CUSTOMER LOYALTY IN THE INDIAN AVIATION INDUSTRY: AN EMPIRICAL EXAMINATION

Alok Kumar Rai and Medha Srivastav

ABSTRACT

The aviation industry in India is passing through a rough phase with its major airlines wedged with various regulatory and financial issues. In the times of such turbulence, retaining passengers as loyal patrons of the company can bring dramatic improvement in an airline's competitive position. Thus, the present paper endeavours to explore the concept of customer loyalty and examine its relevance for the aviation industry. It subsequently carries out an empirical examination of customer loyalty and offers a new perspective to the existing loyalty practices in the Indian aviation industry.

Keywords: Customer loyalty, aviation, advocacy, repurchase, customer defection.

INTRODUCTION

With the increased commoditization of brands and markets getting more competitive, it has become imperative for an organisation to deliver services that continue to meet customer needs and values, without failing to fulfil their own brand promise. As the economic climate is becoming increasingly uncertain, companies are finding it hard to trust and predict the buying behaviours of the customers. In order to create as well as expand fruitful customer relationships and to stay competitive without compromising on profits, companies need to focus on its customers with greater sincerity. Keeping the customers has become a challenge due to intense competition and increased customer expectations. Recent economic upheaval has made its impact on customer relationships, and the bonds of customer loyalty have been threatened as well. Loyalty demands a firm basis of trust, and as customer confidence fades trust also declines making it difficult to foster loyalty.

The airlines also have noticed the changing loyalty equations and are trying to balance it by offering discounted fares and introducing customer loyalty programmes to retain their

About the authors

Prof. Alok Kumar Rai (alok.fmsbhu@gmail.com) is presently delivering his services at the Faculty of Management Studies, Banaras Hindu University, Varanasi, India. His areas of interest include marketing and customer relationship management. He has 10 books from leading publishers of the world to his credit. He has published many research papers and articles in leading national and international journals, and has made presentations in several national and international seminars and conferences.

Dr. Medha Srivastava (srivastava.medha@gmail.com) completed a PhD at the Faculty of Management Studies, Banaras Hindu University, and is presently working as Asst. Professor at United Group of Institutions, Allahabad, India. She has two books and several research publications in reputed refereed journals in the USA, Europe and Asia to her credit, and has presented papers in several international and national conferences.

customers. Building stronger relationships with frequent flyers is a business challenge that airlines are facing. Moreover, like in every industry, aviation players are also facing challenges such as rising ATF cost, internal competition, rivalry with Indian railways in short haul markets, shortage of trained and skilled manpower, increasing labour costs, infrastructural hurdles, and deficiency of airports, airstrips etc. Although the advent of low cost carriers and other structural developments, such as sustained economic growth, growth in disposable income and liberalised aviation policies of Indian government, have increased the number of flyers in last few years, the ongoing crisis has caused a definite drop in customers' confidence. This is evident by the fact that India's airlines lost an estimated USD1.65 billion in FY2013, down from approximately USD2.28 billion the previous year and according to the estimates of CAPA[1], more than 40% of the loss was incurred in the last quarter alone.

Apart from handling these trade related issues, airlines are also seen struggling to woo the customers and acquire their loyalty as they have realised that a price driven competency is a no-win proposition (Tseng & Chiu 2008). Moreover, as put by Lin, Chan, and Tsai (2009); Chou, Liu, Huang, Yih and Han (2011); and Kim and Lee (2011), the present global environment characterised with competition has encouraged the customers' expectations and consequent demands for better service quality. After years of cost reduction exercises, airlines are now channelling their efforts towards customer relationship management and rolling out customer loyalty initiatives in the shape of frequent flyer programmes. Airlines know that to achieve customer satisfaction and win their loyalty, they need to deliver quality services with zero defects. However, due to the involvement of various third parties in service delivery, varied customer expectations and people intensive nature of the service, it has become difficult to maintain a consistent service delivery.

Customer loyalty is now been looked upon as a prominent tool of survival and growth in a highly competitive market. In addition to its other advantages such as higher margins and market share, customer loyalty renders an attractiveness to the businesses and the less price sensitive nature of the loyal customers makes it easy to communicate with them (Gomez, Arranz & Cillan 2006). However, despite being one of the most revered concepts of marketing, customer loyalty still lacks a unanimous measurement scale. Therefore, various researchers explored and employed varied measures, which resulted in a wide range of customer loyalty dimensions. Among these, advocacy (Reichheld 2003), repurchase (Ball, Coelho & Machas 2004) and defection (Wright & Riebe 2010) have been found to be the most prominent measures of customer loyalty. To achieve a loyal customer base, one has to understand the specific drivers of loyalty and the factors that can influence it.

LITERATURE REVIEW

According to Oliver (1999) and Reichheld (2001), customer loyalty has been drawing attention from both the business and academic worlds. As put by Singh and Sirdeshmukh (2000), customer loyalty is quickly turning into, "the marketplace currency of the twenty-first century". Heskett, Sasser and Schlesinger (1997); Maydeu-Olivares and Lado (2003); Rust, Zeithaml and Lemon (2000); and Woodruff (1997) opined that customer loyalty bears a

---

[1] *Established in 1990, CAPA - Centre for Aviation is the leading provider of independent aviation market intelligence, analysis and data services, covering worldwide developments.*

powerful impact on firms' performance and if managed properly, can serve as an important source of sustainable competitive advantage. In their study of the insurance industry Rai and Srivastava (2013) found customer loyalty to have a huge bearing on customer lifetime value. The following two sections elaborate upon the concept and significance of customer loyalty in general, as well as in special reference to the aviation industry, by exploring the perceptions and findings of various research in this area. The third section outlines research findings relating to ways of measuring customer loyalty, and concludes with the methods adopted in this study.

Customer Loyalty

Customer loyalty is a key objective for organisations pursuing a relationship approach with their customers. However, similar to the variety of definitions for relationship marketing, there is no agreed definition for customer loyalty. It can be understood as the customer's predisposition to prefer a particular product or service over its substitutes available in the marketplace. According to Fraenkel (2009), loyalty may be explained as the "strength of the relationship between an individual's relative attitude and repeat patronage with a supplier." Loyalty as a concept has its root in the theory of consumer behaviour as it is something that consumers may exhibit to brands, services or activities. Often customer loyalty is used, as opposed to brand loyalty, to emphasise that loyalty is a feature of people rather than something inherent in brands. Unfortunately, there is no universally agreed definition of loyalty (Dick & Basu 1994; Jacoby & Chestnut 1978; Oliver 1999).

Cunningham (1956) perceived customer loyalty as "the proportion of purchases of a household devoted to the brand it purchased most often". Bowen and Shoemaker (1998) expressed customer loyalty as an assurance of repeat purchase or continued usage of the same product or other products of the same organisation, thereby ensuring good business referrals, and intentional or even unintentional word-of-mouth references and publicity. Oliver (1999) posited that most definitions of the concept in the literature suffer from the problem that they record what the consumer does, and none taps into the psychological meaning of loyalty. He thus defined loyalty as "a deeply held commitment to re-buy or repurchase a preferred product/service consistently in the future, thereby causing repetitive, same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour".

According to Beerli, Martin and Quintana (2002), loyalty has been, and continues to be defined as repeat purchasing frequency or relative volume of same-brand purchasing. Rai & Srivastava (2013) suggested that "customer loyalty is a psychological character formed by sustained satisfaction of the customer coupled with emotional attachment formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage and premium". In the view of the above literature, the present study conceptualises customer loyalty as a strong association between a company and its customers marked with repurchasing, recommending, and low switching intentions or behaviours of the customers.

Rosenberg and Czepiel (1984) suggested that it can cost as much as six times more to win a new customer than it does to retain an old one. Reichheld and Sasser (1990) said that profits can be increased by 25% to 125% after reducing potential migration by 5%, depending upon the particular industry. Ehrenberg and Goodhardt (2000) analysed and concluded that the increase in profits can be attributed to lower costs associated with retaining existing

customers, rather than constantly recruiting new ones especially within mature, competitive markets. Grayson and Ambler (1999) predicted the rewards from this group as long term and cumulative, as these retained customers become loyal over time and, in the long run, more likely to expand their relationship within the product range.

Customer Loyalty in the Aviation Industry

Ramamurti and Sarathy (1997), suggested that the aviation industry "has shrunk the world physically" by facilitating the international travel. Prokesch (1995) stated that "the world airline industry has racked up billions of dollars in losses in the last five years," and referred to it as "brutally competitive". Delfmann, Baum, Auerbach and Albers (2005) and Shaw (2007) suggested that, apart from extremely competitive environment which brings profits lower, airlines have to battle with market precariousness, restrictive legal policies and an unfavourable cost structure with high fixed costs. Appiah-Adu, Fyall and Singh (1999) noted that due to the factors such as deregulation and liberalisation, the airline industry has become "highly dynamic and competitive". Kivetz and Simonson (2003) opined that in the context of aviation industry, loyalty can be seen as the possibilities of a customer bringing in repeat business and his willingness to work as a partner to the airline.

Yi and Jeon (2003) and Riley (2004) remarked that the most common form of loyalty building initiatives in the aviation industries of developed nations are frequent flyer programmes. However, these programmes bring along their share of complications as Kearney (1989, 1990) asserted that these programmes are not cost effective and cost more than their worth. Whyte (2002) claimed that these frequent flyer programmes result in spurious or false loyalty whereby attraction is the reward instead of the airline. Arnesen and Fleanor (1997) found that these programmes indirectly promote commercial bribery when it comes to the business travellers who mostly travel on company expenses. Plimmer (2006), and Dowling and Uncles (1997), argued that customers evaluate the rational and economic benefits of an airline's frequent flyer program to decide whether to repurchase a ticket to travel again with the given airline.

Obtaining and keeping loyal customers is just as important in the airline industry as in any other business. To create a loyal customer base, most airlines resort to frequent flyer programmes. Such programmes were initiated by Texas International Airlines in 1979 followed by American Airlines who adapted the idea in 1981. Later in the same year, United Airlines and Delta both launched their own frequent flyer programmes. The earliest programmes started out with passengers earning one mile for their account for every mile they actually flew. Subsequently, each airline set up unique parameters within their rewards programmes offering more opportunities to increase frequent flyer points such as flying certain distances, staying at designated hotels, renting cars, utilizing their particular credit cards, or taking qualified cruises.

Measuring Customer Loyalty

Knox and Walker (2001), and Rundle-Thiele and Mackay (2001), argued that there is a lack of agreement among researchers upon a common conceptual definition of loyalty. Söderlund (2006) opined that customer loyalty has turned into a widespread construct in the research area of marketing and service. He reviewed the works of researchers such as: Backman and Crompton (1991); Day (1969); Jacoby (1971); Jacoby and Chestnut (1978); Ma̎gi (1999); Narayandas (1998); and Pritchard and Howard (1997), and concluded that as the body of loyalty knowledge in terms of typologies, empirical studies and managerial literature

increases, the richness of this construct can be sensed in the fact that one can express one's loyalty in several ways. He further noted that such richness implies that a researcher undertaking an empirical study that involves measuring customer loyalty will have to take decisions about which dimensions of loyalty are to be considered most important and how to handle their interrelatedness. Bowen and Shoemaker (2003) viewed customer loyalty as a construct that gauges the likelihood of revisit and referral intentions of customers. Bolton, Warlop and Alba (2003); Lapierre, Filiatrault and Chebat (1999), Woo and Ennew (2004); and Zeithaml, Valarie, Leonard, Berry and Parasuraman (1996), mentioned an analogous concept referred to as behavioural intentions, which denotes renewal of contract, recommendations and high patronage.

This study employed three major measures of customer loyalty that have widely been accepted as the vital signs of loyalty. These measures are described below.

Advocacy. Advocacy or recommendation is an extremely important sign of loyalty since it involves a definite amount of social risk to suggest a brand to others. Andreassen, Streukens and Slatterbrekk (2006) opined that recommendation is one of the distinctive dialogues taking place. Reichheld (2003) suggested that intention to recommend is the best metric which forecasts customer's recommending as well as purchasing behaviour. Lacey and Morgan (2009) stated that "customer advocacy is a multi-dimensional concept and its collective contributions extend beyond projected future re-patronage behaviours".

Repurchase. Ball et al. (2004), Chandy and Tellis (1998), Copeland (1923), and Newman and Werbel (1973), found that repeat buying can be considered as a quick observation of customer loyalty. Peyrot and Doren (1994) stated that most of the consumer's purchases can be considered as potential repeat purchases. Repeated purchasing behaviour is desired by firms primarily because it reflects the customer's inclination towards a brand or product (Bowen & Shoemaker 1998), and shows his buying intentions (Mellens, Dekimpe and Steenkamp 1996). According to Reichheld and Sasser (1990), Reinartz, Thomas and Kumar (2005), and Rust et al. (2004), repeat buying behaviour, in all probability, ensures profitability by causing a growth in the market share as suggested by Chaudhuri and Holbrook (2001). However, the behavioural approach signified by repeat buying behaviour of the customer is not free from problems, as Bloemer and Kasper (1995) suggested that repeat purchases of customers may be a result of inertia or lack of alternatives. TePeci (1999) noted that repeat purchases can occur even in the absence of a psychological commitment toward the brand.

Defection. Wright and Riebe (2010) found that marketers show keen interest in the rate of defection, as well as retention pertaining to a particular brand. Rust et al. (2004) pointed out that defection is more and more being employed as a vital marketing metric, and an element of customer lifetime value models as suggested by Venkatesan and Kumar (2004). Stewart (1998) pointed out that defection can be understood as the end of a consumer's relationship with his bank. Garland (2002) referred to defection as the exit of consumers or their switching behaviour which means abandoning one service provider for other. Lee, Shin and Park (2003) argued that a decrease of mere 5% in customer defection rate enhances profits of service firms by 25-80%. Santonen (2007) conducted a study in banking industry and noted that customer defection can be total or partial in nature and argued that total defection is easily noticeable because in this case, bank customers terminate all accounts with the bank.

Wright and Riebe (2010) acknowledged defection as a measure of purchase loyalty and defined it as a "change in the main brand purchased over two consecutive fixed time periods. This excludes market exit, repertoire shuffling, product upgrades and product downgrades. It may be expressed in a number of ways, depending on the type of market being examined. For example, a change in main brand could be a change in main bank, a change in contracted supplier for utilities, or in the case of repertoire markets, a change in behaviourally favourite brand" (p. 862).

Research problem

With escalating competition and increased availability of similar service offerings, most of the airlines today are seen to be struggling with the issues related to retaining customers. The airlines also have embarked upon the opportunities by offering discounted fares and introducing customer loyalty programmes to retain their customers. Building stronger relationships with frequent flyers is a business challenge that airlines are facing. Therefore, the present study aims to assess the customer loyalty of aviation industry and suggest appropriate measures.

RESEARCH METHOD

Sample and Data

The study is based upon the responses of customers in Varanasi who frequently travel by air. Varanasi has been chosen as the field of survey due to a clear lack of studies focusing on tier-II cities in India where air travel has gained significant momentum in the last decade with a rise in income and living standards of the inhabitants. Convenience sampling was used to have a wider range of respondents and data was collected through self administered surveys. A total of 125 questionnaires were distributed and obtained back out of which 100 were found to be complete and valid, thereby securing a response rate of 80%. The average age of 12% female and 88% male respondents was 45 years. 13.67% respondents were visitors whereas rest of them were residents of Varanasi.

The present study is descriptive in nature, as it is focused upon the customer loyalty assessment in the present scenario of aviation industry. It aims to understand and measure customer loyalty in the context of aviation industry with a customer centric approach. Thus, a non-disguised close ended structured questionnaire, which was divided into three main measures of loyalty - Advocacy, Repurchase and Defection, has been used for data collection. The Reliability of the Questionnaire was analysed through Cronbach's Alpha which was greater than the standard acceptable limit (i.e., 60). Therefore, the questionnaire and its responses were considered to be reliable. The scale statistics showed that the Mean is 77.9200, Variance is 77.014 and the Standard Deviation is 8.77576 *(refer to Tables A and B in the Appendix).*

The broad research objectives of this study are as follows:
1. To comprehend the concept of customer loyalty in Indian Aviation Industry.
2. To assess the customer loyalty of customers of airline companies in Varanasi.
3. To suggest the areas which require special attention by the Airline companies in order to achieve customer loyalty.

Limitations of the study

The results cannot be generalised due to the limited sample size and non-probabilistic sampling. Also the study was conducted in Varanasi City only, which has its own cultural implications. It is assumed that the respondents have been honest in answering the questions.

FINDINGS

The study measures customer loyalty on the basis of three outcomes of loyalty: advocacy; repurchase; and defection. The specific findings related to each of these outcomes are outlined below.

Advocacy

To assess advocacy, five items have been used and the reliability of the advocacy measure came out to be .883 (*refer to Table C in the Appendix*). The scale statistics show that on distributing the values on a normal curve the Mean value is 20.00 and the standard deviation of values is 5.82044; that is the values are deviating within the range of 5.82044 (*refer to Tables D and E in the Appendix*).

Percentage advocacy. Table 1 below shows the survey results for advocacy, with the Average Mean calculated as 4.0. Using a rating scale of 1 to 7, the advocacy percentage calculates as $4 \div 7 \times 100 = 57.14\%$. Therefore 57.14% of customers are loyal and will advocate for / recommend their preferred airlines.

Table 1: Measures of advocacy

Measures of advocacy	Mean
Recommend	4.4
Encourage	3.8
Vote	3.4
Positive	4.2
Assure	4.2

Repurchase

The Chronbach α of the repurchase measure was .609, which established the reliability of the items. Scale statistics showed that the mean value of repurchasing (19.18) and the values deviating from the mean fell within the range of 2.22866 (*refer to Tables F, G & H in the Appendix*).

Percentage repurchasing. Table 2 below shows the survey results for repurchase, with the Average Mean calculated as 4.795. Using a rating scale of 1 to 7, the percentage repurchase calculates as $4.795 \div 7 \times 100 = 68.5\%$. Therefore the repurchase outcome of customer loyalty indicates that 68.5% customers are loyal to their preferred airlines.

Table 2: Measures of repurchase

Measures of repurchase	Mean
satisfied with your preferred airlines	5.06
fly with the same airlines next time and every time	4.84
willing to repeat your purchase	4.58
in comparison to other airlines I am satisfied with this airlines	4.70

Defection

Defection was measured with the help of a two items scale. The reliability of defection measure was also measured through Chronbach α which was .638 in this case. The mean values of both the items were around 3.0 and the standard deviation was different for both the items, which suggested that the responses for likeliness to switch fell in a wider range of distribution than the responses of willingness to travel with any other airlines *(refer to Tables I and J in the Appendix)*. Scale statics exhibited that the mean value for both the responses was 6.74 and values deviating from the mean were within the range of 1.65134 *(refer to Table K in the Appendix)*.

Percentage defection. Table 3 below shows the survey results for defection, with the Average Mean calculated at 3.37. Using the rating scale of 1 to 7, the percentage defection calculates as $3.37 \div 7 \times 100 = 48.14$**%** Therefore the results show that 48.14% of customers are going to defect or switch to other airlines. As defection or switching is a negative factor for loyalty, this indicates a positive customer loyalty of 51.86%.

Table 3: Measures of defection

Measures of defection	Mean
your willingness to travel with any other airlines	3.18
your likeliness to switch to any other airlines	3.56

Total customer loyalty

Table 4 below combines the average means of the three constructs.

Table 4: Total customer loyalty

Constructs	Average mean
Advocacy	4.0
Repurchasing	4.795
Defection	3.37
$\sum$	**12.425**

The following calculations build on this to show the overall outcome of the survey results:

Customer loyalty = $\sum$ Average mean / N
=12.425 / 3
= 4.14

Using the rating scale of 1 to 7, the percentage for total customer loyalty calculates as $4.14 \div 7 \times 100 = 59\%$. Hence, the total customer loyalty in the Varanasi aviation industry is 59%.

DISCUSSION

The results from the study show that there are 68.5% of customers who are loyal enough to travel again with their preferred airline, and 57% of customers agreed to advocate their airline company among their peers and friends. 48% of customers also exhibited a tendency to defect which means that. 52% of customers can be expected to remain loyal by not switching to other airlines. The repurchase intentions are higher than the rate of advocacy, which suggests that the customers are more willing to travel again with the same airline company, but are less likely to refer it to others. The defection rate is also lower which signifies the fact that more than half of the customers who travel with a particular airline are likely to stay with the company, which hints towards a sense of commitment towards the airline company. Customers accepted that they are willing to travel with other airlines to have an experience but are less likely to defect with their preferred airlines.

The present study found that behavioural outcome of customer loyalty (i.e., repurchase) is more dominant than its attitudinal outcome signified by advocacy. To ensure a profitable and lasting association with the customers, it is imperative to develop a strong positive attitude among customers which can render an affective base to their repurchase intentions. Thus, airlines are suggested to move beyond the typical retention schemes in the form of frequent flyer programmes, which plainly reward the repurchase and strive to develop close personal bonds with their customers through interactive feedback sessions, prompt and positive grievance handling mechanisms, and co-creation of supplementary services. Customer loyalty is largely determined by three factors: relationship strength, perceived alternatives and critical episodes.

Apart from build stronger customer relationships through personalised approach, the airline companies should also take care of their competitive positioning and appropriate handling of critical episodes, which are inevitable in any people intensive service environment. Customer loyalty shares a direct relationship with profitability aspects of a business organisation as retaining existing customers is acknowledged to be considerably less expensive than acquiring new ones. The airlines must not only design and deliver a high-quality frequent flyer program, but they must also ensure that the customer communications are relevant and timely; that customer interactions with airline personnel are friendly and empathetic; and that the brand is seen positively by customers. The ultimate success in attaining and maintaining customer loyalty will be achieved by those airlines that put all the pieces together.

DIRECTION FOR FUTURE RESEARCH

The present study attempts to measure customer loyalty through three main pillars of loyalty: advocacy, repurchasing and defection. Future research could use other measures of customer loyalty in addition to these three in order to have a more comprehensive picture of customer loyalty in the concerned industry or sector. Further studies could also replicate the present one in varied commercial and cultural contexts, which may enhance the existing body of knowledge in respect of different facets of customer loyalty and the factors which may affect it.

REFERENCES

Andreassen, TW, Streukens, S & Slatterbrekk LK 2006, *Word-of-mouth; using online communities to build a typology of actual conversations*, Working paper series, B.I. Norwegian School of Management, Oslo.

Appiah-Adu, K, Fyall, A & Singh, S 1999, 'Marketing culture and business performance in the airline industry', *Journal of Travel and Tourism Marketing*, vol. 8, no. 3, pp. 47-70.

Arnesen, D & Fleener, C 1997, 'The ethical dimensions of airline frequent flyer programs', *Business Horizons*, vol. 40, no. 1, pp. 47-56.

Ball, D, Coelho PS & Machăs, A 2004 'The role of communication and trust in explaining customer loyalty: An extension to the ECSI model', *European Journal of Marketing*, vol. 38, no. 9/10, pp. 1272-1293.

Beerli, A, Martin, DJ & Quintana, A 2002, 'A model of customer loyalty in the retail banking market', *European Journal of Marketing*, vol. 38, no. 1, pp. 253-275.

Bloemer, JMM & Kasper, JDP 1995, 'The complex relationship between consumer satisfaction and brand loyalty', *Journal of Economic Psychology*, vol. 16, no. 2, pp. 311-29.

Bolton, LE, Warlop, L & Alba, JW 2003, 'Consumer perceptions of price (un)fairness', *Journal of Consumer Research*, vol. 29, no. 4, pp. 474–491.

Bowen, JT & Shoemaker, S 1998, 'Loyalty: A strategic commitment', *Cornell Hotel and Restaurant Administration Quarterly*, vol. 2, pp. 12-25.

Bowen, JT & Shoemaker, S 2003, 'Loyalty: A strategic commitment', *Cornell Hotel and Restaurant Administration Quarterly*, vol. 44, no. 5/6, pp. 31−46.

Chandy, RK & Tellis, GJ 1998, 'Organizing for radical product innovation: The overlooked role of willingness to cannibalize, *Journal of Marketing Research*, vol. 35 (November), pp. 474 – 487.

Chaudhuri, A & Holbrook, M 2001, 'The chain of effects from brand trust and brand effect to brand performance: The role of brand loyalty', *Journal of Marketing*, vol. 65, no. 2, pp. 81-93.

Chou, CC, Liu, LJ, Huang, SF, Yih, JM & Han, TC 2011, 'An evaluation of airline service quality using the fuzzy weighted SERVQUAL method', *Applied Soft Computing*, vol. 11, no.2, pp. 2117-2128.

Copeland, MT 1923, 'Relation of consumer's buying habits to marketing methods', *Harvard Business Review*, vol. 1, pp. 282-289.

Cunningham, RM 1956, 'Brand loyalty - what where how much?' *Harvard Business Review*, vol. 34, pp. 116-128.

Day, GS 1971, 'Attitude change, media and word of mouth', *Journal of Advertising Research*, vol. 11, no. 6, pp. 31-40.

Delfmann, W, Baum, H, Auerbach, S & Albers, S 2005, *Strategic management in the aviation industry*, Ashgate Publishing Ltd., Aldershot.

Dick, AS & Basu, K 1994, 'Customer loyalty: Towards an integrated framework', *Journal of The Academy of Marketing Science*, vol. 22, no. 2, pp. 99-113.

Dowling, GR & Uncles, M 1997, 'Do customer loyalty programs really work?', *Sloan Management Review*, vol. 38, No. 4, Summer, pp. 71-82.

Ehrenberg, ASC & Goodhardt, GJ 2002, 'Double jeopardy revisited, again', *Marketing Research*, vol. 14, no. 1, pp. 40-42..

Fraenkel, J 2009, Retrieved from http://cache-www.intel.com/cd/00/00/44/14/441414_441414.pdf on 31st March, 2013.

Garland, R 2002, 'Estimating customer defection in personal retail banking', *International Journal of Bank Marketing*, vol. 20, no. 7, pp. 317–324.

Grayson, K & Ambler, T 1999, 'The dark side of long-term relationships in marketing services', *Journal of Marketing Research*, vol. 36, no. 1, pp. 132-141.

Gómez, BG, Arranz, AG, Cillán, JG 2006, 'The role of loyalty programs in behavioural and affective loyalty', *Journal of Consumer Marketing*, vol. 23, no. 7, pp. 387-396.

Heskett, JL, Sasser, WE & Schlesinger, LA 1997, *The service profit chain: How leading companies link profit and growth to loyalty, satisfaction and value*, Free Press, New York.

Jacoby, J & Chestnut, RW 1978, *Brand loyalty: Measurement and management*, John Wiley & Sons, New York.

Kearney, TJ 1989, 'Frequent flyer programs: A failure in competitive strategy', *The Journal of Services Marketing*, vol. 3, no. 4, pp. 49-60.

Kearney, TJ 1990, 'Frequent flyer programs: A failure', *The Journal of Consumer Marketing*, vol. 7, no. 1, pp. 31-42.

Kim, YK & Lee, HR 2011, 'Perceived service quality for South Korean domestic airlines', *Total Quality Management & Business Excellence*, vol. 22 no.10, pp. 1041–1056.

Kivetz, R & Simonson, I 2003, 'The idiosyncratic fit heuristic: Effort advantage as a determinant of consumer response to loyalty programs', *Journal of Marketing Research*, vol. 40, no. 4, pp. 454-467.

Knox, S & Walker, D 2001, 'Measuring and managing brand loyalty', *Journal of Strategic Marketing*, vol. 9, pp. 111-128.

Lacey, R & Morgan, RM 2009, 'Customer advocacy and the impact of B2B loyalty programs,' *Journal of Business & Industrial Marketing*, vol. 24, no. 1, pp. 3-13.

Lapierre, J, Filiatrault, P & Chebat, JC 1999, 'Value strategy rather than quality strategy: A case of business-to-business professional services', *Journal of Business Research*, vol. 45, no. 2, pp. 235–46.

Lee, GH, Shin, SM, & Park, YW 2003, *Studies on the determinants of subscribers' churning in the high speed internet service market*, KISDI report.

Lin, SP, Chan, YH, & Tsai, MC 2009, 'A transformation function corresponding to IPA and gap analysis', *Total Quality Management & Business Excellence*, vol. 20 no. 8, pp. 829–846.

Maydeu-Olivares, A & Lado, N 2003, 'Market orientation and economic performance in the European insurance industry: A mediational model,' *International Journal of Service Industry Management*, vol. 14, pp. 284-309.

Mellens, MM, Dekimpe, G & Steenkamp, JBE M 1996, 'A Review of Brand-Loyalty Measures in marketing', *Tijdschrift voor Economie en Management*, vol. 41, pp. 507-533.

Newman, JW & Werbal, RA 1973, 'Multivariate analysis of brand loyalty for major household appliances', *Journal of Marketing Research*, vol. 10, pp. 404-9.

Oliver, RL 1999, 'Whence consumer loyalty', *Journal of Marketing*, vol. 63 (Special Issue), pp. 33-44.

Peyrot, M & Doren, D 1994, 'Effect of a class action suit on consumer purchase intentions', *The Journal of Consumer Affairs*, vol. 28, no. 2, pp. 361-379.

Plimmer, G 2006, "Loyalty programmes", Financial Times Ltd., Sep. 15, 2006,retrieved: Apr. 1, 2009,URL: http://www.ft.com/cms/s/0/bcb047e8- 44d7- 11db- b804- 0000779e2340.html.

Prokesch, SE 1995, 'Competing on customer service: An interview with British Airways, Sir Colin Marshall', *Harvard Business Review*, vol. 73, no. 6, no. 100-118.

Rai, AK & Srivastava, M 2013, 'The antecedents of customer loyalty: An empirical investigation in life insurance context', *Journal of Competitiveness,* vol. 5, no. 2, pp. 139-163.

Ramamurti, R & Sarathy, R 1997, 'Deregulation and globalization of airlines', *The International Trade Journal*, vol. 11, no. 3, pp. 389-432.

Reichheld F, & Sasser EW Jr 1990, 'Zero defections: Quality comes to services', *Harvard Business Review*, vol. 68, no. 5, pp. 105-111.

Reichheld, FF 2001, *Loyalty rules! How today's leaders build lasting relationships*, Harvard Business School Press, Boston, Massachusetts.

Reichheld, FF 2003, 'The one number you need', *Harvard Business Review*, vol.81 (December), pp. 46-54.

Reinartz, W, Thomas, JS & Kumar, V 2005, 'Balancing acquisition and retention resources to maximize customer profitability,' *Journal of Marketing*, vol. 69, no. 1, pp. 63-79.

Riley, C 2004, *Mapping out a path to hidden treasure of customer loyalty*, Media, Feb. 27, pp. 16.

Rosenberg, L & Czepiel, JA 1984, 'A marketing approach to customer retention', *Journal of Consumer Marketing*, vol. 1, pp. 45–51.

Rundle-Thiele, S & Mackay, MM 2001, 'Assessing the performance of brand loyalty measures', *The Journal of Services Marketing*, vol. 15, no. 6/7, pp. 529-546.

Rust, RT, Zeithaml, VA & Lemon, KN 2000, *Driving customer equity: How customer lifetime value is reshaping corporate strategy*, The Free Press, New York.

Rust, RT, Ambler, T, Carpenter, GS, Kumar, V & Srivastava, RK 2004, 'Measuring marketing productivity: Current knowledge and future direction', *Journal of Marketing*, vol. 68, no. 4, pp. 76–89.

Santonen, T 2007, 'Price sensitivity as an indicator of customer defection in retail banking', *International Journal of Bank Marketing,* vol. 25, no. 1, pp. 39 – 55.

Shaw, S 2007, *Airline marketing and management*, Ashgate Publishing Ltd, Aldershot.

Singh, J & Sirdeshmukh, D 2000, 'Agency and trust mechanisms in relational exchanges', *Journal of the Academy of Marketing Science*, vol. 28, no. Winter, pp. 150-167.

Söderlund, M 2006, 'Measuring customer loyalty with multi-item scales: A case for caution', *International Journal of Service Industry Management*, vol.17, no.1, pp.76 – 98.

Stewart, K 1998, 'An exploration of customer exit in retail banking', *International Journal of Bank Marketing*, vol. 16, no. 1, pp. 6-14.

TePeci, M 1999, 'Increasing brand loyalty in the hospitality industry', *International Journal of Contemporary Hospitality Management*, vol. 11, no. 5, pp. 223-229.

Tseng, ML & Chiu, SF 2008, *A grey-fuzzy approach to the customer perception of in-flight service quality in domestic airlines, Taiwan*, paper presented at the proceedings of the 9th Asia Pacific industrial engineering & management systems conference, Nusa Dua, Bali, Indonesia.

Venkatesan, R & Kumar, V 2004, 'A customer lifetime value framework for customer selection and resource allocation strategy', *Journal of Marketing*, vol. 68, October, pp. 106-25.

Whyte, R 2002, 'Loyalty marketing and the frequent flyer programmes: Attitudes and attributes of corporate travellers', *Journal of Vacation Marketing*, vol. 9, no. 1, pp. 17-35.

Woo, K & Ennew, CT 2004, 'Business-to-business relationship quality: An IMP interaction-based conceptualization and measurement', *European Journal of Marketing*, vol. 38, no. 9/10, pp. 1252.

Woodruff, RB 1997, 'Customer value: The next source of competitive advantage', *Journal of the Academy of Marketing Science*, vol. 25, no. 2, pp. 139-153.

Wright, M & Riebe, E 2010, 'Double jeopardy in brand defection', *European Journal of Marketing,* vol.44, no.6, pp.860-873.

Yi, Y & Jeon, H 2003, 'Effects of loyalty programs on value perception, program loyalty, and brand loyalty', *Journal of the Academy of Marketing Science*, vol. 31, no. 3, pp. 229-240.

Zeithaml, VA, Berry, LL & Parasuraman, A 1996, 'The behavioural consequences of service quality', *Journal of Marketing*, vol. 60, no. 2, pp. 31–46.

Appendix

Table A: Scale Statistics

Mean	Variance	Std. Deviation	N of Items
77.9200	77.014	8.77576	19

Table B: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
your willingness to recommend this airline to others	73.52	70.908	.401	.586
to encourage friends and relatives to have an experience	74.12	57.985	.744	.509
to vote it the best airlines	74.52	64.459	.570	.553
spread positive word of mouth effect	73.72	52.124	.955	.456
assure others that ita the best airlines	73.72	56.696	.661	.512
your experience with this airlines exceeds your expectations	73.52	55.153	.659	.506
price as a factor for defection	73.32	71.038	.145	.612
service as a factor for defection	73.32	90.100	-.575	.701
frequency as a factor for defection	73.72	77.798	-.102	.627
programs as a factor for defection	74.32	62.916	.798	.533
availability as a factor for defection	73.52	58.010	.821	.504
punctuality as a factor for defection	74.72	76.002	-.018	.628
willingness to travel with any other airlines	74.72	80.614	-.307	.642
likeliness to switch to any other airlines	74.20	82.612	-.309	.666
satisfaction with your preferred airlines	73.32	84.589	-.355	.683
fly with the same airlines next time and every time	73.12	60.842	.804	.521
willingness to repeat purchase	73.32	73.528	.382	.597
in comparison to other airlines I am satisfied with this airlines	73.72	83.838	-.309	.689
the company handled critical episodes appropriately	74.12	82.312	-.428	.651

Rai & Srivastav - Customer loyalty in the Indian aviation industry - An empirical examination

Table C: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Recommend	15.6000	28.816	.508	.903
Encourage	16.2000	20.980	.786	.840
Vote	16.6000	23.102	.799	.843
Positive	15.8000	18.531	.915	.805
Assure	15.8000	20.163	.685	.874

Table D: Scale Statistics

Mean	Variance	Std. Deviation	N of Items	
20.0000	33.878	5.82044	5	

Table E: Descriptive Statistics

		N	Minimum		Maximum	Mean	Std. Deviation
Recommend		100	3.00		5.00	4.40	.80812
Encourage		100	1.00		5.00	3.80	1.48461
Vote		100	2.00		5.00	3.40	1.21218
Positive		100	2.00		6.00	4.20	1.61624
Assure		100	2.00		7.00	4.20	1.73793
Valid N (list wise)		100					

Table F: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
satisfied with your preferred airlines	14.12	2.598	.496	.446
fly with the same airlines next time and everytime	14.34	3.494	.223	.663
willing to repeat your purchase	14.60	3.878	.428	.552
in comparison to other airlines i am satisfied with this airlines	14.48	2.663	.498	.446

Table G: Scale Statistics

Mean	Variance	Std. Deviation	N of Items
19.1800	4.967	2.22866	4

Table H: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
satisfied with your preferred airlines	100	3.00	6.00	5.06	.93481
fly with the same airlines next time and every time	100	3.00	6.00	4.84	.86567
willing to repeat your purchase	100	4.00	5.00	4.58	.49857
in comparison to other airlines i am satisfied with this airlines	100	3.00	6.00	4.70	.90914
Valid N (list wise)	100				

Table I: Item Statistics

	Mean	Std. Deviation	N
your willingness to travel with any other airlines	3.1800	.71969	100
your likeliness to switch to any other airlines	3.5600	1.14571	100

Table J: Scale Statistics

Mean	Variance	Std. Deviation	Number of Items
6.7400	2.727	1.65134	2

Table K: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
your willingness to travel with any other airlines	100	2.00	4.00	3.1800	.71969
your likeliness to switch to any other airlines	100	2.00	6.00	3.5600	1.14571
Valid N (listwise)	100				