

Customers Loyalty in BH Airlines

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Abstract

Loyalty is an important issue for the sustainability of business of the companies. Relationships with the customers should be built well in order to achieve their satisfaction and consequently loyalty. Furthermore, the airlines sector has its own specific circumstances to be considered in order to earn the customer satisfaction.

Therefore, the objective of this study was to examine and measure customers' loyalty to BH Airlines. The research is empirical. Two hundred people who travel from different parts of Bosnia and Herzegovina participated in the survey. In responding to the questionnaire, the participants gave their opinions about the rate of work of the company; the rate of customer's use of BH Airlines; the level of satisfaction with the services that this company offers; and their attitude toward this company.

The collected survey was analyzed descriptively and the results were accordingly discussed. The results of the study can be a useful resource for future research and help better practical implementation of IT tools in the sector.

Keywords: Loyalty, BH airlines, sustainability

1 INTRODUCTION

The progress of airlines has a great significance for a country development. In order to be successful, airline companies must have originally loyal customers and a good market share. Crucial factors to be ordered in gaining the loyalty of customers are users' satisfaction, trust and observed values. Customer loyalty is achieved by following and noting the needs of consumers which the firm must meet in order to gain their loyalty and thus afford the progress and development.

The aim of this study is to find out the relationship between B&H Airlines and its customers, starting with the investigation of their familiarity with the operations of the company and then checking the frequency of its use during the flights. Moreover, their satisfaction with the services company offers them and how they feel about this company will be identified.

The survey was prepared to find out the company's rate of work, the rate of costumers' use of BH Airlines, the level of satisfaction with the services that the company offers and their opinion about the company.

2 Literature Review

2.1.Loyalty in air sector

Loyalty in air sector depends on fulfilling completely the needs of customers in order to attract them. There are two types of customers, the ones who are loyal to the low-cost airline concept, and the ones who continue to prefer the traditional flag carriers.

For airlines, customer loyalty has become the most important element in their strategies in their competitive marketplace. Oliver (1997) defines loyalty as the highest level of commitment, implying the transition from a favorable predisposition (affective loyalty) for repeated purchase commitment (conative loyalty) as a prior step to the action of purchase.

Oliver (1997) offers four levels of costumers' loyalty: The first and the weakest link of loyalty is cognitive, because loyalty is based on functional elements, such as price, quality or the points program that can always be trumped by a competitor. The second level is the affective one, based on the feelings and emotions generated on the customer by the company or brand. The third state is the loyalty which causes a behavior related to repurchase or to recommendation. The final level is the behavioral loyalty that implies specific behavior, and is a consequence of the previous three levels.

Airline loyalty programs have sought conative loyalty, offering prizes and price discounts, but according to Oliver (1997), true loyalty begins with the affective phases, when strong emotional ties between customer and company are established (Moliner et al., 2007).

The principal antecedents of loyalty that have been identified are satisfaction, trust and perceived value (Singh and Sirdeshmukh, 2000). Satisfaction has been considered as the principal postulate of loyalty meaning that if costumers are completely satisfied it leads us to conclude that they will be loyal, but if the satisfaction is just in the certain extent, they will use it just in case when the point has a great importance.

Satisfaction is a comparison between the results of the different transactions made and prior expectations. As a consequence of these experiences, when the level of satisfaction is low, the customer's level of loyalty to the airline will suffer. When the consumer experiences an increase in satisfaction, his loyalty also increases. Therefore, it can be concluded that the users' satisfaction with an airline is directly influenced by users' satisfaction in general.

Trust is another indicator of loyalty. Trust appears when one party trusts in the reliability and integrity of the other party to the exchange (Singh and Sirdeshmukh, 2000; Ulaga and Eggert, 2006).

The users' airline loyalty is directly and positively influenced by users' trust. The third point of loyalty is a noted value, so the costumers' loyalty is influenced by the noted values or important parts for certain groups.

In general, perceived value is defined as the judgment or evaluation made by the customer of the comparison between the advantages, or the utility obtained from, a product, service or relationship and the perceived sacrifices or costs (Zeithaml, 1988). The most recent conceptualization considers perceived value as a multidimensional construct, incorporating an emotional component and a social one (Sweeney and Soutar, 2001; Sa' nchez et al., 2006).

A direct relationship between perceived value and loyalty has been defined by previous researchers. Therefore, when the value offered by an airline to its users' increases, latter's loyalty increases as well (Sirdeshmukh et al., 2002; Sa' nchez et al., 2006). According to this, costumers' loyalty consists of three main parts: users' satisfaction, trust and observed values.

2.2. Air Bosna - BH Airlines

BH Airlines was founded on 12 August 1994 as Air Bosna. On 29th October 2008, Bosnian government announced that Turkish Airlines had been picked as the best bidder in an auction for BH Airline's shares. BH Airlines is operating scheduled services, charter passenger services and small cargo services. With its home base at the Sarajevo International Airport, the airline is the flag carrier of Bosnia and Herzegovina.

The airline is jointly owned by the government of the Federaton of Bosnia and Herzegovina (50.93%), Turkish Airlines (49%) and Energoinvest (0.07%).

Considering the fact that Bosnia and Herzegovina is a country in transition that recently emerged from war (started in 1993, ended in 1996), the establishment of the airline was a major step towards its progress. Financial support and good organization of this company were required to scroll the main needs.

Mayor strength of BH Airlines Company is that this airline is the only national flag carrier. It provides cheaper service than other companies in some areas. Its weaknesses is the lack of government support, sometimes understanding of passengers, the lack of planes, people are a little bit uncertain about domestic agency and strong competition.

3. Research Methodology

A survey study was conducted to examine and measure customers' loyalty to BH Airlines. The survey was chosen as a preferred research method due to timeliness, low cost and convenience factors.

The survey questions were set to find out the profiles of costumers who prefer foreign airlines, to understand costumers' expectations of airline services and to relate this to their preferences for foreign or BH Airlines, to identify the fundamental service dimensions of costumers using the airline, to measure the average satisfaction level of passengers flying with this domestic company and to observe costumers loyalty. All questionnaire items used to measure these constructs were adapted from the prior studies and had proven validity and reliability. The questionnaire consisted of a mixture of closed and open-ended questions.

The responses were captured on five-point Likert scales with end points 1 — strongly agree and 5 — strongly disagree. Open-ended questions were used to acquire basic demographic information.

Subjects for this study were costumers of B&H Airlines. A total of 200 people participated in the current study. Survey forms were distributed to the participants during working hours by one of the authors. It took between 10 and 15 minutes to answer all survey questions. Then, the participants' responses were collected, encoded, entered into the computer file and analyzed using Microsoft Excel spreadsheet program. The results of the analyses performed are presented in the following section.

4.Results

The percentage of people using air transport in general is small. Percentage in the survey showed it.

The most surprising result that we got from the first question where respondents gave their opinion on an airline sufficiency in B&H. 60% of respondents are not agree that only one airline is sufficient. Others answered "YES" or even commented that there should not be any, but however it turned out quite the opposite. It is not certain whether it was the result of the logic "more is always better" or really thinking about the number of airlines. Summary results are presented in Figure 1.

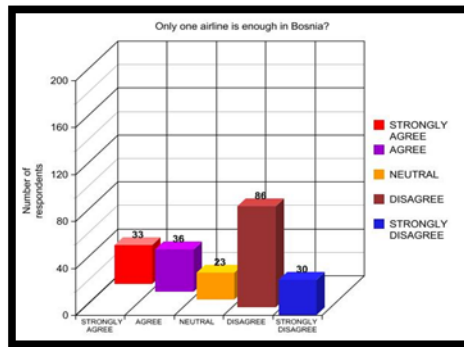


Figure 1 Only one airlines is enough in B&H

When the destinations are considered, agreement and disagreement levels are observed to be almost the same. However, a very common answer was "How will I travel with BH Airlines when you do not offer travelling to this destination?" So, customers will really appreciate increasing the number of destinations and working as much as possible on numerous flights (Figure 2).

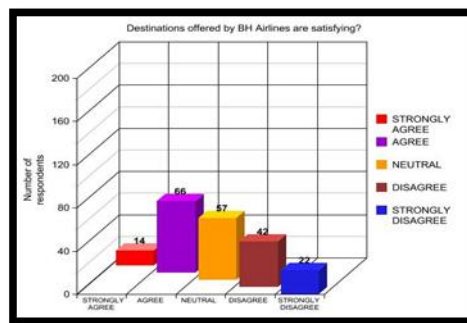


Figure 2 Destinations satisfying

offered by BH airlines are

The way that the passengers select the airline they will travel with, was also one of the questions of the survey. 61% of the participants said that they choose the cheapest airline (Figure 3).

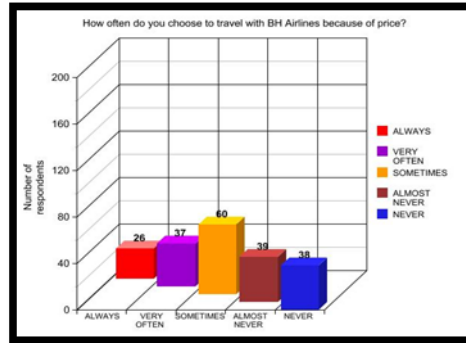


Figure 3 How often do you choose to travel with BH airlines because of price

Another question was related to whether the prices that BH Airlines provides are affordable enough. It turned out that the users are not very happy about it. 30% of the participants responded negatively, whereas many of them didn't exactly know how to respond, so they remained neutral in the field. This implies that a relatively small percentage who considers the importance of prices is seemed to be satisfied.

Very large percentage of customers is found to be satisfied with the services of BH Airlines. A small percentage was those who are unhappy with all these categories of services: the comfort of flight and aircraft, kindness of staff, food and field service of BH airlines (Figure 4). The positive ratio is a very good indicator that the firm has high goals and strives to survive and thrive despite the poor support of government and its instability.

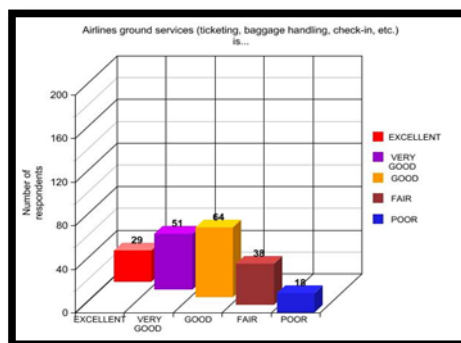


Figure 4 Airlines ground services

Despite the weak support of the government, the survey showed that B&H Airlines achieved certainly a big support of the citizens and its users. Besides, 88% of participants agree that the B&H Airlines is very important for the development and progress of B&H (Figure 5).

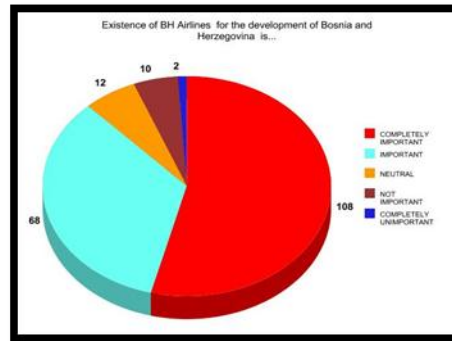


Figure 5 Existence of BH airlines for B&H

75% of the participants said that they will use it whenever they need to get on a flight and 71% said that they will be glad to recommend it to others (Figure 6).

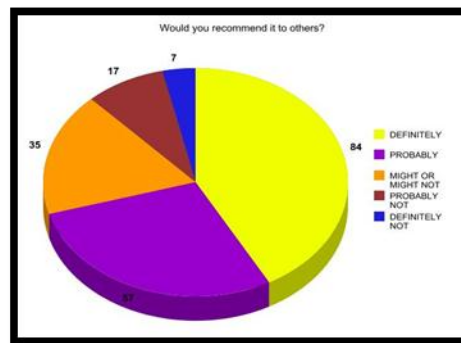


Figure 6 Would you recommend BH airlines to others?

The best indicator of customers' loyalty was the question about how often they actually travel with B & H Airlines. 68% of respondents circled always, very often or sometimes. So, only 30% of participants are those who do not really prefer to travel by this airline, which is currently good, although it can be better (Figure 7). Therefore, we can say that there are a lot of things to do in this young and promising company to increase the number of consumers even more.

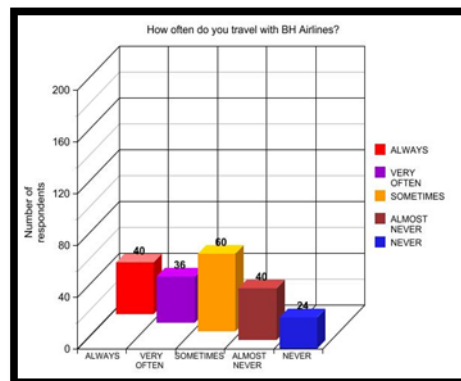


Figure 7 How often do you travel with BH airlines?

5. CONCLUSION

This study examined and measured customers' loyalty to BH Airlines. The findings showed that loyalty is an important issue for the sustainability of business of the companies.

Loyalty is important in any business, but with a perishable product like an airline seat, it is particularly important to the airline industry. Customer loyalty programs are an integral part of all major airlines. There are three main principal of costumers' loyalty: users' satisfaction, trust and observed values. Relationships with the customers should be built well in order to achieve their satisfaction and consequently loyalty.

The findings showed that the principal antecedent of conative loyalty is affective loyalty, irrespective of the type of company, but there are differences in the antecedents of loyalty between the low-cost and the conventional operators. Thus, in a low-cost company the quality of service and the monetary price are the key elements for the passenger's satisfaction, while in the conventional airlines the professionalism of the personnel and staff plays a more important role. All the details of the processes must be analyzed precisely in order to reach the passengers' satisfaction and positive attitude toward the company. This can reinforce satisfaction which will lead to a trust and affective loyalty.

Some people refused participate in the survey because they have never traveled by plane. The reason for it is the prices of air transport which is not affordable to their budget.

Finally, these findings provide a basis for further research that would address current limitations and extend research to other adoption issues in varying tasks, contexts and participants.

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Appendix



Measurement of costumers' loyalty to BH Airlines

Survey for project from statistics

Name and Surname	Gender	Where do you live?

What age group are you in?						
12-17	18-21	22-29	30-39	40-49	50-59	60 & over
Your Occupation?						
Teacher/Professor	Government/Military	Self employed	Travel industry	Salesperson/Buyer	Student	Retired
What is the way you choose the airline you will travel with?						
a) I choose the cheapest airline	b) I'm looking for one that offers a proven good service and comfortable flights	c) It is completely unimportant, I don't bother myself with that	d) I fly with airline that is included in my tour package			

Did you know?

That BH Airlines is the only national flag carrier?

YES NO

That in December 2008 was signed an agreement about purchasing 49% shares of BH Airlines by Turkish Airlines?

YES NO

	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
Only one airline is enough in Bosnia.	1	2	3	4	5
Destinations offered by BH Airlines are satisfying.	1	2	3	4	5
Prices offered by BH airlines are accessible.	1	2	3	4	5

How often...	ALWAYS	VERY OFTEN	SOMETIMES	ALMOST NEVER	NEVER
Do you travel by plane?	1	2	3	4	5
Do you travel with BH Airlines?	1	2	3	4	5
You are satisfied with services of BH Airlines?	1	2	3	4	5
Choose to travel with BH Airlines because of price?	1	2	3	4	5
Employees adhere to professional standards of conduct.	1	2	3	4	5

	EXCELLENT	VERY GOOD	GOOD	FAIR	POOR
Comfort of the aircraft and flight is...	1	2	3	4	5
Kindness of employees is...	1	2	3	4	5
Food on board is...	1	2	3	4	5
Airlines ground services (ticketing, baggage handling, check-in, etc.) is...	1	2	3	4	5

	COMPLETELY IMPORTANT	IMPORTANT	NEUTRAL	NOT IMPORTANT	COMPLETELY UNIMPORTANT
Existence of BH Airlines for the development of Bosnia and Herzegovina is...	1	2	3	4	5
Government support for development and progress of this company is...	1	2	3	4	5

	DEFINITE LY	PROBABL Y	MIGHT OR MIGHT NOT	PROBABLY NOT	DEFINITELY NOT
How likely are you to use this airline whenever you're in position?	1	2	3	4	5
Would you recommend it to others?	1	2	3	4	5