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**COMPARISON OF CHINESE PASSENGER SATISFACTION  
BETWEEN CHINESE AIRLINES AND FOREIGN AIRLINES**

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## ABSTRACT

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Aim/Purpose:	In transport industry, production and consumption of services are inseparable. Therefore, the objective of this study is to determine passenger perceived quality and satisfaction between Chinese airlines and Foreign airlines.
Context:	Increased wealth and prosperity across Asia has generated a massive increase in air travel. Marketers in airline industry have increasingly become more aware that their employees should be more sensitive towards social and cultural differences when having encounters with passengers from that region. Today, more than ever before, Foreign airlines are competing with Chinese airlines over the service quality provided in order to capture passenger satisfaction. China's projected economic growth has raised the income of the middle class and contributed to an increase of the middle classes' purchasing power and travelling ability.
Method:	In this study, the SERVQUAL and Gap Analysis methodologies are implemented to measure the quality of services and satisfaction provided by Chinese airlines and Foreign airlines. Descriptive analysis, reliability tests and multiple regression analysis were used to complete this study. The SERVQUAL model to measure service quality is composed of the following five dimensions: tangibility, reliability, responsiveness, assurance and empathy. This study examines the direct and indirect influence that the SERVQUAL five dimensions have on customer perceived service quality ratings and focuses on how they affect customer satisfaction within the context of airline services. A random sampling method was used in which 409 respondents were interviewed and asked to fill out a self-administered questionnaire.
Contribution:	The data collected could potentially be used by airline management boards to help develop new growth strategies and to deliver more efficient and appreciated services.
Findings:	Results of the multiple regression analysis indicate that factors such as reliability, assurance and airline employee responsiveness are more likely to influence Chinese passenger's perceived service quality level and satisfaction of Chinese airlines. Whilst attributes such as responsiveness, tangible and empathy were found to have a greater effect on passenger perceived service quality level and satisfaction of other Foreign airlines.
Recommendations:	To prevent any uncertainty and insecurity, maintaining a great quality relationship with passengers will usually lower the passengers' uncertainty and provide them with a sense of security. Therefore, establishing great relationships with customers has become a crucial factor for success. In addition, importance-performance analysis indicates that an airline should maintain amenities such as the provision of in-flight newspapers, magazines, availability of contingency accommodation; employees speed handling; and on-time departure or arrival.
Keywords:	<i>Chinese airlines, foreign airlines, gap analysis study, satisfaction, service quality, SERVQUAL model, full-service airlines</i>

## INTRODUCTION

Air travel facilitates global trading, supply chain, tourism and international networking. Over the last few decades, many international airline companies aggressively established routes in new countries as a means of expanding their global presence and competitive power. Airline companies constantly evolve and implement improvements in order to remain profitable; from low cost airline to superior quality services. The Consumer aviation website; Skytrax, provides an annual list of the best airlines in the world based on various measurements. Table 1 presents the list of Asia dominate airlines published in 2018. Asian airlines secured 12 spots among the top 20 airlines ranking based on customers' satisfaction and overall impression of their travel experience. Table 1 features the 12 best airlines in Asia.

**Table 1.**

Twelve Best Airlines in Asia- Year 2018

Airline	Asia Ranking	Overall Ranking	Uniqueness
Qatar Airways	1	1	Airline Lounge access, entertainment systems
Singapore Airlines	2	2	Extreme care for customers, respect, entertainment options, service quality
All Nippon Airways	3	3	Cleanliness, service and safety
Emirates	4	4	Wide selection of video and music, live television and sporting events
Cathay Pacific Airways	5	5	Seat comfortable, service quality and inflight entertainment
EVA Air	6	6	Cleanliness, comfortable amenities
Etihad Airways	7	8	Onboard catering, comfortable seat
Hainan Airlines	8	9	Attentive service and quality business class accommodations
Garuda Indonesia	9	10	Comfortable seat, service from cabin crews
Thai Airways	10	11	Crew friendly demeanor, Delectable dining options
Japan Airlines	11	16	Attentive service, well-coordinated ground staff and comfortable cabin
Asiana	12	20	Service from cabin crew, cleanliness and economy class product

Source: Report 2018

Increased prosperity across Asia has steered a massive increase in air travel. China has a projected economic growth that has contributed to the rising income of the middle-class group and an increase of travelling patterns. Sensing the tremendous increase in demand for local and international flights in China, Chinese airlines have decided to buy 7,000 airplanes from Boeing Co. over the course of the next 20 years (Reuters, 2017). Furthermore, the momentum of travel has increased due to the liberalization of the Chinese aviation industry as witnessed through the Chinese government investing in new airports across different regions in the country. In 2017, air passenger traffic was 549 mil-

lion with 89 percent coming from domestic flights and the balance from international flights (Bardach, 2018). According to United Nations World Tourism Organization's (UNWTO), the number of outbound Chinese travelers is expected to reach approximately 200 million people by 2030 (Bremner, 2013). Based on these current developments, it is projected that China will replace United States as the global leader in the aviation industry by 2024 (International Air Transport Association, 2016). Continuous growth in the emerging market of China has intensified the competition among airlines. The entry of low cost operators offering affordable flights captured a large portion of the Chinese airline market share and heightened the competition for commercial airlines. While passenger demand has been growing drastically, the availability of different airlines has had a negative impact on the operation of some airlines. For example, one of Asia's prominent full service commercial airlines, Cathay Pacific based in Hong Kong suffered financial losses due to the pressure from low-cost airlines such as Malaysia based AirAsia and state-owned Chinese carriers (Gough, 2017) also referred to as China's "Big Three". Those are Air China, China Eastern and China Southern which succeeded at dominating most of the domestic and regional flights routes including flights to Hong Kong, Macau and Taiwan (Center for Aviation, 2012). In 2012, a proposed regional alliance amongst SkyTeam's Greater China members, Taiwan's China Airlines, China Eastern, China Southern and Xiamen Airlines appeared to be a niche strategic move between mainland China and Taiwan to improve the political situation between the regions. The four carriers comprise 43% of overall capacity between mainland China and Taiwan. As compare to China's so-called "Big three" carriers, Taipei-based China Airlines; which was founded in 1959, is the single largest carrier in Taiwan, it offers business class, premium economy and economy class flights with about 18,000 one-way seats being flown per week (Center for Aviation, 2012). Recently, China Airlines was awarded by Skytrax a "4 Star" rating of their on-board product quality and cabin crew service quality (Skytrax, 2018).

Foreign airlines from Europe and United States experienced a declining trend of Chinese inbound and outbound passengers due to the intense competition they faced from local Chinese airlines. Famous full-fledged Foreign airlines such as British Airways and Lufthansa reported a loss in profits which led them to terminate flights to a few routes in China (Chen, 2017). Experts believe that the decrease of outbound Chinese travelers flying to European countries via Foreign airlines was caused by a series of unfortunate events such as terrorist attacks, floods and union strikes (Ip et al., 2010). For example, the disappearance of the Malaysia Airlines flight MH370 and the threat in Paris turned Chinese travelers away from flying with Foreign airlines. Chinese carriers became a natural choice for Chinese passengers due to their familiarity with home country services. Whereas, Foreign Airlines are at a disadvantage due to their lack of understanding of Chinese passenger needs (Dimitripoulos, 2016).

Studies also reported that Chinese travelers preferred to use local airlines instead of Foreign airlines due to the ease of communication with Chinese airline cabin crew and ground staff (Dimitripoulos, 2016). The local Chinese airline staff mainly spoke Mandarin and this gives a sense of comfort and security for the passengers assuring them that they will be well understood and listened to. The unique cultural background of Chinese customers causes difficulties for Foreign airlines to understand their needs and therefore their cabin crews are not sometime able to provide the services expected by passengers (Bremner, 2013). There is a growing interest to examine the relationship between service quality and customer satisfaction in the airline industry because an airline's survival is highly dependent on its ability to deliver high service quality (Park et al., 2004). Customer satisfaction has been found to be an important factor in influencing customer loyalty and positive word-of-mouth (Zeithaml et al., 1996). The uniqueness and the complexity in the characteristics of services in contrast with products create even more challenges to service companies (Pride & Ferrell, 2014). Thus, in order to attract and retain customers, service companies must address the complexity in the service process and service delivery. In recent years, there has been a rising number of studies that focus on Chinese travelers' satisfaction, however a limited number of studies focused on comparing the perceptions of Chinese travelers towards different airlines' service quality. Furthermore, the behaviors of Chinese travelers are quite complex and yet to be fully understood. In view of the influ-

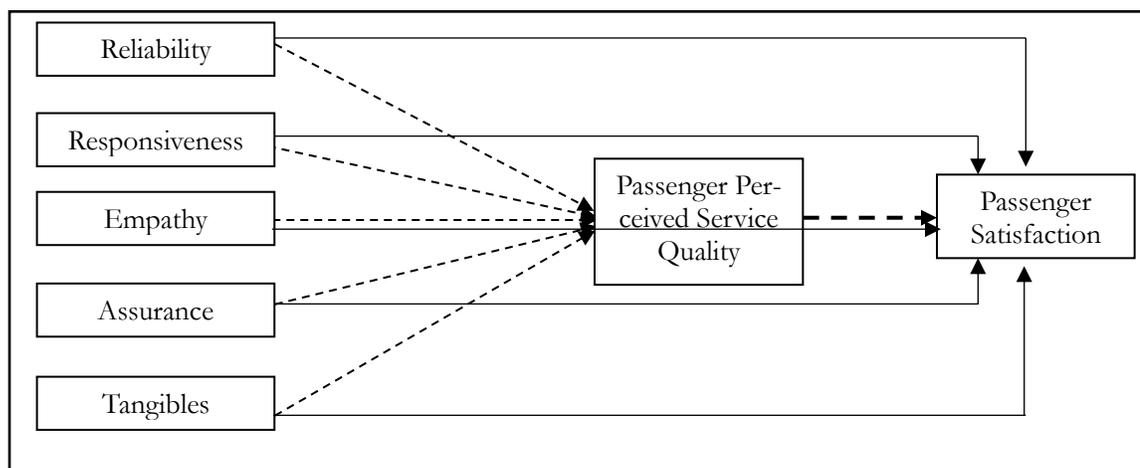
ence from globalization and modernization, Chinese travelers are undergoing a major shift in their cultural and social values (Frederick, 2002). This amplifies the need to understand their current perception towards airline services. Past studies highlighted the influence of culture on customers' attitudes and perception towards services rendered by service employees (Malhotra et al., 2005). For airlines to leverage the growing number of Chinese travelers, fulfilling their demands and providing superior quality services will lead to a greater market share for the airline. Considering this, it is crucial to have a greater understanding of the differences in the perceptions of Chinese passengers towards the provision of service quality by Chinese airlines in comparison with other Foreign airlines. Marketers in service firms need to be aware that service employees should be more sensitive towards these differences when having encounters with Chinese customers in view of the production and consumption of services are inseparable. Therefore, the objective of this study is to determine the passenger perceived quality and satisfaction between Chinese airlines and Foreign airlines.

## MATERIALS AND METHODS

### CONCEPTUAL FRAMEWORK

#### DIMENSIONS OF SERVICE QUALITY

This study examines factors that positively influence service quality as perceived by passengers traveling with Chinese airlines and Foreign airlines. Figure 1 shows the conceptual framework of the SERVQUAL model as it applies to measure passenger perceived service quality and satisfaction of towards the airlines. It is hypothesized that the eleven dimensions of the SERVQUAL model will align with the passenger mental map of service quality and satisfaction (Figure 1). In this study, reliability is defined as the ability to provide promised services accurately such as not implementing sporadic changes to flight schedules (Kassim and Abdullah, 2010). Responsiveness is defined as the consistency and transparency of employees in their provision of information to passengers within a responsible framework when crisis situations occur (Lee, Kim, and Ahn, 2011). Empathy represents the care as well as the individualized attention being provided to passengers when requested or needed (Kassim and Abdullah, 2010). Assurance refers to knowledge, courtesy and ability of employees to convey trust and confidence as they deliver timely and excellent services (Naik et al., 2010). Tangibles cover a variety of services such as physical facilities, communication material, personnel and the modernity of equipment being used by an airline (Naik et al., 2010). Service quality is defined as the ability of the airline to meet passenger expectations and spread a positive word-of-mouth to promote to others about the airline (Chang and Polonsky, 2012).



**Figure 1: Conceptual Framework of the SERVQUAL Model Applied Towards Passenger Perceived Quality and Satisfaction between Chinese Airline and Foreign Airline**

### ***RESEARCH HYPOTHESES***

The focus of this study is to define the relationship between the SERQUAL model variables and to determine how these variables can influence passenger perceived service quality and satisfaction. The following hypotheses were formulated to identify the relationship between the SERQUAL dimensions and passenger satisfaction.

The following hypotheses were tested on Chinese airlines:

**Hypothesis 1:** There is no significant relationship between *reliability* and passenger perceived service quality of Chinese airlines.

**Hypothesis 2:** There is no significant relationship between *responsiveness* and passenger perceived service quality of Chinese airlines.

**Hypothesis 3:** There is no significant relationship between *empathy* and passenger perceived service quality of Chinese airlines.

**Hypothesis 4:** There is no significant relationship between *assurance* and passenger perceived service quality of Chinese airlines.

**Hypothesis 5:** There is no significant relationship between *tangible* and passenger perceived service quality of Chinese airlines.

**Hypothesis 6:** There is no significant relationship between passenger perceived service quality and satisfaction of Chinese airlines.

**Hypothesis 7:** There is no significant relationship between *reliability* and passenger satisfaction of Chinese airlines.

**Hypothesis 8:** There is no significant relationship between *responsiveness* and passenger satisfaction of Chinese airlines.

**Hypothesis 9:** There is no significant relationship between *empathy* and passenger satisfaction of Chinese airlines.

**Hypothesis 10:** There is no significant relationship between *assurance* and passenger satisfaction of Chinese airlines.

**Hypothesis 11:** There is no significant relationship between *tangible* and passenger satisfaction of Chinese airlines.

The following hypotheses were tested on Foreign airlines:

**Hypothesis 1:** There is no significant relationship between *reliability* and passenger perceived service quality of Foreign airlines.

**Hypothesis 2:** There is no significant relationship between *responsiveness* and passenger perceived service quality of Foreign airlines.

**Hypothesis 3:** There is no significant relationship between *empathy* and passenger perceived service quality of Foreign airlines.

**Hypothesis 4:** There is no significant relationship between *assurance* and passenger perceived service quality of Foreign airlines.

**Hypothesis 5:** There is no significant relationship between *tangible* and passenger perceived service quality of Foreign airlines.

**Hypothesis 6:** There is no significant relationship between passenger perceived service quality and satisfaction of Foreign airlines.

**Hypothesis 7:** There is no significant relationship between *reliability* and passenger satisfaction of Foreign airlines.

**Hypothesis 8:** There is no significant relationship between *responsiveness* and passenger satisfaction of Foreign airlines.

**Hypothesis 9:** There is no significant relationship between *empathy* and passenger satisfaction of Foreign airlines.

**Hypothesis 10:** There is no significant relationship between *assurance* and passenger satisfaction of Foreign airlines.

**Hypothesis 11:** There is no significant relationship between *tangible* and passenger satisfaction of Foreign airlines.

### ***METHOD OF ANALYSIS***

The study was conducted at the Shanghai and Beijing Airports where Chinese airlines and Foreign airlines are based. Random sampling methods were used and 409 passengers were interviewed at the departure gate using a self-administered questionnaire. Five-point Likert Scales of one to five were used with the number one representing strongly disagree with and the number five as strongly agree with. The target sample for this research consisted of passengers who had flown on both Chinese airlines and Foreign airlines within the previous year. Descriptive statistics, reliability tests and multiple regression analysis were used to fulfill the study's research objective. Descriptive analysis was used to describe the sample in this study and the Cronbach Alpha method was used to assess the model for internal consistency. Multiple regression analysis was used to measure the relationship between the SERQUAL dimension, perceived service quality and passenger satisfaction.

## **RESULTS AND DISCUSSION**

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In this study, the Cronbach Alpha method was used to measure the reliability of the 30 questions that were used to measure in Likert Scale, the reliability, responsiveness, tangibility, assurance, empathy, perceived service quality and passenger satisfaction. The Cronbach Alpha value was equivalent to 0.932, verifying that this model is suitable for this study.

### ***DEMOGRAPHIC PROFILE OF THE RESPONDENTS***

Table 2 features the socio-demographic profiles of those who participated in the survey. The demographic factors assessed include gender, age, marital status and income level. The gender breakdown of the participants was 53.4% female and 46.6% male. The marital status of the participants, 52.1% were single and 47.9% were married. With regards to age, the majority of respondents were in the age bracket of 31 to 40 years at 33.3%; 28.5% were aged 21 to 30 and 27.8% were between 41 to 50 years. In terms of income distribution, the study found that 42.3% of the participants were earning between 10,001 RMB and 12,000 RMB; 24.5% earned between 8,001 RMB and 10,000 RMB, 16.1% earned between 12,001 RMB and 14,000 RMB, 10.2% earned between 6,001 RMB and 8,000 RMB, 5.8% earned 14,001 RMB and above. Only 1.1% of the participants had a monthly income less than 6,000 RMB.

**Table 2.**  
Socio-demographic Profile of Respondents (N = 409)

Characteristic	Percentage	Characteristic	Percentage
Age		Income (RMB)	
Below 20	1.3	Less than RMB6000	1.1
21-30	28.5	RMB6001 to RMB8000	10.2
31-40	33.3	RMB8001 to RMB10000	24.5
41-50	27.8	RMB10001 to RMB12000	42.3
51-60	5.8	RMB12001 to RMB14000	16.1
61 & above	3.3	RMB14001 and above	5.8
Gender		Marital Status	
Male	53.4	Single	52.1
Female	46.6	Married	47.9

Source: Survey 2018  
\*1USD = RMB 6.83

**MULTIPLE REGRESSION ANALYSIS**

Multiple regression analysis was conducted to examine the relationship between the SERQUAL dimensions, passenger perceived service quality and passenger satisfaction of Chinese airlines and Foreign airlines.

**Chinese Airlines (Perceived Service Quality and Satisfaction)**

The estimated parameters and the statistical significance levels are shown in Table 3. The multiple regression is divided into two sections where the first section shows the indirect effect where perceived service quality is the mediator and second section show the direct effect without any influence from mediator.

**Indirect Effect of Five predictors towards Perceived Service Quality**

The multiple regression model for indirect effect with all five predictors produced  $R^2=0.564$ ,  $F=25.13$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.542. This indicates that 54.2% of the variance in passenger perceived service quality towards Chinese airline is explained by the five SERQUAL dimensions. The remaining 45.8% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW = 1.854$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 3, we can see that the equation for the regression line is:

$$Y=0.641 + 0.201_{(Assurance)} + 0.168_{(Empathy)} + 0.118_{(Responsiveness)} + 0.351_{(Reliability)} - 0.051_{(Tangibles)}$$

A responsiveness score of ( $p=0.182$ ) and tangibles score of ( $p=0.592$ ) does not show any significant relationship with passenger perceived service quality towards Chinese airlines for which the  $p$ -value is more than 0.05.

As shown in Table 3, the assurance had significant positive regression weights ( $p=0.010$ ;  $\beta= 0.201$ ), indicating that passengers who think that the employees of Chinese airlines are consistently courteous with customers, knowledgeable in answering customers' questions, instill confidence in customers and make them feel safe in transactions are overall perceived as good service quality provided by Chinese airlines. The results are in line with Gilbert and Wong (2003) findings who argued that assurance is the most important dimension that can influence consumer perception towards the airline service quality. Reliability had a significant positive regression weight of ( $p=0.000$ ;  $\beta=0.351$ ). This indicates that passengers who perceive that Chinese airlines provide the service at the time of promised, sincere in solving customers problem, perform the service right at the first time will perceived higher service quality levels than their competitors. Previous studies have also pointed out that services such as ability to perform the promised service accurately (Zeglat et al., 2008) are indicators for airline reliability. Empathy had a significant positive regression weight of ( $p=0.045$ ;  $\beta=0.168$ ). This implies that passengers who agreed that Chinese airline employees provide customer personal attention and understand the specific needs of customers are likely to perceive higher service quality levels than other passengers. This finding is consistent with the study conducted by Kasper et al., (2006) who identified empathy such as customized people management, courteousness is an important attribute of this dimension which influence passenger perceived service quality.

#### **Indirect Effect of Perceived Service Quality towards Perceived Satisfaction**

The multiple regression model for indirect effect with perceived service quality produced  $R^2=0.587$ ,  $F=143.702$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.583. This indicates that 58.3% of the variance in passenger satisfaction towards Chinese airlines is explained by passenger perceived service quality. The remaining 41.7% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW = 1.895$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 3, we can see that the equation for the regression line is:

$$Y = 1.589 + 0.601 \text{ (Perceived Service Quality)}$$

As shown in Table 3, the perceived service quality had significant positive regression weights ( $p=0.000$ ;  $\beta=0.610$ ), indicating that passengers overall impression of the relative efficiency of the airline and its services are likely to have higher satisfy level than other passengers. Previous studies also point out that service quality is an important assessment to evaluate whether a service meets or exceeds customer needs and expectations (Zahari et al., 2008).

#### **Direct Effect (Five predictors → Passenger Satisfaction)**

The multiple regression model for direct effect with all five predictors produced  $R^2 = 0.369$ ,  $F=11.366$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.337. This indicates that 33.7% of the variance in passenger satisfaction towards Chinese airlines is explained by the five SERQUAL dimensions. The remaining 66.3% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW = 2.367$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 3, we can see that the equation for the regression line is:

$$Y = 1.886 - 0.017 \text{ (Assurance)} + 0.157 \text{ (Empathy)} + 0.136 \text{ (Responsiveness)} + 0.247 \text{ (Reliability)} - 0.008 \text{ (Tangibles)}$$

An assurance score of ( $p=0.819$ ), responsiveness score of ( $p=0.109$ ) and tangibles score of ( $p=0.927$ ) does not show any significant relationship with passenger satisfaction towards Chinese airlines for which the  $p$ -value is more than 0.05. As shown in Table 3, the empathy had significant positive regression weights ( $p=0.050$ ;  $\beta=0.157$ ). This implies that passengers who agreed that Chinese airlines employees provide customer personal attention and understand the specific needs of customers are likely to have higher satisfaction levels than other passengers.

**Table 3.**  
Passenger Satisfaction toward Chinese Airlines

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
<b>Indirect Effect</b>							
<b>IV → Perceived Service Quality</b>							
(Constant)	0.641	0.327		1.961	0.053		
Assurance	0.201	0.076	0.251	2.627	0.010***	0.493	2.027
Empathy	0.168	0.083	0.194	2.035	0.045**	0.497	2.014
Responsiveness	0.118	0.088	0.138	1.345	0.182	0.429	2.330
Reliability	0.351	0.093	0.354	3.755	0.000***	0.507	1.974
Tangibles	-0.051	0.094	-0.048	-0.538	0.592	0.565	1.771
Note: $R^2 = 0.564$ , Adjusted $R^2 = 0.542$ , Durbin Watson = 1.854, F-Test= 25.13 ( $P < 0.01$ )							
<b>Perceived Service Quality → Passenger Satisfaction</b>							
(Constant)	1.589	0.209		7.606	0.000	N/A	N/A
Perceived Service Quality	0.610	0.051	0.766	11.988	0.000***	N/A	N/A
Note: $R^2 = 0.587$ , Adjusted $R^2 = 0.583$ , Durbin Watson = 1.895, F-Test= 143.702 ( $P < 0.01$ )							
<b>Direct Effect</b>							
<b>IV → Passenger Satisfaction</b>							
(Constant)	1.886	0.313		6.024	0.000	0.493	2.027
Assurance	-0.017	0.073	-0.026	-0.229	0.819	0.497	2.014
Empathy	0.157	0.079	0.227	1.986	0.050**	0.429	2.330
Responsiveness	0.136	0.084	0.199	1.616	0.109	0.507	1.974
Reliability	0.247	0.090	0.312	2.758	0.007***	0.565	1.771
Tangibles	-0.008	0.090	-0.010	-0.092	0.927	0.493	2.027
Note: $R^2 = 0.369$ , Adjusted $R^2 = 0.337$ , Durbin Watson = 2.367, F-Test= 11.366 ( $P < 0.01$ )							

\*\*\*Statistically significant at 0.01 level

\*\* Statistically significant at 0.05 level

This finding is consistent with the study conducted by Tsantoulis and Palmer (2008) that identified empathy such as the attitude of the ground and flight crew delivering the service were the most essential attributes of passenger satisfaction. Reliability had a significant positive regression weight of ( $p=0.007$ ;  $\beta= 0.247$ ). This indicates that passengers who perceive that Chinese airlines provide the service at the time of promised, are sincere in solving customers problem, perform the service right at the first time will have higher satisfaction levels than their competitors. The finding is similar to the research conducted by Sultan and Simpson (2000) that indicated that passenger perceived of service quality is mainly linked to reliability. Overall, responsiveness appears to be insignificant for most of the Chinese passengers when evaluating the service quality because most Chinese are more skeptical of others' intention and how truthful they are (Hofstede Insight, n.d.). The responsiveness of the airline staff will be perceived as insincere help and profit motivated. As for tangibles, the appearance of the physical facilities, equipment, personnel and materials are insignificant as the China passengers are more concern on reaching their destination timely and safely. The physical attributes will be insignificant as compared to the purpose of taking flights. In addition, with the emergence of online flight booking and the convenience of e-commerce, physical attributes may not be a relevant variable for evaluating the service quality of a Chinese airline company. On the other hand, assurance in service quality is not significant for China's passengers from a Chinese airline because they trust on the actual performance and not promise. As Chinese society puts emphasis on actual results, assurance will not be significant if a particular Chinese airline is not capable of providing satisfactory service.

### **Foreign Airline (Perceived Services Quality and Satisfaction)**

The estimated parameters and the statistical significance levels are shown in Table 4. The multiple regression analysis is divided into two sections where the first section show the indirect effect where perceive service quality is the mediator and second section show the direct effect without any influence from mediator.

#### **Indirect Effect of Five predictors towards Perceived Service Quality)**

The multiple regression model for indirect effect with all five predictors produced  $R^2=0.593$ ,  $F=102.460$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.588. This indicates that 58.8% of the variance in passenger perceived service quality towards Foreign airline is explained by the five SERQUAL dimensions. The remaining 41.2% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW=2.025$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 4, we can see that the equation for the regression line is:

$$Y = 0.719 + 0.005_{(Assurance)} + 0.091_{(Empathy)} + 0.335_{(Responsiveness)} + 0.087_{(Reliability)} + 0.240_{(Tangibles)}$$

An assurance score of ( $p=0.888$ ) does not show any significant relationship with passenger perceived service quality towards Foreign airline for which the  $p$ -value is more than 0.05.

As shown in Table 4, the tangibles had significant positive regression weights ( $p=0.000$ ;  $\beta= 0.240$ ), indicating that passengers who think that Foreign airline physical facilities are good, employees are trustworthy and material or equipment looks modern will have a higher perceived services quality level than Chinese airlines. The results are in line with Mohamed, AbdelFattah and Gadallah findings who argued that the five tangible service attributes including the average age of the fleet, the appearance of aircraft, the layout of the aircraft, the in-flight entertainment variety, and the cabin seat comfort were tightly related to the service quality (Mohamed, AbdelFattah and Gadallah , 2008). Reliability had a significant positive regression weight of ( $p=0.002$ ;  $\beta=0.087$ ). This indicates that passengers who perceive that Foreign airlines provide accurate service information, perform the service right the first time and insist on error free will have higher perceived services quality level than China airlines.

According to Jing Zhu (2016) analysis on Chinese airlines, a top priority for improvement should be given to the reliability dimension as the more reliable the Chinese airline the higher the customer perceived on the quality of the airline services. Responsiveness had a significant positive regression weight of ( $p=0.000$ ;  $\beta=0.335$ ). This implies that passengers who agreed that Foreign airlines employees provide prompt services, always willing to help and inform the customers exactly when services will be performed are likely to have higher perceived services quality level than Chinese Airlines. This finding is consistent with the study conducted by Bruning, Hu and Hao (2009) who suggested that responsiveness such as attitude of the ground and flight crew members, baggage handling service, efficient check-in service, and employees handling of requests or complaints promptly as being a dominant predictor of the overall perceived quality level of Foreign airlines.

**Indirect Effect of Perceived Service Quality towards Perceived Satisfaction)**

The multiple regression model for indirect effect with perceived service quality produced  $R^2 = 0.558$ ,  $F=447.679$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.556. This indicates that 55.6% of the variance in passenger satisfaction towards Chinese airlines is explained by passenger perceived service quality. The remaining 44.4% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW=2.091$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 4, we can see that the equation for the regression line is:

$$Y = 0.831 + 0.755 \text{ (Perceived Service Quality)}$$

As shown in Table 4, the perceived service quality had significant positive regression weights ( $p=0.000$ ;  $\beta=0.755$ ), indicating that passengers overall impression of the relative efficiency of the Foreign airlines and its services are likely to have higher satisfy level than Chinese airlines. Previous studies also point out that service quality is an important attribute for achieving a competitive advantage through the strategy of differentiation (Tiernan, Rhoades and Waguespack, 2008)

**Direct Effect (Five predictors → Passenger Satisfaction)**

The multiple regression model for direct effect with all five predictors produced  $R^2 = 0.488$ ,  $F=66.908$ ,  $p=0.000$ ,  $p\text{-value}<0.05$ . Since the F test is significant, we can conclude that the model is acceptable for this research. The value of the adjusted  $R^2$  was equal to 0.481. This indicates that 48.1% of the variance in passenger satisfaction towards Foreign airline is explained by the five SERQUAL dimensions. The remaining 51.9% are due to other factors. The residuals do not correlate since the Durbin Watson statistic ( $DW=2.075$ ) is within the acceptance range of 1.5-2.5. Collinearity was tested by using tolerance and the Variance Inflation Factor (VIF). No Collinearity was found within the data since the results show that the tolerance for all independent variables was more than 0.1 and the value for VIF were less than 10.

From Table 4, we can see that the equation for the regression line is:

$$Y = 1.013 + 0.045 \text{ (Assurance)} + 0.131 \text{ (Empathy)} + 0.284 \text{ (Responsiveness)} - 0.066 \text{ (Reliability)} + 0.293 \text{ (Tangibles)}$$

An assurance score of ( $p=0.248$ ) and reliability score of ( $p=0.164$ ) does not show any significant relationship with passenger satisfaction towards Foreign airlines for which the  $p$ -value is more than 0.05. As shown in Table 4, the tangibles had significant positive regression weights of ( $p=0.000$ ;  $\beta=0.240$ ), indicating that passengers who think that Foreign airline physical facilities up to standard, employees are presentable and material or equipment look modern will have a higher satisfaction level than Chinese airlines. The results are in line with Tsantoulis and Palmer (2008), cabin comfort and in-flight amenities were the most essential attributes of passenger satisfaction. Empathy had a significant positive regression weight of ( $p=0.000$ ;  $\beta=0.131$ ). This indicates that passengers who perceive that

employee from Foreign airlines provide personal attention to individual passenger's requirement and understand the specific needs of customers will have higher satisfaction levels than Chinese airlines. Responsiveness had a significant positive regression weight of ( $p=0.000$ ;  $\beta=0.284$ ). This implies that passengers who agreed that Foreign airlines employees provide prompt services, are always willing to help and inform the customers exactly when services will be performed are likely to have higher satisfaction level than Chinese airlines. This finding is consistent with the study conducted by Tiernan, Rhoades and Waguespack (2008) which clearly show that responsiveness was critical to the Foreign airlines when competing with Chinese airlines where the study indicated that frequent flyers have a higher expectation on responsiveness of the staff towards the passengers' need.

**Table 4.**  
Passenger Satisfaction toward Foreign airlines

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
<b>Indirect Effect</b>							
<b>IV → Perceived Service Quality</b>							
(Constant)	0.719	0.128		5.619	0.000		
Assurance	0.005	0.035	0.007	0.140	0.888	0.409	2.445
Empathy	0.091	0.042	0.110	2.181	0.030**	0.458	2.184
Responsiveness	0.335	0.023	0.545	14.728	0.000***	0.846	1.182
Reliability	0.087	0.028	0.111	3.072	0.002***	0.891	1.123
Tangibles	0.240	0.047	0.271	5.064	0.000***	0.405	2.469
Note: $R^2 = 0.593$ , Adjusted $R^2 = 0.588$ , Durbin Watson = 2.025, F-Test= 102.460 ( $P < 0.01$ )							
<b>Perceived Service Quality → Passenger Satisfaction</b>							
(Constant)	0.813	0.115		7.045	0.000	N/A	N/A
Perceived Service Quality	0.755	0.036	0.747	21.158	0.000***	N/A	N/A
Note: $R^2 = 0.558$ , Adjusted $R^2 = 0.556$ , Durbin Watson = 2.091, F-Test= 447.679 ( $P < 0.01$ )							
<b>Direct Effect</b>							
<b>IV → Passenger Satisfaction</b>							
(Constant)	1.013	0.145		6.984	0.000	0.409	2.445
Assurance	0.045	0.039	0.069	1.156	0.248	0.458	2.184
Empathy	0.131	0.032	0.165	4.080	0.000***	0.405	2.469
Responsiveness	0.284	0.026	0.458	11.018	0.000***	0.891	1.123
Reliability	-0.066	0.047	-0.079	-1.395	0.164	0.846	1.182
Tangibles	0.293	0.054	0.327	5.441	0.000***	0.409	2.445

Note:  $R^2 = 0.488$ , Adjusted  $R^2 = 0.481$ , Durbin Watson = 2.075, F-Test= 66.908 ( $P < 0.01$ ), \*\*\*Statistically significant at 0.01 level, \*\* Statistically significant at 0.05 level

Overall, assurance appears to be insignificant for Foreign airlines. Chinese passengers may not need assurance in service quality from Foreign airlines because most of the flight information is readily available and passengers can manage on their own on the flight arrangement. In addition, communication difficulties still exist, as there are many native languages in China besides Mandarin, which differ across states and provinces. Trust will be difficult to establish if there is communication problem and language issue. Reliability apparently deemed as insignificant for Chinese passengers on Foreign airline. One of the possible explanations for this circumstance could be the preference on home country services where Chinese passengers felt the warmth and dependability with staff from Chinese airlines as compared with Foreign airlines. The psychological barrier where Chinese passengers perceive that Chinese airlines are more reliable and better than Foreign airlines may cause reliability of the service quality from Foreign airlines to be insignificant.

## DISCUSSION AND CONCLUSION

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This study suggests a new approach to theoretically explore the various dimensions of passenger perceived service quality and satisfaction by comparing Chinese airlines to Foreign airlines. This study confirms that not all of the five SERQUAL dimensions will influence passenger perception on airlines' service quality. Results indicate that respondents from China generally perceive Chinese airlines as being more empathetic and reliable and as providing a higher quality of tangibles. Table 5 features a summary of the multiple regression results that were calculated. Results showed that Foreign airlines performed better than Chinese airlines in terms of responsiveness towards passengers' need. This may be because physical attributes by Foreign airlines such as materials, plane, lounge, information and support are readily available for passengers. However, despite that Foreign airlines perform better in term of responsiveness, the communication difficulties still exist between the China passengers and employees as not many personnel are well versed with the native languages in China. On the other hand, Chinese passengers felt that travel with Chinese airlines was more reliable due to the warmth and dependability of home country folks in comparison to Foreign airlines. According to Civil Aviation Administration of China (CAAC), there is a change of classification of complaints starting in 2009 and the types of complaints are different compared to those of the previous years. The type of complaints changed from flight delays, baggage problems, ticketing problems, flight information, check-in services, cargo problems to passenger services, re-funding, services for disabled, flight connection, chartered flights, over-sold ticket and miscellaneous. This may be due to the change in the demographic of passengers where most of the passenger are from Generation Y. Generation Y is one of the generations that predict differences in passenger complaint attitudes and behaviors. On issues ranging from Foreign affairs to social policy, generational differences in attitudes can be very wide and most illuminating.

Understanding what drives generational differences strengthens the marketers understanding of how passenger attitudes and loyalty (Howe, Strauss and Matson, 2000). In this study, more than 50 percent of the passengers are from Generation Y (Born between 1980 to 1997) a generation identified as being externally motivated, calculative and rationalistic about long range plans, as having a strong feelings about social responsibility and thinking carefully about finance (Twenge, 2006). Therefore, they are more concerned by the airline service quality. Due to the changes of demographic and participation of generation Y, the challenges increase among the airline managers when designing strategies to increase consumer satisfied quality and planning for operational efficiency. In the presence of intangibility, perishability, variability, heterogeneity, inseparability, and lack of ownership when problem arises, it is easy for the passengers to have the sense of uncertainty and insecurity. To prevent such circumstance, maintaining a great quality relationship with the passengers will usually lower their uncertainty and provide them with a sense of security.

**Table 5.**  
Summary of Comparison between China Airline and Foreign Airline

SERQUAL Dimensions	Chinese Airlines	Foreign Airlines
<b><u>Indirect Effect</u></b>		
<b>IV → Perceived Service Quality</b>		
Assurance	Reject hypothesis	Fail to reject hypothesis
Empathy	Reject hypothesis	Reject hypothesis
Responsiveness	Fail to reject hypothesis	Reject hypothesis
Reliability	Reject hypothesis	Reject hypothesis
Tangibles	Fail to reject hypothesis	Reject hypothesis
<b>Perceived Service Quality → Passenger Satisfaction</b>	Reject hypothesis	Reject hypothesis
<b><u>Direct Effect</u></b>		
<b>IV → Passenger Satisfaction</b>		
Assurance	Fail to reject hypothesis	Fail to reject hypothesis
Empathy	Reject hypothesis	Reject hypothesis
Responsiveness	Fail to reject hypothesis	Reject hypothesis
Reliability	Reject hypothesis	Fail to reject hypothesis
Tangibles	Fail to reject hypothesis	Reject hypothesis

Source: Survey 2018

Consumer protection is one of the core principles of ICAO's economic development and the link between high level of passenger satisfaction and business performance are increasingly clear. While ICAO enables member states to fulfill their passengers' primary needs, airlines might not be consistent due to wide differences in quality of services offered by them. Therefore, establishing great relationships with passengers has become a crucial factor for success. Moreover, ways of maintaining a great relationship with customers also becomes an important issue for the airline industry. In addition, importance-performance analysis indicates that an airline should maintain the provision of advantages such as in-flight newspaper, magazines, entertainment like in-flight movies and on-time departure or arrival.

Furthermore, focusing to improve services in areas like handling of delays, efficiency in check-in, baggage handling service and quality of the reservation services will improve passenger loyalty to a particular airline. The findings of this study indicate that Chinese passengers value traits of pragmatic culture, outcome orientation, relationship and an airlines ability to provide good service. The main limitation of this study is due to the random sampling method that was utilized, as it only covers customers who passed through the departure gates of the Shanghai and Beijing Airports. Future studies could potentially focus on passengers traveling from other airports in China. For this study, six hundred questionnaires were distributed; however, the response rate was not very high at 68.2 percent. This is due to the logic where flight passengers are normally in hurry of catching their flights and tend to be less cooperative in survey. Therefore, only 409 valid questionnaires were collected. The response rate for this study is only 68.2percent. The data collected could potentially be used by airline management boards to help develop new strategies and to deliver more efficient services.

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