

# Perception towards Customer Relationship Management practices in Indian Aviation Industry

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**Abstract-** In the present era of competitiveness, retaining existing customers and acquiring new customers has become a most difficult task in the service sector. The ways in which the customers and organization interact has undergone significant changes over the years so the organizations need to respond to the customers' requirements proactively. Customer Relationship Management approach is an integration of information technology and relationship marketing which facilitates building a long-term relationship with the customers at an enterprise-wide level. The successful implementation of customer relationship management is a complex process as it involves huge expenses and technical support. The purpose of the present study is to assess the perception of passengers and employees towards relationship practices adopted by airlines. The study is conducted on a sample group of 150 staff members employed in different airlines and 300 passengers who travel through airlines in the state of Punjab and Chandigarh. The results of the study indicate that there is significant difference between the respondents' perception towards customer relationship management in the airline sector.

**Keywords:** *Customer- centricity, Customer focus, Customer Relationship Management, loyalty, perception, responsiveness.*

## I. INTRODUCTION

In today's world, managing relationships play a pivotal role in survival in the market. It has become vital for all organizations to keep up wealthy and fruitful relationships, and it has become even more important to sustain them to be rewarding forever. This led to the emergence of Customer relationship management concept in the business world. Nowadays it is not solely utilized by business organizations to maintain good relationships with their present and old clients and associates; however, the nomenclature is currently being used by almost all type of organization to create a beneficial environment for them and everyone in today's era of competition. . Different academicians and authorities have different viewpoints regarding the concept of Customer Relationship Management. According to Payne and Frow, 2005 "CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with the customers and other key stakeholders. Customer Relationship Management provides enhanced opportunities to use stored data and information to understand customers and co-create value with them. Customer Relationship Management is the process of building and maintaining profitable relationships with the customers by delivering superior value and satisfaction to the clients. It involves managing detailed information about every customer and carefully managing customer touch points in order to maximize customer loyalty. It

deals with all aspects of acquiring, keeping and growing customers (Kotler and Armstrong, 2008).

### A. Customer Relationship Management in the Aviation Industry

The civil aviation sector in India has significantly contributed to the GDP of the country. From last few years, there is a drastic rise in air travel at a global and international level. The present civil aviation policy of the Indian government has changed the mindset of the Indian traveler to prefer airlines instead of the other modes of travel. Both public and private airlines have started considering customers as the focal point in their business. As there is an increase in competition among various players and the overall increase in market size of the industry there exists need that different players in the industry should invest in improving the customer relationships. In the present era 'Customer- centricity' become an important concept and only continuous assessment of each and every activity enables an airlines company to stay ahead among others and in the competitive landscape. This is possible through the successful implementation of CRM solution. Proper CRM implementation would not only ensure customer delight and increased customer satisfaction, but also help in acquiring new customers, in retaining the existing ones, and in maintaining their loyalty thus enhancing sales by

positive word of mouth by the potential customers who

## II. NEED OF THE STUDY

The Indian aviation sector has emerged as one of the fastest growing sectors with a passenger handling capacity of 143 million (FY 11). The Government's Open Sky Policy has led to many overseas players entering the market and the industry has been growing both in terms of the number of players and number of aircraft. A large number of private players also entered into the market offering various promotional schemes at reduced prices thus creating tough competition. In the present era, Customers are increasingly becoming aware of alternative offerings in the market and thus demanding more in terms of their expectations. It becomes very important to know what customers want and offer customized products and services in order to maintain effective relations with them. As the aviation sector contributes a greater part in the gross domestic product of the country so there is a great need to study the CRM initiatives followed by different airline companies to retain their customers. The growing expectations of the customers have also forced airlines to innovate, serve and satisfy the consumers better and faster and for a longer time. So customer acquisition and retention have become the mantra for the airline industry. The existing review of the literature revealed that various studies have been conducted on CRM aspects in different sectors but only a few comprehensive studies are conducted in the aviation sector on CRM practices being followed. Moreover, understanding the gap between the perception of employees and passengers will help companies to develop effective CRM strategies that cater to the needs of the passengers in order to make profitable relations.

## III. REVIEW OF LITERATURE

In the present competitive era, managing and retaining customers has become a complex task for every organization. Customer Relationship Management has emerged as a strategic tool for attracting new customers and retaining old ones by maintaining better relations and thus improving the business performance of every organization. A large number of studies have been carried out by researchers on different aspects of CRM in different sectors. Review of related literature helps to know about the studies which have been done earlier in the related field. It presents a critical look at the existing the research that different researchers carrying out earlier. Some of the studies are discussed below:

Martin et al. (2006) in their study identified the gaps between the needs of the passengers in utilizing air travel and the perceptions of airline managers. The data was collected from 67 international airline managers and 1203 international travelers from highly used airports in Europe. Both airline managers and passengers were asked

utilized the product or services.

questions about discounts and special offers, quality and price relationship of the service offered, adoption of service to changes in the market used by airlines in order to satisfy their customer's needs. It was revealed from the result that there was no significant difference between the characteristics expected by the demand and the actions carried out by airlines in order to satisfy their customers' needs.

Vemaraju (2011) attempted to study the impact of customer perception on Customer Relationship Management in Indian retailing sector. The paper emphasized three critical areas in retailing- customer perception, Customer Relationship Management and changing waves in retailing. The survey was conducted in Hyderabad on 150 respondents. Five variables were identified under product attributes and 12 attributes were identified under store and retail attributes. The study observed that location and Customer Relationship Management as important factors to reduce time, energy and psychic cost involved in shopping from a retail store.

Soomro et al. (2012) attempted to study the effect of customer relationship management on passengers' preferences in the airline service industry of Pakistan. Three factors were considered to study the effect namely- Boarding and clearance time, ease of e-ticketing and luggage capacity. The sample size consisted of 180 respondents were selected through non-probability sampling at International Karachi Airport. A well-structured questionnaire was used to collect the data from the respondents. The results of the empirical study showed that two factors- clearance time and ease of e-ticketing has more influence and positively lead to purchase intention of services offered by the airline companies in the market.

Zulkifli and Tahir (2012) examined the relationship between customers' perceptions on CRM practices and demographic factors (gender, age, education level, employment, and online banking usage) in the banking sector in Malaysia. Data was gathered from 93 respondents through a survey method using a structured questionnaire by using purposive sampling technique. The results showed that there were no significant differences in means between customers' perceptions of CRM practices based on gender, age, education level, employment, and online banking usage.

Punitha and Tamilchelvi (2013) assessed passengers' perception of retention strategies adopted by domestic airlines in Coimbatore district. A total of five hundred respondents were selected by non- probable convenience sampling technique. Multiple regression analysis was carried out to find out the significant relationship between retention strategies adopted and various independent variables. The variables used were- Overall discomfort, relationship, expectation, airline services, ticket

reservation, and awareness. The result showed that variables like overall discomfort, relationship, expectation, and airline services have a strong effect on retention strategies adopted by domestic airlines and the variables like ticket reservation and awareness do not affect much.

Mohideen and Rajak (2015) conducted a study on passengers' perception towards airlines services in Tiruchirapalli. Data was collected through an administrative interview schedule and discussion from the passengers who make regular visits and conservation with the airline officials. The sample size was administered to 500 respondents which have been selected randomly through a convenience sampling. It was shown from chi-square results that there was a significant relationship between the quality of service offered in airlines and passengers' preference.

#### IV. RESEARCH METHODOLOGY

The present study aims to analyze the passengers' and employees perception regarding retention strategies adopted by Airlines operating in the region of Punjab and Chandigarh. The proposed research study also emphasized to find out the gap between perception of employees and passengers towards Customer Relationship Management practices adopted by airline companies.

##### 4.1 Objectives of the study

1. To analyze the perceptions of passengers and employees towards various CRM practices adopted by airlines.
2. To identify the gap between the perceptions of the employees and passengers.

##### 4.2 Sampling Design

The sample size consists of 150 employees from different airline companies operating in the airports of Punjab and Chandigarh and 300 respondents were passengers of different gender, age, education, and income categories. Purposive sampling has been employed to select the

respondents under the study. The passengers selected for the sample were the individuals who widely travelled through airlines either domestic and internationally. The employees who were selected working in different airlines that operate at airports in Punjab and Chandigarh.

##### 4.3 Method of data collection and Reliability Analysis

The study is based on primary data collection. Primary data for the research was collected with the help of a self-administered questionnaire designed to achieve research objectives. Same statements were asked to both passengers and employees under four different factors formed by reviewing the related literature and official websites of various airlines. Prior to the analysis of the data, the measurement scale tested for the reliability. The Cronbach's  $\alpha$  value of factor-1 to factor-4 ranges from 0.91 to 0.94, which suggests a good internal consistency of the scale. Factor-1 has 10 statements which has Cronbach alpha value of 0.91, Factor- 2 has 7 statements having alpha value of 0.92, Factor- 3 has 7 statements with value of 0.92 and Factor- 4 has Cronbach value of 0.91 with 6 statements under the factor.

##### 4.4 Hypothesis formulation

H1: There is a significant gap between the perception of employees and passengers towards CRM activities of airline companies.

#### V. ANALYSIS

##### 5.1 Descriptive profile of the respondents

The descriptive analysis in the study presents a demographic profile of both the passengers and employees. The respondents selected for the study belong to different categories on the basis of gender, age and education as respondents as belonging to different categories may have different perceptions regarding the customer relationship practices followed by airline companies.

Table no. 1 Descriptive profile of the respondents

Demographic Profile	Description	Passengers	Employees
Gender	Male	224	73
	Female	76	77
Age	Below 25 years	18	5
	25-45 years	111	144
	46-65 years	118	1
	Above 65 years	53	0
Education	Under graduate	129	0
	Graduate	111	74
	Post graduate	31	31
	Professional degree	27	43
	Any other	2	2

Table no. 1 represents the demographic profile of the respondents. It shows that 224 (74.7%) of the passengers are male and 76 (25.3%) are female under the study

whereas out of total 150 employees, 77 (51.3%) of the employees are female and 73 (48.7%) are male employees. The age distribution of the respondents exhibits that out of

300 passengers, majority of the passengers 118 (39.3 %) belongs to age group between 46 –65 yrs followed by 111 (37%) in 25-45 years age group and the least number of respondents belongs to below 25 years age group i.e. 18 (6.0%). There are 144 (96.0%) of employees out of total 150 employees which belongs to age group between 25 – 45 yrs and only 0.7% falls under 46-65 yrs category. An analysis of the education profile exhibits that majority of the passengers who participated in the study i.e. 129 (43%) are undergraduate and having Bachelor's degree 111 (37.0%) respectively whereas 74 (4.39%) employees have graduate degree in different streams followed by 43 (28.7%) having professional degree and Master's degree 30 (20.7%) respectively.

## 5.2 Gap Analysis of the perception of the respondents

Customers are considered as an asset to every organization, it is essential to understand their changing needs so that organization should provide whatever they want and make modifications in the product/services as per requirements of customers. So it is crucial to understand the perceptions of customers about the various relationship activities practiced by the airlines sector. Not only the customers' perceptions but employees' perception regarding various activities also needs to analyze as it gives a broad view of the future requirements. Four factors are considered to study the perception under this study: Customer Focus, Responsiveness, Staff Assistance and Convenience.

**Table. 2 Gap Analysis of Passengers' and Employees Perceptions Regarding Customer Focus**

S. No.	Statement	P(M)	E(M)	Mean Difference	t- value	p- value
CF1	Airlines maintains safe environment for the passengers	4.55	4.49	0.063	1.177	0.240
CF2	Airlines depart and arrive at scheduled time	4.01	4.24	-0.233	-4.097	0.000
CF3	The waiting lounges are clean and comfortable	4.71	4.72	-0.007	-0.131	0.896
CF4	Airline company offers high seating comfort	4.05	4.29	-0.240	-3.522	0.000
CF5	Airline company offers great in- flight entertainment	3.96	3.72	0.240	3.587	0.000
CF6	The meals provided in the airline are tasty and fresh	4.03	3.98	0.047	0.956	0.340
CF7	The ticket price of airlines is reasonable	3.63	3.84	-0.210	-3.405	0.001
CF8	Airline company has a well developed privacy policy to maintain confidentiality of passengers' information	3.56	4.15	-0.587	-8.211	0.000
CF9	The price relative to services and items like food reflected the quality of meals and services you require	3.78	4.01	-0.223	-3.294	0.001
CF10	Services are accessible as and when passengers demand	4.05	4.37	-0.313	-5.946	0.000

It is evident from table no. 2 that both the passengers and employees have negative t-value for seven out of ten statements of customer focus factor i.e. except first, fifth and sixth statement which have shown positive score. The P-values indicate that there is a significant gap between passengers' and employees perceptions for statement CF2, CF4, CF5, CF7, CF8, CF9 and CF10. The P- value (>.05) for three items: CF1 i.e. "Airlines maintains safe and friendly environment for the passengers", CF3 -"The waiting lounges are clean and comfortable" and CF6 - "The meals provided in the airline are tasty and fresh" of

customer focus dimension shows that there is an insignificant gap in the perception of the respondents for these statements. However, the significant negative score of seven statements except for "Airlines maintains safe and friendly environment for the passengers", "Airline company offers great in- flight entertainment" and "The meals provided in the airline are tasty and fresh" demands that airlines need to work on these areas in order to improve Customer Relationship Management process. The improvement in these relationship practices help to maintain good relations with the customers.

**Table no.3 Gap Analysis of Perceptions Regarding Responsiveness Factor**

S. No.	Statement	P(M)	E(M)	Mean Difference	t- value	p- value
R1	Airlines company informs passengers about best deals availability/ special offers through various channels	4.09	4.23	-0.133	-2.316	0.021
R2	Airline company has provision of 24 hours and 7 days	4.47	4.87	-0.400	-9.046	0.000



R3	When delays or cancellations occur, airlines notify passengers the exact time of flight	3.54	3.93	-0.387	-4.900	0.000
R4	Airline company has proper complaint redressal system	3.78	4.23	-0.450	-8.098	0.000
R5	There is rapid response to claims and suggestions by airlines	3.65	3.91	-0.260	-4.723	0.000
R6	Airline company provides updates to privilege members through SMS	3.57	4.23	-0.663	-9.635	0.000
R7	The communication channels used by airlines are very effective	4.19	4.41	-0.217	-3.740	0.000

Table no. 3 exhibits the data showing variation in scores of both passengers' and employees' perception on all elements of responsiveness. The t- scores are negative against all seven five items of responsiveness dimension. P-value for four statements under the responsiveness factor is 0.000 and R1 (Airlines Company informs passengers about best deals availability/ special offers through various

channels) is 0.021 which is less than 0.05. The P- value (<.05) for seven items of responsiveness factor shows that there is a significant gap between the passengers' and employees' perception about all statements. The study implies that airline companies should emphasize on improving the responsiveness factor to maintain better relations with the existing customers.

**Table no.4 Gap Analysis of Perceptions Regarding Staff Assistance Factor**

S. No.	Statement	P(M)	E(M)	Mean Difference	t- value	p- value
SA1	Frontline employees have adequate knowledge about the various services availability	4.54	4.79	-0.253	-5.430	0.000
SA2	Employees of the airline company are courteous and made helpful suggestions	4.48	4.77	-0.293	-5.865	0.000
SA3	Employees of the airline company respond to passengers' requests professionally	4.12	4.65	-0.537	-10.855	0.000
SA4	Each passenger is paid individual attention by the employees	4.11	4.13	-0.023	-0.354	0.724
SA5	The services are prompt i.e. employees were never too busy to respond	4.00	4.03	-0.027	-0.589	0.556
SA6	Employees of the airline company used easy to understand language while giving safety instructions	4.26	4.59	-0.337	-6.216	0.000
SA7	Well trained staff to handle errors and complicated situations	4.52	4.60	-0.083	-1.509	0.132

The results in the table no. 4 show that the mean scores of employees' perceptions are higher than those of the passengers' perceptions for all items. The negative scores for the items speak about their poor staff assistance standards. The P- value of three items of staff assistance factor i.e. "Each passenger is paid individual attention by the employees", "The services are prompt" and "Well trained staff to handle errors and complicated situations" is

>0.05 which means that although there is a gap between passengers' expectations and perceptions but the gap is insignificant. However, the gap is significant for four (SA1, SA2, SA3 and SA6) of the seven items for staff assistance. This suggests that it is necessary for airlines to enhance employees knowledge by offering them proper training as this will help in improving their overall Customer relationship management process.

**Table no.5 Gap Analysis of Passengers' and Employees Perceptions Regarding Convenience**

S No.	Statement	P(M)	E(M)	Mean Difference	t- value	p- value
C1	Airline company provides convenience of reservation and ticketing	4.17	4.64	-0.470	-8.265	0.000
C2	If flight is delayed, airlines provide another flight immediately	3.24	3.07	0.170	1.809	0.071
C3	Airlines refunds money in convenient time in case a passenger claim when flight is delayed or cancelled	2.96	3.44	-0.477	-4.812	0.000
C4	The Boarding system of airlines is efficient	4.44	4.31	0.130	2.483	0.013

C5	Airline company introduces flexible payment methods	2.66	3.86	-1.200	-15.232	0.000
C6	Airline company provides accuracy and promptness in Baggage delivery	4.07	4.33	-0.260	-4.635	0.000

The results from above table reveals that the mean score for the statements “If flight is delayed, airlines provide another flight immediately” and “The Boarding system of airlines is efficient” is positive which means that respondents considered these practices offered by airlines as efficient one. The P-values against five of the six items of convenience dimension depicts a significant gap

between the perceptions of the respondents of the airline companies. However, the P-value against only the item “If flight is delayed, airlines provide another flight immediately” reveals that the gap is insignificant for this item. So, the analysis reveals that airlines must improve all those items under convenience factor where the gap between (P-E) is significant.

**Table no.6 Gap Analysis of all factors**

Factor	P(M)	E(M)	Mean Difference	t- value	p- value
Customer Focus	4.0330	4.1793	-0.14633	-4.369	0.000
Responsiveness	3.8986	4.2571	-3.5857	-10.055	0.000
Staff Assistance	4.2886	4.5105	-2.2190	-6.255	0.000
Convenience	3.5900	3.9411	-0.35111	-7.911	0.000

Table no. 6 represents the gap analysis of all the four factors- Customer Focus, Responsiveness, Staff Assistance and Convenience used in the research study. The information given in the table exhibits that t- value for all the four factors is negative. For test of significance, Factor- 1(Customer Focus) the t-value is -4.369 and sig. value is 0.000 which is less than 0.05 indicates that there exists a significant in the perception of passengers and employees towards customer focus factor. From the table, it is also evident that p-value for Factor-2 (Responsiveness), Factor-3 (Staff Assistance) and Factor-4 (Convenience) is 0.000 which is less than 0.05 indicating significant difference between perception of passengers’ and employees’ towards these factors in airline sector. The results show that there exists significant gap between the perceptions. So, the study accepted the hypothesis that there is significant gap between the perception of employees and passengers towards CRM activities of airline companies.

## VI. CONCLUSION

In order to meet the purpose of the study, average mean is employed to assess the perception of the respondents. T-test is used to find the gaps between the perceptions of the respondents. On the basis of the findings, there exists significant gap between the perceptions under four Customer relationship management factors.

1. It is concluded that passengers have overall positive attitude towards various activities except few statements where they show neutral behavior.
2. The employees have positive attitude towards all statements under four factors of CRM used in the study.
3. It is found that there exists significant gap between the passengers’ and employees’ perception of airlines towards

CRM factors. The results of the study indicate that airlines need to work on these areas.

It can say that this research study has successfully achieved its objectives of assessing the perception of passengers and employees and identifying the gap between their perceptions. It could be concluded from the results of the study that airlines should pay concentration on improving the CRM practices adopted by them as this will help in building long-term relations with the existing customers and attract new customers.

## VII. LIMITATIONS OF THE STUDY

Although proper care has been taken while conducting the study still there are certain limitations which are explained below:

1. The present study is mainly focused in Punjab state and Chandigarh. The sample results may not be a true representative of entire population as India is a land of diversity. Further research needs to carry out to cover diverse regions.
2. The study is based only on the information obtained from 300 passengers and 150 employees only. It is not possible to study the entire universe due to lack of time & resources.
3. The time restraints on the respondents compel them to give incorrect or biased answers.

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