airline industry

Critique on:

Airline Passenger Loyalty: The Distinct Effects of Airline Passenger Perceived Pre-Flight and In-Flight Service Quality

Reza Etemad-Sajadi¹, Sean A. Way¹, and Laura Bohrer¹

Impact factor of Cornell Hospitality Quarterly: 2.06 in 2017

Cornell Hospitality Quarterly

2016, Vol. 57(2) 219–225

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Abstract

“The current study contributes to the extant literature by illustrating that airlines can enhance passenger (customer) satisfaction and loyalty by focusing on the enhancement of those aspects of the pre-flight and in-flight service experience over which they have direct control. The results indicate that airline passenger perceived pre-flight service quality and perceived in-flight service quality are distinct aspects of airline service quality that have independent and positive direct effects on airline passenger satisfaction. Moreover, perceived pre-flight service quality had a substantive, positive impact on airline passenger loyalty. Our findings illustrate the importance of airline pre-flight service quality and highlight the focal role that customer perceptions of pre-experience service quality (e.g., pre-experience communication, procedures, and interactions) play in the enhancement of customer satisfaction and fostering customer loyalty.” (Etemad-Sajadi, Way and Bohrer, 2016)

Sampling Issues

Convenience sampling method is applied. The sample contains 68 air travelers who were surveyed personally at Munich airport, 121 university students who were studying Bachelor of Science in International Hospitality Management in a private university in Switzerland and 14 respondents from an airline social media page totaling 203 respondents.

- The sample is biased : university students in a particular university programme account for 59.6% of the sample
- Unclear selection criteria: airline companies and time frame
- Survey: no disclosure of timing and duration
- Identities of the 14 respondents from a social media page is uncertain
- Differences among groups of respondents are undermined

Ethical Issues

No disclosure of:

- Letter of consent
- Briefing
- Right of withdrawal at anytime
- Authorization from the airport authority for airport survey
- Confidentiality: how personal information is kept
- Relationship between one of the authors and the university students (may have potential undue influence)

Questionnaire Related Issues

- No pilot test has been mentioned
- No disclosure of how many kinds of language the survey is translated to and what procedures have been done to ensure the correct translation. Air travelers are international.
- Focus on attitudinal loyalty rather than behavioral loyalty, which reduces the usefulness of the study

Common Method Bias Related Issues

- Students may not have sufficient experience to provide meaningful answers
- Students potentially know one of the authors, they may not initiate to fill the questionnaire. They may not be serious in reading, thinking and answering the survey questions
- The concentration of a group of respondents; a deficiency in selection criteria, survey timing and duration; these issues will lower the quality of responses and they are sources of systematic error variance and thus the common method bias

Reliability and Validity Related Issues

Reliability: Good

- Each composite reliability factor is greater than 0.7

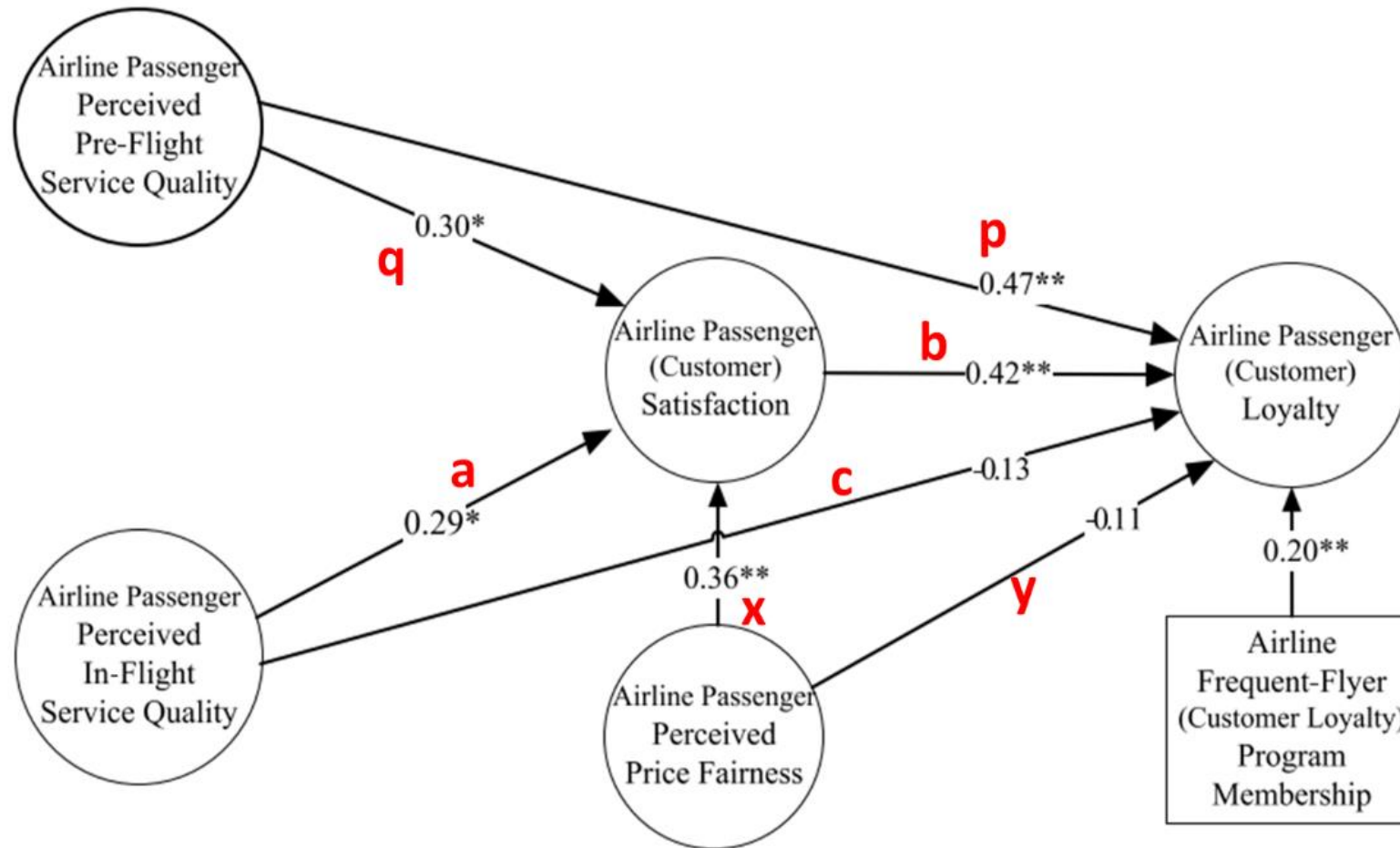
Discriminant validity: Good

- Average variance extracted (AVE) of each construct is greater than its shared variance (SV)

Convergent validity: Marginal

- Each composite should have an AVE greater than 0.5 (Gong and Yi (2018), Fornell and Larcker, (1981)), but each composite in the research only have AVE greater than 0.45. The authors cited that Chung and Petrick (2013) suggested that AVE greater than 0.45 is still acceptable. However, Chung and Petrick (2013) did not explain why it is acceptable.

Model Related Issues



Note. The exhibit displays the hypothesized structural model with standardized direct effect and two-tailed significance (bias-corrected percentile method) estimates. As shown in Exhibit 2, the hypothesized structural model demonstrated a good fit with the data ($n = 203$).

* $p < .05$. ** $p < .01$.

Potential Modelling Problems

The authors claimed that path c and y are not statistically significant, so there are full mediating effects as indicated by

- path a and b: perceived in-flight service quality > satisfaction >loyalty;
- Path x and b: perceived price fairness > satisfaction >loyalty.

1. Why only perceived pre-flight service quality has direct relationship with loyalty?
2. Why the Perceived post-flight service is missing?
3. What kind of loyalty the study trying to measure.

Conclusion

- The research under this critique has rooms for improvement in the issues of sampling, ethics, questionnaire, common method bias, reliability, validity and modelling.
- In the future studies, researchers should separate the attitudinal loyalty and behavioral loyalty, behavioral loyalty should be emphasized as it will lead to good bottom line performance.
- Hong Kong is one of the busiest flight centre in the world, its airline companies keenly compete with one another, knowing what customers need and how to earn their behavioral loyalty are essential for an airline company's survival.

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