

Running Head: Rating and Expectations, Perceived Performance, and Satisfaction

Relationship between Rating and Expectations, Perceived Performance, and Satisfaction:

A Comparison between Eva Air and United Airlines

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ABSTRACT

The research problem of this study is two-fold. First is to understand the fundamentals on which the concept of high and low ratings of airline services is based upon and the factors that are involved in increasing or decreasing the rating of any airline. Whereas the second problem is to analyze two airlines of Taiwan and study the relationship of customer expectation and satisfaction found in these two airlines. This study is based on quantitative research design using questionnaire survey as data collection method and using regression and correlation to achieve the aims and objectives of this study. The study concludes that there is positive and statistically significant relationship between ratings and pre-flight expectations flight performance, and satisfaction. A number of factors that have positive influence on these aspects were identified in the study.

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CHAPTER1: INTRODUCTION

1.1 Research Background

Air travel has become one of the most commonly used means of travel in today's world and like every other service it is being marketed and sold to its consumers. The consumers that use air travel base their decisions on a number of factors that are associated with airlines. Some of which are; the price of the ticket, safety of the air plane, comfortable seats, quick check in and transit process, luggage processing, and welcoming airline staff (Baker, 2013). These factors are simple to influence as they can be easily improved upon by the airline itself and a majority of airlines are constantly updating their system to satisfy their loyal customers and attract new customers. But there are some factors which are difficult to influence by the airline itself such as the opinion projection of other customers, advertising on social media and personal needs of each customer. These are factors which are influenced more by the customer's reviews and less by the airline itself. For this reason, customer reviews have gained much more importance than advertising by the airline company itself. As a whole all these factors collectively affect the customers' expectations, their standard of perceiving performance and thus satisfaction caused.

Based on their performance and the number of customers they satisfy, different airlines are rated accordingly. These ratings are available for all people to see and so they purchase a ticket of the respective airline accordingly and again the vicious cycle of satisfaction starts. This is a cycle because one factor sets in motion the other and so on. This is an on-going process and can result in the rapid growth as well as rapid deterioration of the image of any airline. In this particular study, two airline companies of Taiwan are going to be studied and compared in terms of ratings, factors that influence their ratings and how future airlines can use this example to

improve their ratings. One out of the two companies is Eva Air which is a high rated international airline company and the other is United Airlines which is a low rated international airline company. The reason for taking these two examples is to analyze the differences between the two airlines and how these differences have been created. The concept of ratings and perceived performance and satisfaction are interconnected to each other and so in this study we aim to find the relationship between these three factors and how understanding of this relationship can help other airlines to improve their ratings and image among people (Aleksieva, 2011).

1.2 Research Problem

The research problem of this study is two-fold. First is to understand the fundamentals on which the concept of high and low ratings of airline services is based upon and the factors that are involved in increasing or decreasing the rating of any airline. Whereas the second problem is to analyze two airlines of Taiwan and study the relationship of customer expectation and satisfaction found in these two airlines. This research problem as previous literature has taught us that the relationship of customer satisfaction has been related to the perceived performance of any particular service. But as this relationship has never been proved and how this relationship came about has also never been explained. It is due to this reason that this issue has been taken as the research problem and through analysis of secondary sources, the aim is to understand this problem and study about their consequences in the airline industry of Taiwan.

1.3 Research Aims and Objectives

In this particular research, the researcher aimed at analysing the relationship between rating and expectations, perceived performance, and satisfaction by comparing the two well-recognised airline companies in Taiwan, particularly EVA Air as high rating airline company and United Airlines as a low rating airline company. In order to achieve aim of the study, following research objectives have been proposed by the researcher:

- To study the concept of high and low rating of airline services
- To identify the factors affecting on customers' expectation and satisfaction in airline industry of Taiwan
- To study the relationship between rating and customer's expectation, perceived performance, and satisfaction
- To provide recommendation to the managers for increasing their service quality in order to achieve customers' retention and satisfaction

1.4 Research Questions

- i. What is the concept of high and low rating of airline services?
- ii. Is there any relationship between rating and customer's expectation, perceived performance, and satisfaction?
- iii. What are the factors affecting on customer's expectation and satisfaction in the airline industry of Taiwan?
- iv. What are the recommendations for managers through which they can increase their service quality in order to achieve customers' retention and satisfaction?

1.5 Significance of the Research

From previous literature it is quite evident that this phenomenon is a real one and these trends can be easily studied in the various airlines present in the world today. Though there is some gap in the research and that is why this study has been undertaken, in order to overcome this gap in the research. There are evidences found in literature providing knowledge about how airlines have raised their standards over the years by increasing the provision of services one after the other. All of this has been done just so that the reputation of the airline can be improved and it is able to attract more customers. As the number of airline companies have also increased therefore it has become a competitive market where everyone tries to outrun the other company by introducing new and improving their previous services(Belobaba, P., Odoni, A., and Barnhart, C. (2015). To the vast amount of research available in this particular context there are still some areas that have not been described such as the relation of ratings found among airlines and what actually the rating is dependent upon. Thus this study aims to identify these factors that cause the increase or decrease in ratings and also to found how these ratings further cause customers to perceive the performance of any airline and how if these expectations are not met so they are satisfied or unsatisfied. In order to make things more understandable and relatable, an example of two airlines from Taiwan has been taken in order to aid in the study of this phenomenon. Further the results of this study can provide recommendations to future entrepreneurs to improve performance.

1.6 Structure of the Research

This research will consist of five chapters. After the abstract of the research is provided which is a brief overview of the overall study starting from the aims to the results achieved, the

first chapter will begin. The first chapter is known as the introduction of the study. This chapter consists of the research background of the study, the aims and objectives, the research problem at hand, its significance and the last part which outlines the structure of the research. In this study, chapter 1 will provide an outline about the phenomenon that we are going to research about which are airline ratings, perceived performance and customer satisfaction. Chapter 2 of the study is known as literature review which provides the information of the main topic of the study through analysis of secondary sources as well provide theoretical framework which would be used in the study. This framework will outline the model that this study will be based upon and what factors will be studied. Also chapter 2 contains a conceptual framework sometimes which shows the relationship between the independent and dependent variables of the study by flowcharts etc. Chapter 3 of the study is known as methodology which is the most important part of the study as it describes the research approach that is going to be used, the strategy or philosophy used and the investigations that are going to be conducted respectively. For the purpose of investigation, the methods of data collection that will be used, the analytical procedure and limitations if there are any to the study. Chapter 4 of the study includes analysis and discussion of the result. It might include an interview analysis or survey analysis along with the discussion of the results found by the author in light of previous research. The final chapter 5 is the conclusion of the research which will provide a summary of the research and how successful was the author in answering it as well as providing any recommendations to future researchers.

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