

# MASTER THESIS

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## Influence of Service Quality and Price on Customer Satisfaction in the Aviation Service: Comparative study of Customers between Norway and Nepal

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## ABSTRACT

This study examines the relationship between service quality, price and customer satisfaction of the aviation industry. The study supports descriptive research design which applied quantitative approach through cross sectional survey using online questionnaire. The questionnaire is designed on the basis of modified SERVQUAL model containing three service quality dimensions (reliability, responsiveness and assurance) including price as another factor that influence the customer satisfaction in the aviation industry.

For this study, a convenience sampling which is categorized under non-probability sampling strategy is used and the sample is relies on the young consumers of the aviation industry. With the help of online self-completion question which is distributed to the people of two nations (Norway and Nepal) through personal emails and social network sites, the responses are collected from 155 respondents (80 from Norway, 75 from Nepal). The finding of this study as per the research question is mentioned below:

- ***To what extent, do service quality and price influence customer satisfaction with in the aviation industry?***

The finding of this research question reveals that the result regarding relationship between service quality and customer satisfaction is positive. As presented in the SERVQUAL model of Parasuraman et al. (1988) the dimensions of service quality (reliability, responsiveness and assurance) in this study has significance relationship and positive influence on the customer satisfaction in the aviation service industry. However, in the case of price the result shows inverse relationship with customer satisfaction and the influence on customer satisfaction is negative which doesn't support the researcher's previous research. Thus, this study is based on the model that examines the behavior of the consumers regarding customer satisfaction which is relied on the result of service quality and price fairness that is perceived by consumer of the aviation service industry.

- ***Are there any difference between customers from Norway and Nepal?***

This study is done as a comparative study between Norway and Nepal regarding the influence of service quality and price on customer satisfaction. The finding of this research questioned is mentioned below in two cases:

### **Case of Norway:**

In the case of Norway, the result regarding service quality and price reveals that reliability and responsiveness variables have significant relationship whereas assurance and price fairness have non-significance relationship with the customer satisfaction in the aviation industry of

Norway. Moreover, the result shows that with the positive influence assurance is the most effective factor after responsiveness, price & reliability to influence customer satisfaction in Norway.

**Case of Nepal:**

In the case of Nepal, the result reveals that service quality has significance relationship and positive influence on customer satisfaction whereas price shows non-significance relationship and negative influence on customer satisfaction which means that price fairness is not acting as an influencing factor for customer satisfaction of the airlines service of Nepal.

Comparing the satisfaction level of two nations, the result concludes that the customers of Norway are more satisfied than the customer of Nepal with the service provided by the aviation industry from the respective nation.

In the future, similar kind studies can be done between two different nations using different service quality model like SERVPERF or SERVPERVAL model, however this study was based on SERVQUAL model.

**Key words;**

Aviation industry, Service quality, Price, Customer satisfaction, SERVQUAL model, Service quality dimensions.

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# Influence of Service Quality and Price on Customer Satisfaction in the Aviation Service: Comparative study of Customers between Norway and Nepal

## 1. INTRODUCTION

### 1.1. Background

In the today's world, air transportation is one of the important factors of medium which is required by every nation which helps to mobilize people and goods into and out of the country which provide added value in the form of time efficiency and speed better than other means of transports (Riorini & Widayati 2018). Sreenivasulu et al. (2014) has stated that service failure is an important factor for the airlines industry and whenever the customer perceives service failure negatively then there occur high chances of shifting of customers towards other tariff-types airlines.

There is high competition in the global market, so managers are trying to improve the organizational effectiveness by identifying the organizational matrices which further helps to contribute the long-term success (Deshpande' and Farley, 1999). Lin et al. (2006) have reported that there is not any sign of prove for the success of all these strategies and also mentioned that insufficient marketing support can be a reason behind this result. The concept of marketing denotes that to achieve sustained success, organization should identify and satisfy the needs and wants of the customer effectively and continuously than that of their competitors normally do (Drucker, 1954; Marsh, 1985; Day, 1994). Researchers have suggested that in order to make good marketing strategies for any organization, it is important to focus on how customer perceive or evaluate the provided service and its quality (Cronin and Taylor, 1992; Jain and Gupta, 2004; Ofir and Simonson, 2001). Moreover, they have argued that customer satisfaction is linked with lots of relationship marketing dimensions and marketing instruments like, service quality, price fairness, relational benefits. Jones and Sasser (1995) argue that there are companies are giving more priority to the strategy of which can improve customer satisfaction because it is the way to achieve strategic objective that is related to customer retention which means that if the customers are satisfied then they will motivate to purchase the same product or service again and again (Reichheld, 1996). In addition, the customer satisfaction will increase the improve the performance of the company and also affect the increment of overall profit of the organization (Awan and Rehman, 2014; Martensen et al. 2000). So, it seems to be necessary for the organization to cope with the customer satisfaction for achieving the organizational goal and also to manage the customer satisfaction, it is necessary to identify the influencing factor

of the customer satisfaction (Riorini & Widayati, 2018). In the similar issue, Parasuraman et al. (1988) and Zeithaml & Bitner (1996) have mentioned that the dimensions of service quality and price are the factor which influence the customer satisfaction. Hussain (2016) has found that customer satisfaction can also be promoted by exceptional service quality and trustworthy corporate image. In order to guarantee that company's similar kind of offerings are uniquely positioned in a market, Parasuraman et al. (1991) has suggested to provide outstanding service quality which can better satisfy customer than that of other's offerings. Thus, service quality has become major area of consideration for all the practitioners, managers and researchers, because it has some serious effect on the business performance, cost reduction, customer satisfaction, return on investment and customer loyalty (Baker, 2013).

Thus, this study is conducted to find out the influence of service quality and price fairness on customer satisfaction in the airlines industry among the two nations (Norway and Nepal) because no prior research has covered differences between these two contexts for the relationship.

According to Gröschl & Doherty (1999) and Hofstede G. (1980), the people of different nations have different types of cultural difference and also the value of dominant culture of nations differs according to the country. So, there is likely or most likely differences in the perception and preferences between the customers of Norway and Nepal. Price matters to every customer and it plays a vital role to describe the buying manner or behavior of the customers (Han & Hyun 2015).

The choice and preferences habit are different among the people. Quality service and price are the two major factors that play great role to realize the level of satisfaction among the customers in this study. So, in my interest it is a conduct comparative study between customers of Norway and Nepal where the influence of service quality and price on customer satisfaction is studied and compared.

## **1.2 Knowledge Gap & Research Question**

In previous researches, some researchers (Oliver, 1997; Baker-Prewitt, 2000; Kuo, 2003; Gera, 2011) have done researches on service quality and customer satisfaction and they concluded that there is positive relationship between service quality and customer satisfaction. Some studies have also been made on the topic related to service quality, price and customer satisfaction.

Around the world, studies have been done by Khan & Khan, (2014) which reflects the status of customer satisfaction in Pakistan. Devkota & Dahal, (2016) has also focused on the measurement and evaluation of service quality dimensions and customer satisfaction in the commercial banking sector of Nepal. Tamang, (2014) has mentioned about the relationship between service quality and customer satisfaction in her case study of Thon Hotel Molde Fjord. (Omollo 2016; ayieko 2015; Manani, 2012) had studied in the airlines industry service of Kenya regarding the effect of service quality on customer satisfaction. In the same way Aydinli & Kiliã (2015) has made a comparative study between two nation (Turkey & Georgia) which emphasizes the impact of service quality on customer satisfaction. (Furrer, et al., 2000; Tsoukatos et al., 2007; Donthu & Yoo, 1998; Oliver, 1997) are the researchers who did research on this similar particular subject.

Most of these researchers has suggested to add more variable which can influence the customer satisfaction. So, price can be important variable to evaluate the satisfaction level which is viewed as a gap from the previous researches.

However, the comparative study on the influence of service quality and price on customer satisfaction in the aviation industry has not been adequately researched (Aydinli & Kiliã, 2015; Omollo, 2016; Ayieko, 2015; Manani, 2012). This issue will be important for the aviation industries of different nation. It is because the differences in the choice of interest of the people of different nation towards the importance of service quality and price which can be the influencing factor for the customer satisfaction as well.

In order to fulfill the above-mentioned gap, this study will be a part of contribution towards expanding knowledge on this research area. This research is based on the following research question:

- To what extent do service quality and price influence customer satisfaction within the Aviation Industry, are there any difference between customers from Norway and Nepal?

The above research question aims to identify the relationship among service quality, price and customer satisfaction, between two nation's group of passengers (Norway and Nepal).

### **1.3 Context of the Study**

Norway is, located at the northwest of the Scandinavian Peninsula, highly developed industrial country. It has an open, export-oriented economy and the borders are connected with Sweden, Finland and Russia on the east and North in the west. It is listed as one of the richest countries

in the world with top-ranking living standard, life expectancy, overall health and housing standard <sup>1</sup>.

The entry of airlines in Norway has started from 1912 by a company named as “A/S Norsk Flyveselskap” and Norway currently operates 5 airlines for the commercial use inside the country<sup>2</sup>. According to Avinor and Norwegian Aviation (2017), Avinor is a limited company which is wholly owned by government (operated by Ministry of Transport and Communication) and also responsible for 45 state owned airport and air service for civil and military aviation in Norway. Oslo airport is a largest airport in Norway and around two third of Norwegians have access to an airport within one hour travelling time, so the access to the airport is to good<sup>3</sup>.

Nepal is a landlocked and Mountainous country located in South Asia bordering Republic of India and People’s republic of China.

The aviation history of Nepal has started from 1958 where the aircraft of neighbor country India was landed on the grazing land of capital city of Nepal i.e. Kathmandu <sup>4</sup>. Nepal currently has 10 domestic airlines flying over the sky of Himalayan in which Tribhuvan International Airport is the largest airport located in capital city Kathmandu of Nepal. According to Nepal Airlines Corporation ACT 1962, the main objective of Nepal airlines corporation has originated to provide air transport service to the people, agency or organization of any fields which includes transportation of men or any kind of legalized goods from one airport to another either within or outside of the nation<sup>5</sup>.

Jamkatelsh, B. P. (2018) states that for the success and survival in the airlines industry the most significant factor is to provide quality service which satisfy customers and satisfaction is an internal view which offshoot from service experience or from customers own experience of consumption.

Different country has differences in the culture. As stated by Gröschl and Doherty (1999) there is a cultural difference between the people of living in the different parts of the world where the basic concept of cultural difference depends upon the diversity of the people living in different parts. This is a comparative study of service quality and price effect influence on customer satisfaction in aviation service between two groups (Nepalese Passengers & Norwegian Passengers).

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<sup>1</sup> <https://www.studyinnorway.no/living-in-norway/facts-about-norway>

<sup>2</sup> <https://avinor.no/en/>

<sup>3</sup> <https://avinor.no/en/>

<sup>4</sup> <http://www.nepalairlines.com.np/home/histories>

<sup>5</sup> <http://www.nepalairlines.com.np/home/histories>

## **2 THEORETICAL FRAMEWORK**

This section is concerned about the theoretical framework and empirical studies regarding to the relationship between service quality, price and customer satisfaction. Moreover, it contains the literature related to service marketing from the various previous authors and also the literature on service quality, price and customer satisfaction are reviewed. And, it ends with the proposed research model.

### **2.1 Customer Satisfaction**

Jamal (2004) has mentioned that for the marketers and customer researchers, customer satisfaction is considered as one of the most important theoretical as well as practical issues. Oliver (1997) states that there are lots of definitions for satisfaction which define the key concept and the mechanisms by which the concept interacts and also recognizes satisfaction as the end state of psychological process. Both cognition and affect help in the prediction of satisfaction of the customer which has been mentioned by previous researchers (Bearden and Teel, 1983; LaBarbera and Mazursky, 1983; Oliver and DeSarbo, 1988; Westbrook and Oliver, 1991; Mano and Oliver, 1993). According to Westbrook (1987) and Oliver (1997), in the field of service marketing, the traditional definition of satisfaction is related to a cognitive- based phenomenon and for consumers the proposed satisfaction is a cognitive state of mind and the prediction of customers are based upon certain conceptual process interactions. However, Oliver (1980) has stated that cognition is studied in terms of expectations and on the basis of customer's beliefs about the level of performance of provided service, the expectation is originated. In the same case, Homburg et al. (2006) have argued that the affect which is experienced during the consumption of the service has significance influence on the judgement of satisfaction. Thus, Burns and Neisner (2006) have claimed that the service marketing literature research still lacks the role of affective dimension and with the study of affective dimension it is difficult to understand the satisfaction completely (Liljander and Strandvik, 1997).

The concept of under/ over fulfilment is derived from the quality evaluation made by the customer from post-purchase given by pre-purchase expectations (Anderson and Sullivan 1993). Solomon (2009, p.34) has stated that there is difference between "customer" and "consumer", because customers are those person who buy the products where as consumers are those consumes the product. Churchill and Surprenant (1982) has mentioned that customer satisfaction is determined by customers perception where they evaluate the service or purchased

product they consume and form emotional perspectives towards the products. Customer satisfaction is based on the experience of the consumed service or purchased merchandise where “pre-consumption expectation” and “post-consumption perceived performance” are compared and evaluate emotionally (Anderson et al. 1994).

Reichheld and Saser (1990) have argued that if there is improvement in the customer satisfaction then it will affect the likelihood of repeat purchases. Tailor and Baker (1994) had mentioned about the relationship between service quality, customer satisfaction, and customer purchase intention in their studies. They determined that service quality is positively corelated to customer satisfaction.

Satisfaction is considered as a goal of the company, a way of getting higher customer retention and also medium of generating profits (Surapranata & Iskandar, 2013). As per Saribanon et al. (2016), if the customer is provided the service according to their expectation then it will make them satisfy and increase the level of satisfaction and loyalty and if the service delivery did not meet the expectation then the service quality is considered as dissatisfactory and results in the decrease of customer loyalty (Saribanon et al., 2016; Simarmata & Keke, 2017). Sabatini et al. (2016) has stated that whenever the customer is satisfied then they commit to choose the service continuously and consistent in the future. Customer satisfaction is the major goal of the company which is obtained by maintaining the quality in the service and further helps to promote the image of the organization and long-term objective and to win the business competition in the airlines the company must provide superior service quality (Surapranata & Iskandar, 2013; Linawati & Setyowati, 2015).

Levy et al. (2009) have denoted that it is difficult to measure customer satisfaction because it deals with measuring of human feeling so, the simplest way to know the customer’s feelings and their want is simply done by asking them, which is applied to the informal measures.

According to the National Business Research Institute, the company will able to know everyone’s feeling by asking each and every customer<sup>6</sup>. The customer satisfaction can be measured by suggested possible dimensions which are listed below <sup>7</sup>:

- Quality of service
- Innocently
- Speed of service
- Pricing

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<sup>6</sup> <https://www.nbrii.com/customer-survey-white-papers/why-and-how-to-measure-customer-satisfaction>

<sup>7</sup> <https://www.nbrii.com/customer-survey-white-papers/why-and-how-to-measure-customer-satisfaction>

- Complaints or problems
- Trust in your employees
- The closeness of the relationship with contacts in your firm
- Other types of services needed
- Your positioning in clients' minds

In this study, quality of service and pricing are taken as dimensions for measuring customer satisfaction because Parasuraman et al. (1988) and Zeithaml & Bitner (1996) have argued that service quality and price is the most important factor that influence the customer satisfaction.

## **2.2 Service Quality**

Service quality is a concept that has aroused considerable interest and debate in the service marketing literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different definitions as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al. 1996; Wisniewski and Donnelly, 1996).

The concept of service quality is getting beneficial to most of the business organization to gain competitive global advantage (Ali et al., 2016; Fotaki, 2015). The Nordic school suggests that in order to have effective service quality it should have two important dimensions; technical quality (what customers received from the services provider) and functional quality (how does organization delivers services to the customers) (Pollak 2009, Brady & Cronin, 2001 & Gronroos, 1994). And the American school on the other side uses the descriptive terms by including five dimensions: reliability, responsibility, assurance, empathy and tangibles (Parasuraman et. al., 1988).

The major source of idea is developed and based on consumers attitudes and perception even though the above mentioned two quality have their own different perspectives (Sriram, Chintagunta & Machanda 2015; Yuen & Thai 2015). Doganis (2006) has mentioned that in order to compete in the competitive market it is necessary to focus on service quality and price. The variables which need to give priority in the airlines service are fares (Price), equipment, quality service, market access, and advertising, where service quality and price are the most emphasized variables (Aksoy et al. 2003; Suhartanto, 2012). Thoughts towards the price and service quality differentiate the airline among the competitors, determine the market share and

value, all around the world (Martin et. al, 2008). According to Aksoy et al. (2003), for better service delivery in the airlines industry, it is necessary to understand the needs and expectation of the passengers. However, Walker & Baker (2000) has mentioned that – a standard against the judgment of the performance is provided by the customers expectation.

Measurement allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery.

It is necessary to measure the quality of service provided to the customer whether it is good or bad or will satisfy to the customer or not. So, Haywood (1988, p, 19-29) has mentioned three components of service quality which was named as 3 ‘Ps’ of service quality. According to Haywood 1988, the three elements that describe quality of the service are:

- Physical facilities, processes and procedures;
- Personal behavior on the part of serving staff, and;
- Professional judgment on the part of serving staff but to get good quality service.

Haywood (1998) has stated that in order to provide qualitative service provider should achieve an appropriate, carefully balanced mix of these three elements. However, the idea of Haywood is design to evaluate service quality only from employee perspective.

In most of the research or article of service quality, one of the most popular SERVQUAL model of Parasuraman, Zenithaml and Berry (1986), has mentioned by the researchers. So, this study also based on the similar kind of SERVQUAL model from those researchers.

Since service quality is considered as a multi-dimensional construct, Parasuraman et al. (1985:46-47) had also identified ten key dimensions which is shown in the following table 1.

Table 1. Determinants of Service Quality

Determinant	Example of evaluative criteria
Tangibility	Appearance of physical facilities and personnel
Reliability	Performing services right the first time
Responsiveness	Willingness and ability to provide prompt service
Communication	Explaining service to customers in a language they can understand
Credibility	Trustworthiness of customer-contact personnel
Security	Confidentiality of transactions
Competence	Knowledge and skill of customer-contact personnel
Courtesy	Friendliness of customer-contact personnel



Understanding/ Knowing customers	Making an effort to ascertain a customer's specific requirements
Access	Ease of contacting service

Source: Parasuraman et al. (1986:6-7)

The SERVQUAL model is the technique (scaling a concise multiple-item with good reliability and validity) which is used by Parasuraman et. al (1988) to recognize and interpret customer's perception and expectations of the services provided by the aviation industry will helps to improve the service quality and increase customer satisfaction.

In order to measure the impact of service quality various researcher has applied SERVQUAL model within the aviation sector (Sultan et. al, 2000; Shanka, M. S., 2012). For this study SERVQUAL quality seems to be very useful for measuring service quality as well as to analyze the relationship with customer satisfaction.

Parasuraman et al. (1988) have refined the research which is done in 1985 with subsequent named SERVQUAL for measuring perception of customers of service quality where the identified previous ten dimensions were merged into five dimensions which are shown in table 2.

Table 2.  
Refined Determinants of Service Quality.

Determinant	Examples of Evaluative Criteria
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Tangibility	Appearance of physical facilities, equipment, written materials and personnel
Empathy	Caring, individualized attention the firm provides its customers

Source: Parasuraman et al. (1986:14-15)

Asubonteng, McCleary & Swan (1996) have reported that the scope of service quality is different from one industry to another industry. As per example, Kettinger & Lee (1994) in their study has mentioned about four perspectives about quality of information system which was not material perspective. Moreover, Cronin & Taylor (1992) has combined five factors of

SERVQUAL by Parasuraman et. al. (1988) into one depth factor. So, for this research study I have used three perspective of SERVQUAL i.e. (Reliability, Responsiveness & Assurance) provided by Parasuraman et. al. (1988). The reason behind selecting reliability, responsiveness and assurance is that;

Skytrax is an online quality rating about the air transport around the globe which is introduced in 1999<sup>8</sup>. So, this online webpage is about the review of all the registered airlines industry around the world where the passenger put their experience as a comment in that webpage. Most of the comments of the airline passengers are related to issues regarding employee behavior, check-in and ticket reservation problem, luggage and baggage missing, ticket price and price fairness and safety <sup>9</sup>. On the basis of service quality dimensions presented by Parasuraman et. al (1988), reliability, responsiveness and assurance are related to these commented issues. Therefore, for this study only these service quality dimensions are included along with the price variable which influence the customer satisfaction of the airlines industry.

### **2.2.1 Reliability**

Olu Ojo (2008) has stated that this dimension is related to the ability to perform the promised service dependably and accurately. According to Wilson et. al. (2008:85), reliability is consistently regarded to be the most important determinant of perceptions of service quality. (Cronin & Tylor, 1992) has mentioned that the promises made by any organization should be fulfilled on time and in systematic way.

### **2.2.3 Responsiveness**

This dimension focuses on the attentiveness and promptness in dealing with customers or, willingness to help and provide prompt services to the customers (Olu Ojo, 2008). According to this dimension is related to the willingness to help and respond customers request from the service provider side. (Cronin & Taylor, 1992) had mentioned that service providers or the employees must be available for prompt services.

### **2.2.4 Assurance**

Assurance is the dimension which is related to the employees' knowledge & courtesy and ability to inspire trust and confidence. It is important for the customers when they perceive that

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<sup>8</sup> <https://www.airlinequality.com/skytrax-research/>

<sup>9</sup> <https://www.airlinequality.com/review-pages/a-z-airline-reviews/>

the provided service is risky and feel uncertain about their ability to evaluate the outcomes. As per Olu Ojo (2008), it contains courtesy, competence, security and credibility. (Wilson et al. 2008:86) has stated that the employees should be provided with good skills and knowledge to perform polite and courteous services, so that customers can feel safe while consuming service and feel secure.

### **2.2.5 Service quality in Airline Industry**

Gilbert & Wong, (2003) and Chen & Chang, (2005) has mentioned that understanding customer's expectation and delivering superior service quality will lead to a key success and helps to survive in competitive environment of airline industry. According to Chang & Yeah (2002), higher level of service quality will help to achieve higher level of customer satisfaction. If the service quality becomes more visible then the passengers will perceive that quality as a basis for judgment of overall quality of an airline (Rhoades & Waguespack, 1999).

Carlzon (1987) has reported that the customers are the true assets of the airlines. Jan Carlzon, a former CEO of SAS (Scandinavian Airlines System), who able to lead the company within two years from near bankruptcy to profitable and successful customer-oriented carrier and focus on the importance of customer orientation as a prerequisite for business development and profitability (Heifetz & Laurie, 1997). Moreover, Carlzon (1987) has mentioned the secret of success by "moment of truth" (i.e. a customer impression towards the airlines is declared by a first contact of that customer with an airline, remote or personal) that defines customer experience as well as customer satisfaction also states that the quality of services depend on the first encounter greatly, and highlights the power of front line employees in creating and shaping customer experience and perception (Heifetz & Laurie, 1997). Babbar & Koufteros (2008) also supported the statement which is claimed by Carlzon (1987) that the most visible service to the customers is denoted as a service that contact the employees.

There are numbers of key service quality attributes as mentioned by the researchers in the airlines industry that affect the customer's perception of service delivered which create a different image of the industry. Those attributes are centered below in table 3.

Table 3. Service quality aspects in airline industry (multiple sources)

Service quality aspects	Researcher(s)
Price, safety, timelines, baggage transportation, food quality, seat comfort, check-in process and on-board services	Gourdin (1998); Elliot and Roach (1993)
Seat comfort, safety, courtesy of staff	Tsaur, Chang & Yen (2002)
Airlines Safety (Assurance)	Fick & Ritchie (1991)
Aircraft type	Truitt & Haynes (1994)
First customer contact / interaction with contact employees	Carlzon (1987); Bitner, Booms & Tetreault (1990)
Airline brand, price fairness, sleep comfort	Boetsch et al. (2011); Martin-Consuegra et al. (2007)
Frequency and timings, punctuality, airport location and access, seat accessibility/ticket flexibility, frequent flyer benefits, airport services, in-flight services	Shaw (2007)
Employee's service, safety & reliability, on board service, schedule, on time performance, frequent flyer program	Liou & Tzeng (2007)
Flight schedule, total fare, flexibility, frequent flyer program, punctuality, catering, ground services	Teichert et al. (2008)
Level of concern and civility, listening and understanding, individual attention, cheerfulness, friendliness, courtesy	Babbar & Koufteros (2008)
Willingness to correct errors, task proficiency, courtesy, friendliness, tolerance	Mersha & Adlakha (1992)
On-time performance, overbooking, mishandled baggage, customer complaints	Tiernan et al. (2008/2)

The above-mentioned attributes will be specified under the dimensions of service quality (SERVQUAL dimensions) which is developed by Parasuraman et. al. 1991 and the importance of such attributes are categorized under the for dimensions of service quality; reliability,

responsiveness, assurance and price, which will be tested in the empirical part of this thesis. Moreover, on the basis of above attributes mentioned by the researchers, the questionnaire for the survey has been prepared.

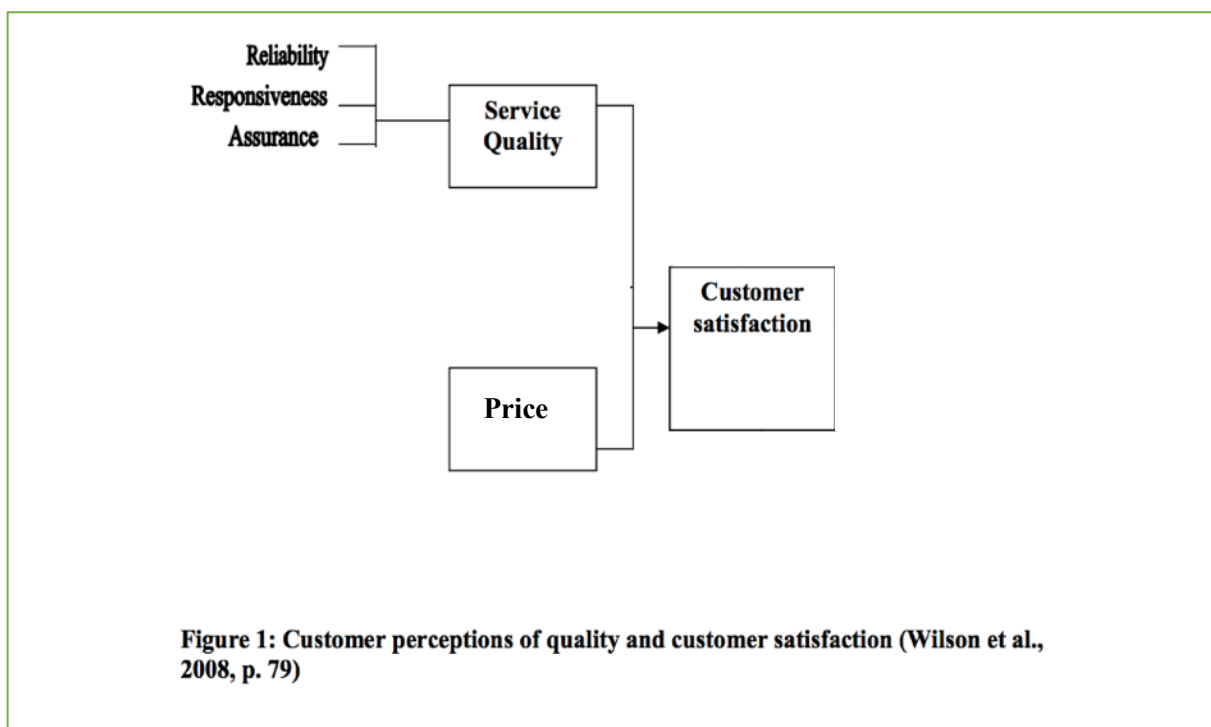
### 2.3 Customer satisfaction and Service quality

Customer satisfaction is based on the experience of the customers on a particular service encounter, so Cronin & Taylor (1992) has reported with a fact that customer satisfaction is determined by the quality of service because service quality is the outcome of any kind of services that is provided by the service provider. Lewis, 1993 (p. 4-12) in his theory stated that customer satisfaction is the difference between predicted service and perceived service in contrast with 'attitudes' which is denoted as specific transaction and are more enduring and less situational-oriented.

Oliver (1993) has commented that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction specific.

According to Wilson et al. (2008, p. 78), has mentioned that both satisfaction and service quality have some common certain things, but variation between them is that satisfaction is a broader concept and service quality focuses specifically on the dimensions of service. However, Zeithaml et. al 2006, p. (106-107) has denoted that price and product quality can affect the customer satisfaction, perceived quality is the component of customer satisfaction.

So, the idea of Wilson et. al 2008 is related with this theory which is also supported by the definition of other researchers about the customer satisfaction which is also shown in figure 1.



In figure 1. the author Wilson (2008, p. 78) presented the relationship between service quality and customer satisfaction and the service quality is evaluated by the customer's perception of reliability, responsiveness and assurance. However, the customer satisfaction is influenced by the perceptions of service quality, product quality, price, situational factor and personal factor (Wilson, 2008, p. 78). The above figure 1 shows the relationship between customer satisfaction, price and service quality (reliability, responsiveness and assurance). So, in this study is price and service quality are the factors which helps to determine the level of satisfaction of the customers.

#### **2.4 Price (Price Fairness)**

Customers pay for the benefits accruing from product or service which is denoted as Price (Lovelock & Wirtz, 2007). In most of the cases, the customers will always go for the cheapest one if there is little or no difference between the services offered (Lovelock & Wirtz, 2007). So, demand is mostly influenced by price. Pricing plays a vital role not only for the seller but also for the buyers where the price used to indicate service costs and service quality.

Xia et al. (2010) has mentioned that on the mind of the customer, the price which is offered rationally will generate the perception of fairness. Researchers argue that price fairness is related to the consumers' assessments of the seller's price, whether the given price is reasonable, acceptable or justifiable based on the competitor's price and the previous price (Xia et al. 2010; Kimes, 2010; Jin et al. 2012). Garbarino and Maxwell (2010) has reported that when the consumers perceive about the fairness in the provided price then it will motivate the costumers to buy the product or services. In another study, it has been stated that the consumer perceptions of price fairness will have an impact on satisfaction which results in higher intention to repurchase the product or service in the future (Oliver and Swan, 1989; Chapuis, 2012). In the same situation, Anderson et al. (2007) argues that whenever there comes the state of evaluation from the customer, they always consider about the price of the product or services which will make them satisfied and when the customer perceives the cheaper price then their sacrifice to acquire the service will be lower. Thus, Price fairness is one of the important factors that plays an important role to satisfy the customer and the way price fairness itself is fixed and offered have a great influence on customer satisfaction (Oliver and Swan, 1989; Chapuis, 2012). There are several studies in the marketing literature which has shown price fairness can generate customer satisfaction, as in the context various researchers has mentioned that price fairness had positive influence on customer satisfaction (Hermann et al. 2007; Martin-Consuegra et al. 2007; Jin et al. 2012; Chapuis, 2012; Zeithaml & Bitner, 1996).

Researchers state that airlines strategy identifies three business models for airlines; “Charter” for chartered flights, “Low-Cost Carrier” (LCC) and “Full-Service Carrier” (FSC) for the scheduled flights, which are differentiated by its operational characteristics and services offered to passengers where price plays a vital role (Cent, 2008; Lordan, Sallan & Simo, 2014). However, low cost carrier is that category of airline which is referred to no-frills, budget or discount fare (Lordan, Sallan & Simo, 2014). For, this study is most of the customers are focused to those passengers who normally travel with Low-Cost Carrier. In this study, price is used in terms of price fairness in the aviation industry and a factor that affect the customer satisfaction in the aviation service industry and has been suggested by previous researchers to involve in the future research as influencing factor of customer saftisfaction (Aydinli, & Kiliã, 2015; Omollo, 2016; Ayieko, 2015; Manani, 2012).

## **2.5 Research Model & Hypothesis**

In this section, the overview of the research model used for the study and also the research hypotheses for the further testing is presented. On the basis of literature review about service quality, service quality dimensions, price and customer satisfaction, a model is developed that seeks to explain the interplay between the service quality, price and customer satisfaction. Particularly, the research model consists of service quality dimension which includes reliability, responsiveness & assurance and price which will have influence on customer satisfaction. And these variables are linked by eight hypothesis which are tested by integrating customer survey on the customers of airlines service of Nepal and Norway.

### **2.5.1 Overview of the Model**

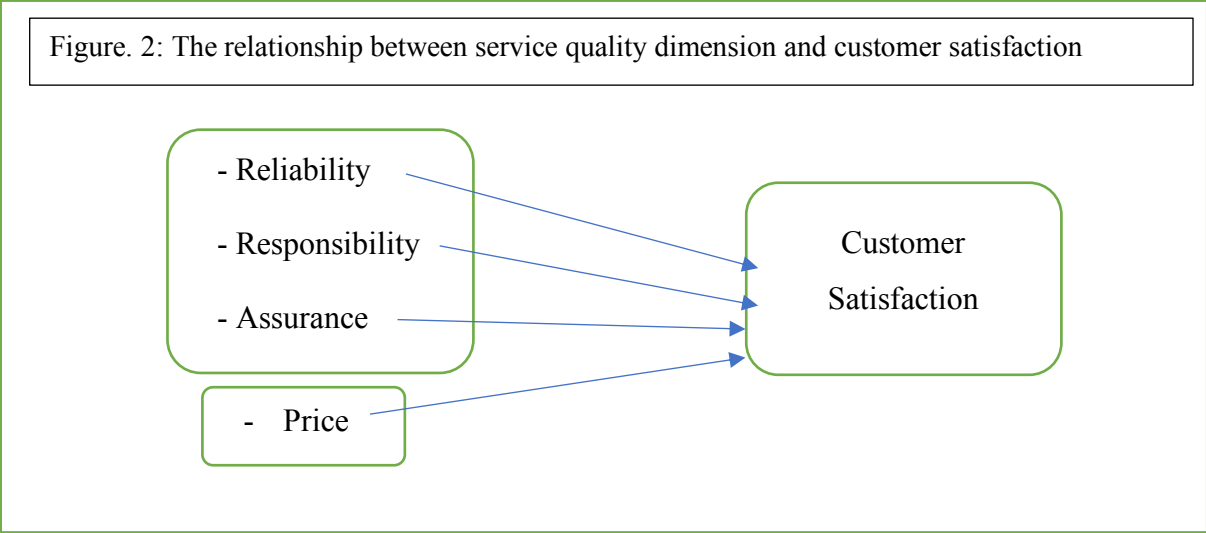
According to past literature it has been clear that there is a relationship between customer satisfaction and service quality. Customers in this study are those who take the individual service from the airlines industry from domestic as well as international travel from the respective country.

Ziethaml et al. (2006, p 106-107) has concluded that “perceived service quality is a component of customer satisfaction”. Some other researchers have also proven that there is a relationship between service quality & customer satisfaction and in order to measure service quality, SERVQUAL model has been regarded as the best in the service sectors from customer’s perspective (Parasuraman et. al. 1988; Sivadas & Baker-Prewitt, 2000; Wang et al. 2002; Kuo-YF, 2003; Liang & Zhang, 2009; Gera, 2011; Sureshchandar, et al., 2002; Devkota & Dahal,

2016; Omollo, 2016; Tamang, 2014). So, from this model the assumption has been made that the dimensions of SERVQUAL model could have positive relationship with customer satisfaction.

Eshghi et al. (2008, p. 121) has mentioned that service quality is the overall assessment of a service by the customers. And, researchers have argued that that to measure the level of satisfaction the five dimensions of SERVQUAL model had been proven as main yardstick (Wilson et al. 2008, p. 79; Bennett & Barkensjo, 2005, p. 101, Negi, 2009; Wang & Hing-Po, 2002). Moreover, Zeithaml et. al (2006, p. 106-107) has reported that price is also regarded a major component which can affect the perceived quality which in results affect the overall satisfaction of the customers.

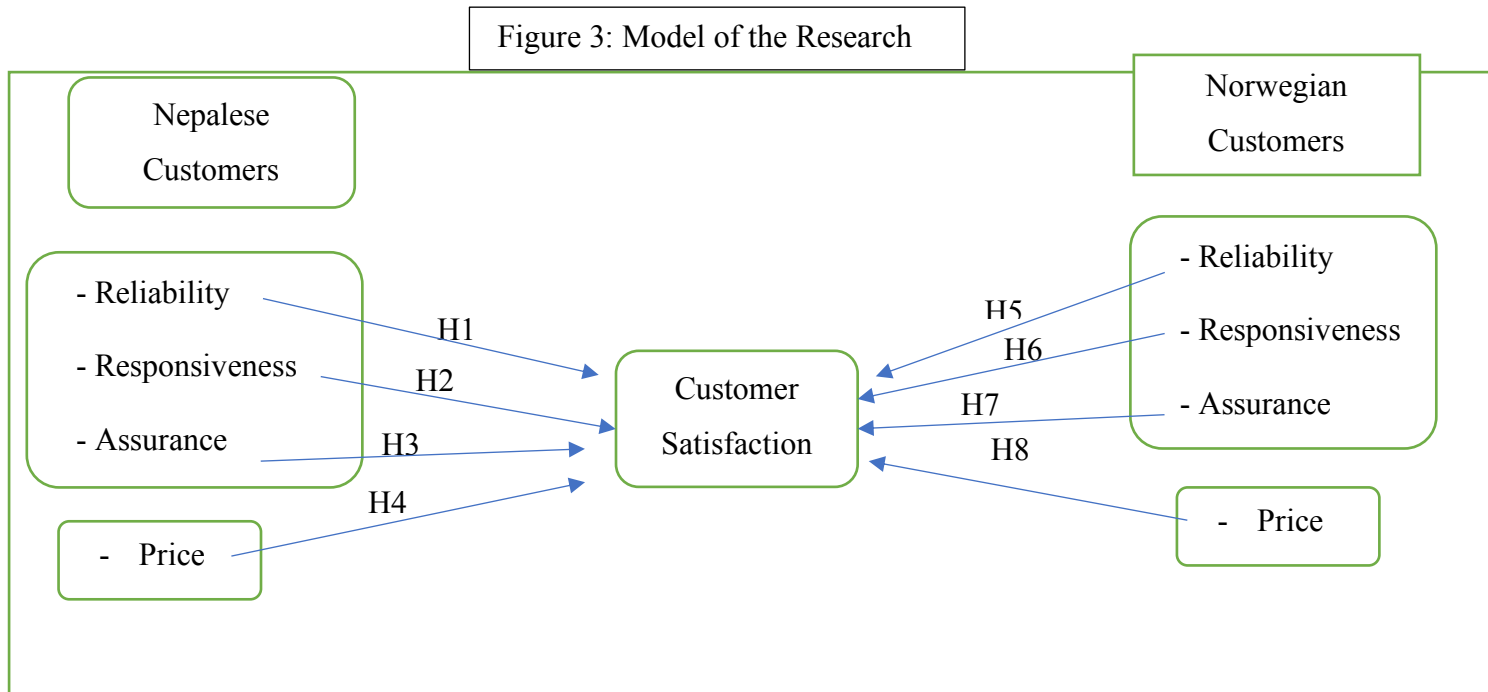
From the concept of Wilson et al. (2008 p. 79) & Zeithaml et al. (2006, p. 106-107), in this study Price is used as another variable along with of SERVQUAL dimension. However, for this study I have taken three SERVQUAL dimensions (Reliability, Responsiveness, Assurance) and price to measure the customer satisfaction. The following figure (Fig. 2) shows that: Is there relation between the service quality dimension and customer satisfaction?



The model below illustrates the proposed research model which is based on the dimensions of the service quality model (SERVQUAL model) and serves as the basis for this study. Among five dimensions of SERVQUAL model (Reliability, Responsiveness, Assurance, Tangibles and Empathy), only three dimensions (Reliability, Responsiveness and Assurance) have been used and Price is taken as another dimension of the model. So, this model is used to see the



relationship between independent variable: (Reliability, Responsiveness, Assurance and Price) and dependent variable: Customer Satisfaction. On the basis of following research model of figure 3, eight hypotheses are formed:



### 2.5.2 Relationship between reliability and customer satisfaction

According to Parasuraman et. al. (1988, p. 23), SERVQUAL dimension describes reliability as ‘ability to perform the promised service dependably and accurately’. Researchers has been mentioned that reliability which is a part of service quality dimension has significance relationship on the customers and is also a predictor of customer satisfaction (Jamal & Anastasiadou, 2009; Das et al. 2010; George & Kumar, 2014). In this SERVQUAL model the services that represents the reliability quality in the airlines service of Norway and Nepal are: on-time departure and arrival, fares, flight and schedule time, reservation and ticketing service time, check-in service, offers and rewards system, etc. effects the satisfaction. And it shows the relationship between reliability and customer satisfaction.

Based on this the following hypotheses are developed:

**H1:** *There is positive relationship between reliability and Customer Satisfaction for Nepalese Customers.*

**H5:** *There is positive relationship between reliability and Customer Satisfaction for Norwegian Customers.*

### **2.5.3 Relationship between responsiveness and customer satisfaction**

Parasuraman et al. (1988, p. 23) has studied about SERVQUAL where responsiveness is described as “willingness to help customer and provide prompt service”. This dimension was viewed in the airlines service of Norway and Nepal in terms of service provided by the employees like: knowledge and skills of employee, immediate service, prompt problem solving capabilities and intension, responsive towards customers belongings, alternative arrangement for flight delay and cancellation, etc. which will affect the satisfaction level of the customer. Thus, to test the relation between responsiveness and customer satisfaction the following hypotheses are developed:

*H2: There is positive relationship between responsiveness and Customer Satisfaction for Nepalese Customers.*

*H6: There is positive relationship between responsiveness and Customer Satisfaction for Norwegian Customers.*

### **2.5.4 Relationship between Assurance and customer satisfaction**

Parasuraman et al. (1988, p.23) has mentioned that the assurance is the service quality dimension which refers to “the knowledge and courtesy of the employees and their ability to inspire trust and confidence”. All it relates to the performance of the employee that makes the customer feels safe and confident. This dimension views the courteous/ politeness in the employees’ behavior, confidence building behavior of the employee, service that makes feel safety. Does assurance have any effect on the level of satisfaction between the customers of Norway and Nepal? To see the relation between the assurance and customer satisfaction following hypotheses are formed:

*H3: There is positive relationship between Assurance and Customer Satisfaction for Nepalese Customers.*

*H7: There is positive relationship between Assurance and Customer Satisfaction for Norwegian Customers.*

### **2.5.5 Relationship between Price fairness and customer satisfaction**

Research has shown that charging fair price helps to develop customer satisfaction and decision regarding acceptance of price is directly related to customer satisfaction (Martin-Consuegra, Molina and Esteban, 2007). Herrmann et al. (2007) has concluded that customer satisfaction is directly influenced by customer's perception on price fairness. Whenever customers face the unfair pricing practice of any organization or firm then it will result in negative customer responses (Wirtz and Kimes, 2007). Moreover, Oliver and Swan (1989) has stated that immediate attitudinal and affective responses will result dissatisfaction and Xia et al. (2004) has mentioned that the customer will be sensitive about price consciousness and buying intention. In this study, price is used in terms of price fairness, which is assumed to have significant effect on customer satisfaction. So, to examine the relation between price and customer satisfaction between the customer of Norway and Nepal following hypotheses are developed:

*H4: There is positive relationship between price fairness and customer satisfaction for Nepalese Customers.*

*H8: There is positive relationship between price fairness and customer satisfaction for Norwegian Customers.*

### **3 METHOD**

The main aim of this section is to explain the methods used in carrying out this research, how the research was design. Moreover, this section deals with the method used to answer the research question. So, it includes discussion on research design, sampling and reliability & validity.

#### **3.1 Research Design**

Research design as per Burns and Grove (2003) is a blueprint for a study or any kind of research which have maximum control over the factors that may interfere with the validity of the findings. Moreover, Parahoo k. (2014) has stated that research design is a plan which describes where, when and how the data are to be collected and analyzed. Polit et. al. (2001) has stated that - the entire activity that is done in research by the researcher for answering the research question or testing the research hypothesis are denoted as research design.

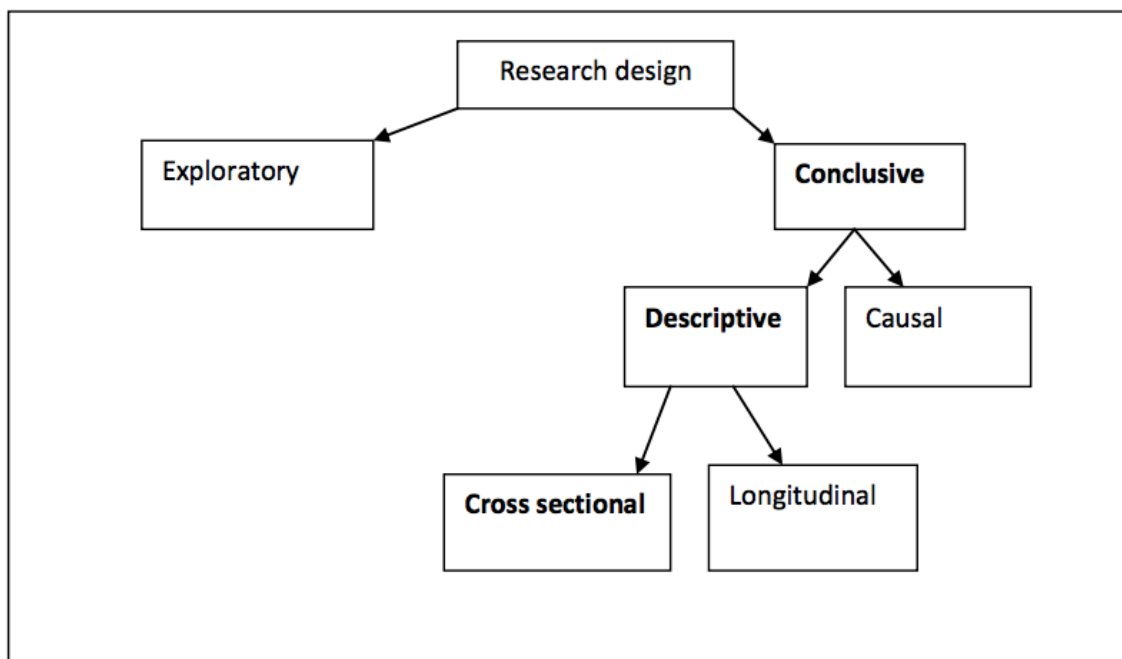
Burns and Grove (2001) have stated that quantitative research is the “formal, objective and systematic process to get the information about the world by using the numerical data. The author denoted this method of research is used to describe variables, examine relationships among variables and determine cause and effect interaction between variables.

Different writers have classified research design in different way. However, Malhotra & Bricks (2006) have mentioned research design into two types; exploratory and conclusive. The conclusive research is done to explain the relationship between the variables of the study by formulating and testing of the hypothesis. However, Chisnall (1992) has stated that - identifying the real nature of the research problems and formulating the relevant hypothesis for the further studies is related to exploratory research. Moreover, in exploratory research, there is unstructured source of information in the procedure, the samples are usually small, and data are analyses through both qualitative and quantitative techniques. But, in conclusive research, the source of key information is clearly defined, large sample are used, and data are analyzed by quantitative/ statistical techniques (Malhotra and Bricks 2006). So, for this study author has inspired and followed the research design concept of Malhotra and Bricks (2006).

Malhotra and Bricks (2006) have divided the conclusive research into two types; descriptive and causal, where causal research is used to study the cause and effect relationship among the variables through the experiment and the descriptive research on the other hand is used to

describe an industrial phenomenon, characteristics of organizations, market demand, and customer profile. As per Malhotra and Bricks (2006), descriptive is furthermore divided in to cross sectional and longitudinal categories. When data are collected from predefined- sample of population elements only once then the application of cross sectional research is done, and longitudinal research design is applied where fixed sample or sample of population elements are measured repeatedly.

Therefore, this study is based on descriptive research design of Malhotra and Bricks (2006) which is figured below (figure 4).



**Figure 4: Research design for this study, Adopted from (Malhotra and Birks, 2006)**

In this research, the study is about the relationship between service quality, price and customer satisfaction where the comparison is done between the customers of Nepal and Norway. So, quantitative research is best suited research method for this study. Creswell (2014) has stated that there are various kind of collecting quantitative data like: experiment, survey, observation or secondary database. According to (Easterby-Smith et. al, 2008), Survey is regarded as the most suited for collecting behavioral and opinion related data from large population, so for this study ‘survey research design’ has been chosen. And the survey data that is collected for this study is done from the customer of the aviation service industry from Nepal and Norway.

Easterby-Smith et. al (2008) have divided the survey method into three categories; Factual Survey (used to collect the factual data and usually used in the market research and opinion pools), Exploratory Survey (used to develop set of principles which can be applied in any setting, by studying social patterns in specific settings, where pre-specified hypothesis does not exist) and Inferential Survey (used in case where the relationship between variables and concepts are desired, and such relationship are expressed in the form of hypothesis). So (Easterby-Smith et. al, 2008) have mentioned that inferential survey always consists of dependent and independent variables and these variables is identified from the beginning. In this study, nine hypotheses have been set in order to test the relationship between the service quality, price and customer satisfaction, where there exist dependent and independent variables. Therefore, inferential survey was used to collect the relevant data to test and explain the relationship among the variables.

### **3.2 Sampling**

According to Polit et. al (2001:233 & 234) population refers to the entire aggregation of cases that meet a specified set of criteria and sampling involves selecting a group of people, elements, behaviors or other elements with which to conduct the study. As per Saunders et. al. (2009:210) for the study sampling techniques helps to reduce the amount of data needed by selecting only the data from a sub-group rather than all possible elements. In this case the population are taken in a normal sense, that means in this study the research is dealt with the customers who include in the “people” category (Saunders et al. (2009:213). As this is a comparative study between the Airlines Passengers of Nepal and Norway, so the population for this study are denoted to all those airlines passengers from Nepal and Norway who had travelled and consumed the airlines services of their respective nation.

According to Saunders et al. (2009:213) sampling is divided into two types: probability sampling (the chances of each case being selected from the population is known and is usually equal for all cases) and non-probability sampling (the chances of each case selected from the total population is not known, making it impossible to answer research questions).

For this study I used a convenience sampling which is categorized under non-probability sampling strategy. Bryman & Bell, (2003:105) has stated that a convenience sampling is a non-probability sampling technique where the subject is selected or available by virtue of its accessibility and proximity to the researcher. The main reason behind selecting non-probability sampling is the time limitation and also, it is not possible to sample randomly the entire population and in non-probability sampling subjects are usually selected on the basis of their

accessibility or on the basis of researcher's purposive personal judgement (Saunders et al., 2009).

I am interested in the effect of service quality and price on the customer satisfaction, so I have administered my questionnaire to the domestic and international flight passengers of two nations (Nepal and Norway). I have used these two nations because I wanted to see how the service quality and price influence customer satisfaction in the airlines service in between two countries Norway (where I am currently studying) and Nepal (where I live in).

In order to distribute the pre-structured survey questionnaire, as a medium I have chosen 3 Facebook groups from Nepal and 2 from Norway (in Norway, these Facebook group members are belonged to the student of Nord university and in Nepal the members are belonged to the student and workers of commercial field). Moreover, individual and group emails has been sent to the students of Nord University and also to the members of Nepalese Society in Norway.

To collect data from the respondents an online survey questionnaire was created. To separate the participants from Norway and Nepal, the survey questionnaire was started with the question "Current Residency" with the two answer "Norway" and "Nepal", so that the respondents were concentrated towards Nepal and Norway.

The Entire questionnaire was prepared in English language because this language is accepted by both groups of participants (Norwegian and Nepalese customer), which starts with a short description about the purpose of the research study and the completion time to complete the survey (3-5 minutes) was also mentioned. The duration for the collection of the responses from survey questionnaire was maintained for 10 days and able to collect the responses from 155 respondents where 80 respondents were from Norway and 75 respondents were from Nepal.

### **3.3 Construct Measurement**

All the data collection has completed, all the questionnaire had been checked for completeness. In the SPSS software, the collected data were entered on the basis of respective developed variables. Likert scale was used for the rating of responses from the respondents. For the independent variables testimonial is measured by 5-point Likert scale: 1= Strongly disagree; 2=Disagree; 3=Neutral; 4= Agree; 5=Strongly agree, and dependent variable (customer satisfaction) is measured by 5-points Likert scale: 1=Very Dissatisfied, 2= Dissatisfied, 3=Neutral (Neither satisfied nor dissatisfied),4=Satisfied & 5=Very Satisfied.

All the questionnaires are based on the previous researcher's prepared questionnaire which is mentioned in table 3. The measurement scores of this questionnaire has been mentioned in table 3. The measurement items are summarized below in table 4:

Table 4: Measurement Items

Variables	Questionnaire	Norway (Coding)	Nepal (Coding)	Comparative (Coding)
Reliability	<ul style="list-style-type: none"> <li>I am satisfied with the service of on-time departure and arrival.</li> </ul>	RLNO1	RLNP1	RLN1
	<ul style="list-style-type: none"> <li>I can easily get the information about ticket price, flight and schedule time.</li> </ul>	RLNO2	RLNP2	RLN2
	<ul style="list-style-type: none"> <li>I find reservation and ticketing so easy, accurate and fast.</li> </ul>	RLNO3	RLNP3	RLN3
	<ul style="list-style-type: none"> <li>I find check-in service so easy, accurate and fast.</li> </ul>	RLNO4	RLNP4	RLN4
	<ul style="list-style-type: none"> <li>Promised service like offers and reward are provided in time.</li> </ul>	RLNO5	RLNP5	RLN5
Responsive ness	<ul style="list-style-type: none"> <li>Employees of the airlines had the knowledge to answer your questions.</li> </ul>	RENO1	REN1	REN1
	<ul style="list-style-type: none"> <li>Employees on the airlines provide immediate service.</li> </ul>	RENO2	REN2	REN2
	<ul style="list-style-type: none"> <li>For any kind of problems crew members (employee) shows serious interest in solving it.</li> </ul>	RENO3	REN3	REN3



	<ul style="list-style-type: none"> <li>I am satisfied with the care and responsible towards my belongings (Luggage and Baggage).</li> <li>I am satisfied with alternative arrangement for flight delay and cancellation.</li> </ul>	RENO4	RENP4	REN4
		RENO5	RENP5	REN5
Assurance	<ul style="list-style-type: none"> <li>I find consistently courteous/ politeness in the behavior of the employees of the airlines.</li> </ul>	ASNO1	ASNP1	ASN1
	<ul style="list-style-type: none"> <li>The behavior of the employees instills confidence in me while travelling.</li> </ul>	ASNO2	ASNP2	ASN2
	<ul style="list-style-type: none"> <li>The airlines service made me feel safe while travelling.</li> </ul>	ASNO3	ASNP3	ASN3
Price	<ul style="list-style-type: none"> <li>Price for the ticket is reasonable, fair and affordable.</li> </ul>	PRNO1	PRNP1	PRN1
	<ul style="list-style-type: none"> <li>I am highly sensitive about price fairness.</li> </ul>	PRNO2	PRNP2	PRN2
	<ul style="list-style-type: none"> <li>The price is worth paying for provided service.</li> </ul>	PRNO3	PRNP3	PRN3
	<ul style="list-style-type: none"> <li>I am satisfied with the provided discount offers.</li> </ul>	PRNO4	PRNP4	PRN4
	<ul style="list-style-type: none"> <li>Overall satisfaction level of the airline's safety that I travel is:</li> </ul>	SLNO1	SLNP1	SLN1

Satisfaction	<ul style="list-style-type: none"> <li>Overall satisfaction level of the airline's ticket price that I travel is:</li> </ul>	SLNO2	SLNP2	SLN2
	<ul style="list-style-type: none"> <li>Overall satisfaction level of the airline's service quality that I travel is:</li> </ul>	SLNO3	SLNP3	SLN3

### 3.4 Construct reliability & validity

The measurement of reliability and validity of the scale of latent variables which is used in the model is necessary before doing the analysis of causal relationship between variables (Jarvis, MacKenzie, & Podsakoff, 2003). According to Roberts, Pries., & Traynor (2006), the methods of demonstrating and communicating the rigor of research process and the trustworthiness of research findings is regarded as reliability and validity. Validity is described as the variable which is measured, represents the concept that it claims to measure or the extent to which an instrument measures what is supposed to measure (Punch, 1998; Polit et. al. 2001; Roberts et. al., 2006).

Polit et al (2001), reliability is denoted as the consistency where the attributes are measured by an instrument. It is important to ensure the reliability of the data before eliminating any concern. The instrument is regarded as reliable when the measurement of that instrument reflects the true score of the attribute under investigation (Polit et al. 2001:305).

In this study, authors must ensure that the selected variables represent and measure the concepts in accurate and consistence way. However, accuracy refers to validity and consistency refers to reliability. So, exploratory factor analysis and Cronbach's alpha is used to measure construct validity (mainly discriminant validity), internal consistency and reliability. So, first reliability of the variables will be measured in data analysis and after that second measurement is about the validity of the variables.

Gray (2017, p. 775) has stated that external validity refers to "The extent to which research results can be generalized to the population as a whole" so that having irrelevant and spurious questions make the questionnaire longer, and that will decrease the rate of responses which may restrict the generalization of the outcomes and the external validity. In order to assure the external validity, other previous researcher uses common scales which will support and demonstrate the feasibility of the outcomes (Gray, 2017; Saunders et al. 2011).

Moreover, validity can be affected by some issues that are related to the arrangement of the questionnaire and forming of the questions. So, the discussion with supervisor about the questionnaire also helps to increase the validity as well as to ensure the structure of the

questionnaire is well arranged and wordings of questions is clear. At first, the questionnaire has been sent to a limited number of participants with the aim of getting notes which will help to remove the ambiguity and further it will be easy for the participants to understand the questions and answer it correctly (Easterby-Smith et al. 2012; Gray, 2017; Lavrakas, 2008).

### **3.5 Data Analysis Method**

In the data analysis section of this study, the measurement is done with the help of SPSS software tool where:

- The analysis for the descriptive statistics is done on the basis of frequency and percentage.
- After that reliability and validity analysis is done by measuring Cronbach's alpha, Pearson correlation, KMO and Bartlett's test (for sampling adequacy), factor loading.
- To test the hypotheses which is based on "the influence of service quality and price on customer satisfaction", multiple regression analysis has been conducted.
- For the comparison of satisfaction level between the two nations, group statistical T-test and Independent sample test of significance has been conducted.

## 4 DATA ANALYSIS

In this section, the analysis of the data and testing of the hypotheses that were developed in the earlier section is done.

### 4.1 Descriptive analysis

After running the online questionnaire in Norway and Nepal, the total number of usable responses that I able to collect for this study contains 155 respondents where 80 respondents were from Norway and 75 were from Nepal. All the valid usable responses represent sample from the target population. Among the total 155 respondents 91 (59%) were males and 64 (41%) were females. The majority of respondents contains students and workers (58% and 38% respectively). 53% of the respondent's monthly income comes between 5000 to 15000 Norwegian kroner. The maximum number of responses was obtained from (20 to 30) years age group (57%) and after that (30 to 40) years age group (39%). Among the respondents, maximum travelled very less frequently (it is because majority of respondents were students and most of the respondent's i.e. 79% monthly income was ranged under 15000 NOK) so, 81% of the total sample size travel less frequent and the travel purpose were categorized into leisure, business/work and personal reason/commuting which contains 29%, 14% and 57% respectively.

The following table 5 summarize the collected data in descriptive form:

Table 5. Descriptive sample

Sample Description		Frequency	Percentage
Current Residency	Norway	75	48 %
	Nepal	80	52 %
	Total	155	
Gender	Male	91	59 %
	Female	64	41 %
Age	Below 20 years	1	1%
	20 to 30 years	88	57%
	30 to 40 years	61	39%
	40 Above	5	3%
Profession	Unemployed	6	4 %
	Worker	59	38 %
	Student	90	58 %

Monthly Income Level (NOK)	Below 5000	41	26 %
	5000 to 15000	82	53 %
	15000 to 30000	24	15 %
	Above 30000	8	5 %
Travel Frequency	Daily	3	2 %
	Weekly	1	1 %
	Monthly	26	17 %
	Less Frequently	125	81 %
Travel Purpose	Leisure	45	29 %
	Business/Work	21	14 %
	Personal Reason/ Commuting	89	57 %

## 4.2 Reliability & validity analysis

This section will help to measure and analyze the reliability and validity of the variables.

### 4.2.1 Reliability Analysis

In order to measure the reliability among the variables, measurement of Cronbach's Alpha is regarded as one of the important and highly used statistical method where the coefficient of Cronbach's alpha greater than 0.7 provides good estimates of internal consistency and reliability of data (Nunnally and Berstein, 1994; Easterby-Smith et al. 2012; Gray ,2017). In this study, this measurement will help to test the internal consistency and reliability of the variables. The following table 6 shows the result of coefficient of Cronbach's alpha of each variables;

Table 6. Cronbach's Alpha

Variables	Cronbach's Alpha
Reliability	0.885
Responsiveness	0.804
Assurance	0.805
Price	0.740
Satisfaction	0.761

The above table 5, results that the Cronbach's alpha coefficient to all measured concepts has values over 0.7 which indicates to an acceptable degree of internal reliability in this research.

#### 4.2.2 Validity Analysis

Bryman & Bell (2015) has mentioned that in order to access the construct validity, the researchers can also examine the relationship between the variables with the help of correlation analysis. The following table 7 shows the Pearson correlation which helps to examine the relationship between service quality, price and customer satisfaction.

**Table 7. Correlations**

Pearson * Correlation	Satisfaction	Reliability	Responsiveness	Assurance	Price
Satisfaction	1.000	.666	.676	.718	.384
Reliability	.666	1.000	.688	.662	.399
Responsiveness	.676	.688	1.000	.675	.486
Assurance	.718	.662	.675	1.000	.448
Price	.384	.399	.486	.448	1.000
*Correlation is significant at the 0.05 level (1-tailed).					

In the above table 7, the correlation of service quality (which is supported by reliability, responsiveness and assurance), price and customer satisfaction are presented. The relationship between the independent variables (reliability, responsiveness, assurance and price) and dependent variable (customer satisfaction) are investigated by Pearson correlation coefficient. So, the result shows that customer satisfaction is positively correlates with service quality and price with “ $r=0.666$  for reliability”, “ $r=0.676$  for responsiveness”, “ $r=718$  for assurance” and “ $r=0.384$  for price”. The result also shows that the Pearson correlation values regarding the relationships among the variables are more than 0.30. However, values more than 0.50 refers to strong relationship and values between 0.30 & 0.50 refers to medium relationship. All the values of the coefficient of correlation are positive which means that all the variables change in the same direction. As a result, the strength of the relationship assures the construct validity.

##### 4.2.2.1 Factor Analysis

Andrew and John (2009) has argued that exploratory factor analysis (EFA) can also be used to measure the construct validity (mainly discriminant validity). According to them, the way to

measure discriminant validity is to conduct exploratory factor analysis and looking the cross-loading item.

- **Sample size Adequacy**

Before doing the factor analysis, it is important to make sure that the number of samples which is 155 will enough to cover the need of this study. In SPSS, the Kaiser-Meyer-Olkin (KMO-test) measure of sampling adequacy, is used to check whether the sample is big enough or not (Cerny, C.A., & Kaiser, H.F.,1977). Field (2000) has reported that when the value of KMO is greater than 0.5 then the sample is regarded as adequate for the test.

The following table 8. shows the result of KMO- measure of sampling adequacy and Bartlett's test of sphericity.

**Table 8. KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.897
Bartlett's Test of Sphericity	Approx. Chi-Square
	1703.339
	df
	171
	Sig.
	.000

The above table 8 is the SPSS calculation of KMO and Bartlett test. The level of KMO that is above 0.5 or closer to 1 relates to the higher level of strength in the sampling adequacy and Bartlett's Test result must be significant at the concerning Chi-Square (Cerny & Kaiser, 1977). So, in this case, the level of KMO is 0.897 (greater than 0.5) and the Bartlett's Test significance level is 0.000 at the concerning Chi-square. It means that the sampling for this scale is enough and the factors of this scale were clustered significantly or in another words it indicates that the strength of the relationship among the variables are strong enough to do factor analysis of data. Comrey & Lee (1992) have stated that factor loading is the correlation between a variable and a factor and the key to understanding the nature of a particular factor. Generally, there are two basic types of analytical rotations: orthogonal rotations and oblique rotations which are used to rotate the factors. According to Conway & Huffcut (2003), Varimax is one of the most popular orthogonal rotation which attempts to maximize the variance of squared loadings on a factor. So, for this study Varimax method has been used.

In the case of factor loading, Comery & Lee (1994) have provide the guidelines about factor loadings which is given below:

1. > .70 - excellent
2. > .63 - very good

3. > .55 - good
4. > .45 - fair
5. > .32 - poor

The following table 9. is about the factor loading of each question.

**Table 9. Factor statistics**

Questionnaire	Components				
	Reliability	Responsiveness	Assurance	Price	Satisfaction
RLN1	.674				
RLN2	.757				
RLN3	.775				
RLN4	.796				
RLN5	.658				
REN1		.487			
REN2		.499			
REN3		.627			
REN4		.497			
ASN1			.619		
ASN2			.698		
ASN3			.784		
PRN1				.748	
PRN2				.792	
PRN3				.880	
PRN4				.662	
SLN1					.664
SLN2					.640
SLN3					.727



In the above table 9, all of the factor loadings for each of the concerning components seems to be greater than 0.45

### 4.3 Influence of Service Quality and Price on Customer Satisfaction

In order to identify the level of customer satisfaction, regression analysis is used for service quality (reliability, responsiveness and assurance) and price. Reliability, responsiveness, assurance and price are the key variables that helps to determine the level of customer satisfaction or can be said that these are the factors that determine the customer satisfaction for this study. The table 10 helps to determine the relation between dependent and independent variables.

**Table 10. Multiple Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Relationship
		B	Std. Error	Beta			
1	(Constant)	.574	.213		2.697	.008	
	Reliability	.198	.064	.233	3.069	.003	Significant
	Responsiveness	.257	.081	.252	3.181	.002	Significant
	Assurance	.378	.072	.398	5.271	.000	Significant
	Price	-.008	.047	-.010	-.164	.870	No Significant

a. Dependent Variable: Satisfaction

In the above table 10, it has been shown that the significance value of variables; reliability, responsiveness and assurance are less than 0.05 i.e. 0.003,0.002 and 0.000 respectively( $P < 0.05$ ) which means that these variables are positively related with the customer satisfaction. However, the significance value of price is 0.870 ( $P > 0.05$ ) so it states that price fairness is not statistically significant with the customer satisfaction.

Moreover, the result shows that assurance has most important effect on customer satisfaction with the coefficient 0.378 rather than responsiveness (0.257), reliability (0.198) and price (-0.008).

The value of  $R^2$  is 0.608, which means that the independent variables account for 60.8% of the variance in the customer satisfaction. The adjusted  $R^2$  gives us some idea of how well our model generalizes and ideally its value should be the same, or very close to the value of  $R^2$ . So, the result shows that the difference for the model is a fair bit ( $0.608 - 0.597 = 0.011$  or 1.1%) which means that if the model were derived from the population rather than a sample it would account for approximately 1.1% less variance in the outcome (Source: Appendix 2).

**4.4 Comparison of Satisfaction between Norway and Nepal**

In this section, Independent Samples T test was performed to check satisfaction level between the customer of Norway and Nepal in the airlines services. In the table 11, it is about the group statistics of T test between Norway and Nepal which shows the level of satisfaction about the airlines service provision.

**Table 11. Group Statistics T Test**

Current Residency		N	Mean	Std. Deviation	Std. Error Mean
Satisfaction	Norway	80	3.8167	.59510	.06653
	Nepal	75	3.5022	.74611	.08615

Comparing the satisfaction of the customers from Norway and Nepal, the above table 11 shows that the satisfaction level of Norway is 3.8167 and Nepal is 3.5022 which means that the satisfaction level of the customers from Norway seems more than the satisfaction level of Nepal.

Now, another step is to check whether the result difference appeared significantly or accidentally. So, for this independent sample test is done which is shown in table 12.

**Table 12. Independent Samples Test of Significance**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Satisfaction	Equal variances assumed	3.346	.069	2.910	153	.004	.31444	.10807	.10094	.52795
	Equal variances not assumed			2.889	141.459	.004	.31444	.10885	.09925	.52964

The above table 12 shows the result of significance where the mean difference between Norway and Nepal is significant at  $P < 0.05$  (0.004). Therefore, this means that in the field of airlines service the customers of Norway are more satisfied than that of the customer from Nepal.

#### **4.5 Influence of service quality and price on customer satisfaction in Norway**

In order to investigate the influence of service quality (reliability, responsiveness and assurance) and price as independent variables on customer satisfaction as dependent variables in Norway, the regression analysis is used to test the hypotheses in table 13.

**Table 13. Results of Multiple Regression Analysis (Norway)**

Hypothesis	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Decision
		B	Std. Error	Beta			
	1 (Constant)	.835	.339		2.465	.016	
H5	ReliabilityNO	.065	.099	.075	.663	.510	Rejected
H6	ResponsivenessNO	.197	.104	.211	1.881	.064	Rejected
H7	AssuranceNO	.328	.098	.370	3.333	.001	Accepted
H8	PriceNO	.196	.089	.215	2.202	.031	Accepted

$$R^2 = 0.518$$

a. Dependent Variable: SatisfactionNO

From the above table 13, it shows that overall relationship between the predictors and the dependent variable ( $R^2$ ) to be 0.518. So, the predictors accounted for approximately 52% of the variance in the customer satisfaction at 0.05 level of significance and it is significantly substantial (Cohen's, 1988). However, in the above table 13, assurance is the most significant factor that effects the satisfaction level with the coefficient  $B=0.328$ , after that responsiveness (0.197), price (0.196) and reliability (0.065) respectively.

In order to test the hypotheses, the P value has to be lower than 0.05 i.e.  $p < 0.05$  at 95% significance (Torres-Reyna, 2014). The hypotheses related to Norway are tested below:

***H5: There is positive relationship between reliability and Customer Satisfaction for Norwegian Customers.***

- As the significant value of reliability (0.510) is greater than 0.05 ( $P > 0.05$ ) the hypothesis H5 is rejected. So, there is not significant relation between the independent variable reliability and dependent variable customer satisfaction in Norway.

***H6: There is positive relationship between responsiveness and Customer Satisfaction for Norwegian Customers.***

- The significant value of responsiveness (0.064) is greater than 0.05 ( $P > 0.05$ ), so the hypothesis H6 is rejected. Hence, there is not significant relationship between the variable responsiveness and customer satisfaction in Norway.

**H7: There is positive relationship between Assurance and Customer Satisfaction for Norwegian Customers.**

- The significant value of Assurance (0.001) is less than the 0.05 ( $P < 0.05$ ). So, the hypothesis H7 is accepted and there is significant relationship between the dependent variable customer satisfaction and independent variable assurance in Norway.

**H8: There is positive relationship between price fairness and customer satisfaction for Norwegian Customers.**

- As the significant value of price (0.031) is less than the 0.05 ( $P < 0.05$ ), the hypothesis H8 is accepted and there is significant relationship between price fairness and customer satisfaction in Norway.

Thus, in the case of Norway, four hypotheses had been tested and among them hypotheses (H5 & H6) are rejected, whereas hypotheses (H7 & H8) are accepted.

#### 4.6 Influence of service quality and price on customer satisfaction in Nepal.

In order to investigate the influence of service quality (reliability, responsiveness and assurance) and price as independent variables on customer satisfaction as dependent variables in Nepal, the multiple regression analysis is used to test the hypotheses in table 14.

**Table. 14 Results of Multiple Regression Analysis (Nepal)**

Hypothesis	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Decision
		B	Std. Error	Beta			
	1 (Constant)	.390	.291		1.338	.185	
H1	ReliabilityNP	.250	.089	.299	2.793	.007	Accepted
H2	ResponsivenessNP	.277	.135	.263	2.053	.044	Accepted
H3	AssuranceNP	.380	.109	.386	3.484	.001	Accepted
H4	PriceNP	-.042	.134	-.038	-.312	.756	Rejected

$$R^2 = 0.677$$

a. Dependent Variable: SatisfactionNP

In the above table 14, the overall relationship between independent and dependent variable ( $R^2$ ) is 0.677 which means that the independent variables accounted for approximately 68% of variance in the dependent variable i.e. customer satisfaction at 0.05 level of significance which is also significantly substantial. Moreover, it has been noticed that in Nepal, assurance is one of the significant factors that effects the satisfaction level with the coefficient  $B=0.380$ , and after that responsiveness (0.277), reliability 0.250) and price (-0.042) respectively.

The hypotheses related to customer of Nepal are tested below:

***H1: There is positive relationship between reliability and Customer Satisfaction for Nepalese Customers.***

- The significant value of reliability in Nepal is (0.007) which is less than 0.05 ( $P < 0.05$ ), so the hypothesis H1 is accepted and it shows that there is significant relationship between reliability and customer satisfaction for Nepalese customer.

***H2: There is positive relationship between responsiveness and Customer Satisfaction for Nepalese Customers.***

- As the significant value of responsiveness in Nepalese customer is (0.044) which is less than 0.05 ( $P < 0.05$ ), the hypothesis H2 is accepted. Therefore, the relationship between responsiveness variable and customer satisfaction is significant in Nepalese customer.

***H3: There is positive relationship between Assurance and Customer Satisfaction for Nepalese Customers.***

- In the Nepalese customer, it seems that the significant value of assurance is (0.001) which is less than 0.005 ( $P < 0.05$ ), so the hypothesis H3 is accepted. And this result shows that there is also positive relationship between the independent variable assurance and dependent variable customer satisfaction in Nepal.

***H4: There is positive relationship between price fairness and customer satisfaction for Nepalese Customers.***

- However, the significant value of price in Nepalese customer is (0.756) which is greater than 0.05 ( $P < 0.05$ ), so the hypothesis H4 is rejected which shows that there is not significant relationship between the variable price fairness and customer satisfaction in Nepal.

The result shows that, in the case of Nepalese customer, three hypotheses (H1, H2 & H3) are accepted and hypothesis H4 is rejected.

## 5 DISCUSSION

This section is all about the discussion of the findings and results revealed in the previous section of this study. The findings and results of this study present the inter-relationship between the dimensions of service quality, price and customer satisfaction in the aviation industry. This research is conducted on the basis of two research questions. So, the discussion is done separately by answering each research question of this study.

### *i. To what extent, do service quality and price influence customer satisfaction with in the aviation industry?*

The main objective of this research was to see the relationship between the service quality, price and customer satisfaction in the aviation industry. The data analysis of table 7 & 10, about the influence of service quality and price on customer satisfaction helps to answer the first research question of this study.

At first correlation test was done in 4.2.2 where table 7 shows the result of correlation, it shows that all the independent variables (reliability, responsiveness, assurance and price) were positively correlated with dependent variable (customer satisfaction) where assurance variable has strong relationship with customer satisfaction by ( $r=0.718$ ) after that responsiveness (0.676), reliability (0.666) and price (0.384) respectively. This means that in the aviation industry customers are more satisfied with the service like; consistently courteous/ politeness in the behavior of the employees of the airlines, the behavior of the employees instills confidence while travelling & the airlines service made feel safe while travelling.

Similarly, another analysis was done in 4.3 where table 10 shows the result about multiple regression which shows that reliability, responsiveness and assurance have significance relationship with customer satisfaction in the aviation industry. Thus, the findings regarding service quality and customer satisfaction are consistent with studies which found the significance better service quality to increase customer satisfaction (Parasuraman et. al. 1988; Sivadas & Baker-Prewitt, 2000; Wang et al. 2002; Kuo-YF, 2003; Liang & Zhang, 2009; Gera, 2011; Sureshchandar, et al. 2002; Devkota & Dahal, 2016; Omollo, 2016; Tamang, 2014). However, the result also shows that price fairness doesn't have the significance relationship with customer satisfaction in the aviation industry which was not consistent with the previous study (Martin-Consuegra, Molina and Esteban, 2007; Zeithaml & Bitner, 1996).

Moreover, in this result it is also showed that assurance has most important effect on the customer satisfaction with coefficient 0.378 after that responsiveness (0.257), reliability (0.198) and price (-0.008) respectively. The service quality variables had the high important effect than

that of price fairness. So, here price fairness has negative influence on customer satisfaction. This indicates that the priority scale of the airlines industry in increasing customer satisfaction should be more focused in improving price fairness. The reason behind this result could be; the customers might not have reasonable ticket price, there might be high fluctuation in the price for the same ticket or there was not any fixed rate in ticket price or there was not any fairness in price.

Among the three dimensions of the service quality, assurance has the higher effect than that of other dimensions. Assurance in this includes; consistently courteous/ politeness in the behavior of the employees of the airlines, the behavior of the employees instills confidence while travelling & the airlines service made feel safe while travelling.

Supporting the two-factor (hygiene and motivation factor) theory of Frederick Herzberg's which was developed in 1959, Maddox R. Neil (1981) had mentioned about "two-factor theory of customer satisfaction where he stated that hygiene factor had a great influence in customer satisfaction. So, the result in this study had also shown the similar things about the customer satisfaction. Assurance (safety) which is related to the hygiene factor for the customer satisfaction is the most important factor to satisfy the customers in the aviation industry. However, Zeithaml et. al (2006) has stated that price is regarded as a major component which effects the overall satisfaction of the customers. According to the result of this study, the price fairness seems to be given less priority so in order to increase the satisfaction level for the customer the aviation industry should give serious attention towards the price fairness.

***ii. Are there any difference between customers from Norway and Nepal?***

This research question was about the comparison between two nations, regarding service quality, price and customer satisfaction. The data analysis which was done in 4.4, 4.5 & 4.6 help to answer the second research question of the study.

**Case of Norway**

The data analysis 4.5 is about the influence of service quality and price on customer satisfaction in **Norway** which is shown in table 13 and four hypotheses (H5, H6, H7 & H8) has been tested for the relationship. After testing the hypotheses, H5 & H6 were rejected and H7 & H8 were accepted which means that reliability and responsiveness variables had significant relationship whereas assurance and price fairness has non-significance relationship with the customer satisfaction in the aviation industry of Norway. Moreover, the result showed that assurance was the most effective factor with coefficient 0.328 after responsiveness (0.197), price (0.196) & reliability (0.065) to influence customer satisfaction in Norway.



In the case of Norway, the variable reliability seemed to be had less influence on customer satisfaction. The reason behind this result could be giving less priority to the reliability variable items like; the service of on-time departure and arrival, access of information about ticket price and flight schedule time, reliable check-in and reservation service, providing of promised service in time. So, to increase the level of customer satisfaction in Norway, the aviation industry should give more focus on improving items of the reliability factor.

The result of Norway showed  $R^2 = 0.518$ . So, the ability of independent variables (reliability, responsiveness, assurance, price) in influencing customer satisfaction was 51.8% while the rest of 48.2% illustrates the presence of other free variations not observed in this study.

### **Case of Nepal**

The data analysis 5.5 is about influence of service quality and price on customer satisfaction in Nepal, which is shown in table 14 and for the relationship hypotheses (H1, H2, H3 & H4) are tested and the result shows that the hypotheses (H1, H2 & H3) are accepted and H4 is rejected. The result also shows that assurance is the most effective factor with coefficient 0.380 after responsiveness (0.277), reliability (0.250) & price (-0.042) respectively to influence customer satisfaction in Nepal. There is negative coefficient of price means that price fairness is not acting as an influencing factor for customer satisfaction of the airlines service of Nepal. The reason behind this can be; the travelling frequency of Nepalese customer can be extremely less than that of Norwegian customer, the price for the ticket may be always fixed or the government of Nepal might be running fix pricing system to every airlines industry which may be unfair to the customer of Nepal. Thus, in order to increase the customers satisfaction, the major priority factor for the aviation industry in Nepal should be focused on improving the pricing system which can be fair to the Nepalese customer.

The result of Nepal shows  $R^2 = 0.677$ , so the ability of service quality and price in influencing customer satisfaction is 67.7% while the rest of 32.3% illustrates the presence of other free variations not observed in this study.

As mentioned in the SERVQUAL model of Parasuraman et. al. (1988), that the dimensions of service quality influence the customer satisfaction this result also shows the similar kind of result regarding service quality and customer satisfaction in the aviation industry of Nepal. However, the result regarding price fairness and customer satisfaction opposes from the previous results of the researchers (Martin-Consuegra, Molina and Esteban, 2007; Zeithaml & Bitner, 1996).

### **Comparison of satisfaction**

The data analysis 5.3 was about the comparison of satisfaction between Norway and Nepal. From table 11 & 12, the result concluded that the customers of Norway are more satisfied than the customer of Nepal with the service provided by the aviation industry from the respective nation. Moreover, comparing the constant ( $\alpha$ ) from the table 13 & 14, Norway had got the constant ( $\alpha$ ) 0.835 whereas Nepal had got the constant ( $\alpha$ ) 0.390 which indicates that the customer from Norway are more satisfied than Nepal with the service quality and price provided by their respective nation.

The finding of this study reveals that higher the level of service will result significant effect on establishing the level of customer satisfaction. However, in the case of price it is inversely related to customer satisfaction. The literature suggests a consensus on the implication of better service quality and serious improvement in price in order to have higher level of customer satisfaction. Thus, the findings regarding service quality and customer satisfaction are consistent with studies which found the significance better service quality to increase customer satisfaction (Parasuraman et. al. 1988; Sivadas & Baker-Prewitt, 2000; Wang et al. 2002; Kuo-YF, 2003; Liang & Zhang, 2009; Gera, 2011; Sureshchandar, et al., 2002; Devkota & Dahal, 2016; Omollo, 2016; Tamang, 2014) and regarding price and customer satisfaction it was found non-significance so price is the factor which needs to be given serious priority (Martin-Consuegra, Molina and Esteban, 2007; Zeithaml & Bitner, 1996).

## 6 CONCLUSION

The main aim of this study is making contribution to the literature on the relationship between service quality, price and customer satisfaction by focusing on the aviation industry service of two nations; Norway and Nepal. This study investigates the dimensions of the service quality (reliability, responsiveness, assurance) and price that influence the customer satisfaction. Further, this study also examines where service quality and price have a significant impact on customer satisfaction.

Theoretical framework with respect to service quality (reliability, responsiveness, assurance), price, customer satisfaction and the relationship of these variables guides this study. These relationships are used to develop a research model on the basis of SERVQUAL model of Parasuraman et. al. 1988, and further hypotheses are developed and tested. SERVQUAL score was used to develop questionnaire which further helps to measure the level of customer satisfaction and data were collected from 155 respondents where 80 respondents were belongs to Norway and 75 were belongs to Nepal.

This study covered three suitable dimensions of SERVQUAL model (reliability, responsiveness, assurance) and price to relate the customer satisfaction of the aviation industry service. The result of this study shows the negative influence of price towards customer satisfaction in the aviation industry. So, for the future research the researchers are suggested to do in-depth research especially on price factor that promote customer satisfaction in the aviation industry. Moreover, this study was done as a comparative study between Norway and Nepal regarding the influence of service quality and price on customer satisfaction. In the future, similar kind studies can be done between two different nations using different service quality model like SERVPERF or SERVPERVAL model, however this study was based on SERVQUAL model.

## 7 PRACTICAL IMPLICATION

This study has linked various concept of marketing (like consumer behavior, service marketing, relationship marketing, quality management literature) and also shows the relationship and influence of service quality and price fairness on the customer satisfaction in the aviation industry service of Norway and Nepal. In the similar sense, the result of this study shows that customer satisfaction is determined by the perceived service quality and price fairness. In the case of service quality, there is not any surprising results revealed from this study. As per the suggestions of the researchers, the organization should increase the service quality in order to satisfy their customer. The public comments in the social media helps in the rating the quality of the service of the airlines industry. So, with the help of this study the airlines industries are suggested to focus on the issues which are published in social media related to service quality (issues like employee behavior, check-in and ticket reservation problem, luggage and baggage missing, ticket price and price fairness and travelling safety) and bring the improvement in those issue to achieve or increase the satisfaction from the customer.

In the case of price fairness, Martin-Consuegra, Molina and Esteban, (2007) have concluded in their study that there is positive relationship between price fairness and customer satisfaction, but the result of this study shows the non-significant relationship. Thus, it means that there is something wrong in the price fairness in the aviation industry which is still not satisfying the customer. The study shows that though the passengers of paying the amount of quoted price for the ticket while travelling through the airlines, they are not satisfied with the price fairness. The major reason can be high fluctuation in price which normally happens in the airlines service. Therefore, this study suggests that price fairness also plays vital role in customer satisfaction. So, the airlines industries are suggested to create price transparency whenever the price are increased due to uncontrollable external factors like increase in fuel cost or when the pricing structure seems relatively complex because when there is transparency in price it will increase price fairness and it has influence in the customer satisfaction as well (Martin-Consuegra, Molina and Esteban, 2007). Thus, the better knowledge about the influence of service quality and price fairness and also other influencing factor on customer satisfaction will helps the manager to enhance customer satisfaction which in return enhance the performance of the organization.

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## APPENDICES

### Appendix 1: Reliability and Validity

- **Reliability**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.885	.885	5

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RLN1	14.6581	11.356	.699	.503	.865
RLN2	14.4645	10.445	.729	.584	.858
RLN3	14.5742	10.701	.741	.574	.855
RLN4	14.7032	10.431	.762	.593	.850
RLN5	14.8387	11.266	.681	.514	.869

- **Responsiveness**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.804	.808	5

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
REN1	14.3097	8.202	.532	.289	.783
REN2	14.6065	7.578	.651	.517	.748
REN3	14.4581	7.873	.618	.501	.759
REN4	14.5806	7.232	.646	.442	.748
REN5	14.8710	7.464	.518	.340	.794

- **Assurance**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.804	3

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ASN1	7.6774	2.194	.686	.477	.696
ASN2	7.8000	2.447	.605	.367	.780
ASN3	7.6581	2.278	.665	.453	.719

- **Price**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.740	.739	4

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
PRN1	10.5484	7.678	.533	.317	.681
PRN2	9.9871	6.792	.580	.396	.652
PRN3	10.2581	7.037	.551	.374	.669
PRN4	10.3355	7.900	.467	.270	.715

- **Satisfaction**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.761	.764	3



**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
SLN1	7.2323	2.309	.602	.374	.675
SLN2	7.5548	2.054	.556	.309	.725
SLN3	7.2000	2.005	.627	.402	.638

**Rotated Component Matrix<sup>a</sup>**

	Components				
	1	2	3	4	5
RLN1	.674				
RLN2	.757				
RLN3	.775				
RLN4	.796				
RLN5	.658				
REN1		.487			
REN2		.499			
REN3		.627			
REN4		.497			
ASN1			.619		
ASN2			.698		
ASN3			.784		
PRN1				.748	
PRN2				.792	
PRN3				.880	
PRN4				.662	
SLN1					.664
SLN2					.640
SLN3					.727

## Appendix 2: Data Analysis

### 5.2 Influence of service quality and price on customer satisfaction

**Correlations**

		Satisfaction	Reliability	Responsiveness	Assurance	Price
Pearson Correlation	Satisfaction	1.000	.666	.676	.718	.384
	Reliability	.666	1.000	.688	.662	.399
	Responsiveness	.676	.688	1.000	.675	.486
	Assurance	.718	.662	.675	1.000	.448
	Price	.384	.399	.486	.448	1.000

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.780 <sup>a</sup>	.608	.597	.43693	.608	58.097	4	150	.000

a. Predictors: (Constant), Price, Reliability, Assurance, Responsiveness

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.574	.213		2.697	.008
	Reliability	.198	.064	.233	3.069	.003
	Responsiveness	.257	.081	.252	3.181	.002
	Assurance	.378	.072	.398	5.271	.000
	Price	-.008	.047	-.010	-.164	.870

a. Dependent Variable: Satisfaction

### 5.3 Influence of service quality and price on customer satisfaction in Norway

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.720 <sup>a</sup>	.518	.493	.42394

a. Predictors: (Constant), PriceNO, ReliabilityNO, AssuranceNO, ResponsivenessNO

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.835	.339		2.465	.016
	ReliabilityNO	.065	.099	.075	.663	.510
	ResponsivenessNO	.197	.104	.211	1.881	.064
	AssuranceNO	.328	.098	.370	3.333	.001
	PriceNO	.196	.089	.215	2.202	.031

a. Dependent Variable: SatisfactionNO

#### 5.4 Influence of service quality and price on customer satisfaction in Nepal.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823 <sup>a</sup>	.677	.659	.43585

a. Predictors: (Constant), PriceNP, ReliabilityNP, AssuranceNP, ResponsivenessNP

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.390	.291		1.338	.185
	ReliabilityNP	.250	.089	.299	2.793	.007
	ResponsivenessNP	.277	.135	.263	2.053	.044
	AssuranceNP	.380	.109	.386	3.484	.001
	PriceNP	-.042	.134	-.038	-.312	.756

a. Dependent Variable: SatisfactionNP

## 5.5 Comparison of satisfaction between Norway and Nepal

**Group Statistics**

CurrentResidency		N	Mean	Std. Deviation	Std. Error Mean
Satisfaction	Norway	80	3.8167	.59510	.06653
	Nepal	75	3.5022	.74611	.08615

**Independent Samples Test of Significance**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Satisfaction	Equal variances assumed	3.346	.069	2.910	153	.004	.31444	.10807	.10094	.52795
	Equal variances not assumed			2.889	141.459	.004	.31444	.10885	.09925	.52964

### Appendix 3: Questionnaire

#### **Influence of Service Quality and Price on Customer Satisfaction in the Aviation Service: Comparative study of Customers between Norway and Nepal**

Dear respondent,

I please request you to fill this survey which will just take 2 - 5 minutes. I am doing survey for my thesis research, which is a course of my Master of Science in Business-degree at Nord University Business School. I will be grateful if you will answer the questions to the best of your ability. Your responses will be treated confidentially and used only for academic purpose. Your participation is highly appreciated.

Part 1:

(a) Current Residency

(i) Norway

(ii) Nepal

(b) Gender

(i) Male

(ii) Female

(c) Age .....

(d) Marital Status

(i) Single

(ii) Married

(e) Profession

(i) Student

(ii) Worker

(iii) Unemployed

(f) Monthly Income Level

(i) Below 5,000 NOK

(ii) 5,000 to 15,000 NOK

(iii) 15,000 to 30,000 NOK

(iv) Above 30,000 NOK

(g) How often do you travel through airlines?

(i) Daily

(ii) Weekly

(iii) Monthly

(iv) Less Frequently

(h) What is the normal purpose of your travel through airlines?

(i) Leisure

(ii) Business/Work

(iii) Personal Reason/Commuting

(i) (Norway) The airlines that I prefer for domestic travelling purpose.

(i) Norwegian Airlines

(ii) SAS Airlines

(iii) Wideroe Airlines

(iv) Other:

(j) (Norway) The airlines that I prefer for international travelling purpose.

(i) Norwegian Airlines

(ii) SAS Airlines

(iii) Other:

(k) (Nepal) The airlines that I prefer for domestic travelling purpose.

(i) Buddha Airlines

(ii) Yeti Airlines

(iii) Simrik Airlines

(iv) Other:

(l) (Nepal) The airlines that I prefer for international travelling purpose.

(i) Nepal Airlines

(ii) Himalayan Airlines

(iii) Other:





- Promised service like offers and reward are provided in time.

1            2            3            4            5

Strongly Disagree Strongly Agree
- Employees of the airlines had the knowledge to answer your questions

1            2            3            4            5

Strongly Disagree Strongly Agree
- Employees on the airlines provide immediate service

1            2            3            4            5

Strongly Disagree Strongly Agree
- For any kind of problems crew members (employee) shows serious interest in solving it.

1            2            3            4            5

Strongly Disagree Strongly Agree
- I am satisfied with the care and responsible towards my belongings (Luggage and Baggage).

1            2            3            4            5

Strongly Disagree Strongly Agree

- I am satisfied with alternative arrangement for Right delay and cancellation.

1            2            3            4            5

Strongly Disagree Strongly Agree
- I find consistently courteous/ politeness in the behavior of the employees of the airlines.

1            2            3            4            5

Strongly Disagree Strongly Agree
- The behavior of the employees instills confidence in me while travelling.

1            2            3            4            5

Strongly Disagree Strongly Agree
- The airlines service made me feel safe while travelling.

1            2            3            4            5

Strongly Disagree Strongly Agree
- Price for the ticket is reasonable, fair and affordable.

1            2            3            4            5

Strongly Disagree Strongly Agree
- I am highly sensitive about price factor.

1            2            3            4            5

Strongly Disagree Strongly Agree

- The price is worth paying for provided service.

1            2            3            4            5

Strongly Disagree Strongly Agree

- I am satisfied with the provided discount offers.

1            2            3            4            5

Strongly Disagree Strongly Agree

Part 3:

Scaling the satisfaction level from 1-5 for the Airlines that you travel;

- 1 = Very Dissatisfied,
- 2 = Dissatisfied
- 3 = Neutral (Neither satisfied nor dissatisfied)
- 4 = Satisfied
- 5 = Very Satisfied

- Overall satisfaction level of the airline's service quality in which I travel is:

1            2            3            4            5

Very Dissatisfied Very Satisfied

- Overall satisfaction level of the airline's ticket price in which I travel is:

1            2            3            4            5

Very Dissatisfied Very Satisfied

- Overall satisfaction the airline's safety in which I travel is:

1            2            3            4            5

Very  
Dissatisfied

Very Satisfied

- Any comment

Your answer