

What Factors Influence Passengers' Expectations of Airline Hospitality? Some Evidences Based on Signaling Theory

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Abstract

This study set out to discover the impacts of an array of service promises that might act as signals of airline hospitality. Using the Signaling Theory, this study contributes greatly to both theory and practices, as most previous investigations focused just on price signals. This study, involving 546 respondents, employed a questionnaire survey as the main method of data collection. The findings showed that perceived promotional was the strongest predictor of expectations of airline hospitality, followed by perceived internal marketing, perceived service reliability, and perceived environmental-friendly. Surprisingly, this study also revealed that perceived price level has no significant relationship with expectations of airline hospitality.

Keywords: Hospitality, Signaling Theory, Service Promises, Customer Expectations, Airline Marketing

Background of the study

In the airline industry, the hospitability of service has long been recognized as the key to consumer loyalty (Khan et al., 2020). In today's competitive environment, service hospitability is evident in both the full-service airline segment, where hospitality is expected, and its low-cost airline counterparts, where hospitality is the new competitive advantage (Nameghi & Ariffin, 2013). Given the significance of service hospitability, this study aims to provide some new insights into the factors that determine passengers' expectations of an airline's hospitability, particularly from the organizational symmetric information or signals received by the passengers.

Service expectations essentially refers to consumers' pre-purchase beliefs about the service they will receive (Khan et al., 2020; Taylor & Halstead, 2014). These beliefs serve as comparison criteria or reference points for consumers to judge service performance or qualities (Oliver, 2009; Park et al., 2020; Punel et al., 2019). Despite the importance of understanding customer expectations on service hospitability, there has been little research into the determinants of those expectations in the context of airline services particularly from the organizational-related perspective.

As opposed to products, services are experienced rather than consumed. They also contain fewer search attributes than products (Park et al., 2020), making them more difficult to judge prior to purchase (Zeithaml et al., 2012; Park et al., 2020) and for customers to completely comprehend what to anticipate from the service. Therefore, it appears that the use of service surrogate cues to imply quality is becoming increasingly important for service organizations (Park et al., 2020; Taylor & Halstead, 2014; Han, et al., 2019; Hu et al., 2021).

According to Zeithaml et al (2012), apart from word of mouth, and the consumers past experience with the service, the main determinants of service expectation include explicit and implicit service promises. Explicit service promises are direct or express statements made by marketers regarding a service, its attributes, or quality level while implicit service promises are those that are indicated or implied by the service provider but are not explicitly disclosed (Voorhees et al., 2017; Garmaroudi et al., 2021). Surprisingly, despite the significant roles played by these service promises, review of literature revealed that none of the related prior studies in the context of airline services have identified the specific service promises and analyzed (and compared) the extent of their influences on passenger' expectations of airline hospitality.

Using signaling theory, this study investigates the signaling roles of various organizational signals on passengers' expectations of airline service hospitability whereas past studies has concentrated primarily on price signals. Signaling theory offers theoretical insights into the procedure by which a brand influences consumption behavior when consumers are unsure about product quality. Garmaroudi et al (2021) such as the hospitableness of the service to be offered.

A focus group involving 14 frequent airline passengers has been conducted to identify the organizational-related service promises commonly used by customers as signals or reference points to form their expectations on the airline hospitability. The exercise yielded the following eight most prominent organizational signals:

1. Perceived internal marketing - how the airline treats its employees?
2. Perceived competitiveness - how competitive is the airline?
3. Perceived innovativeness - How innovative is the airline?
4. Perceived financial leadership - how strong is the airline's financial position?
5. Perceived service reliability - how reliable are the airline services?
6. Perceived environmental-friendly - how environmentally conscious is the airline?
7. Perceived price level - how much is the air-ticket?
8. Perceived promotional message - how positive/pleasant are the airline's marketing messages?

The first seven signals are implicit service promises while the last one is an explicit service promise. Cross-referencing with the literature revealed that all eight signals are pertinent to elucidate passengers' expectations of airline hospitability. Extant of related research showed that customer's expectations regarding the quality of a product or service are greatly affected not only by image of the brand (Shadi & Mohammad, 2012; Garmaroudi et al., 2021), but also

the company's reputation as perceived by the customers (Mohsin et al., 2019). Recent related studies have provided empirical evidence to support the roles of organizational factors such as organizational culture, human capital, product-service standards, and other management external and internal information on employee engagement, which facilitates customer value co-creation and behavioural expectations (Chathoth et al., 2022), as well as a better service climate dubbed "hospitality heart" by (Harrington et al., 2020). In other study, Wang et al (2012) contended that market-driven hospitality businesses are more likely to provide its guests with higher-quality hospitality services. Additionally, Rodriguez et al (2018) discovered that businesses that priorities marketing and innovation also deliver outstanding hospitality performances. What about the influence of all these organizational-related service promises on passengers' expectations of airline hospitality? Based on all the above, the main objectives of this paper are twofold:

1. To delineate the association between perceived organizational-related service promises or signals and passengers' expectation of airline hospitality.
2. To uncover the core determinants of passengers' expectation of airline hospitality based on perceived organizational-related service promises or signals.

Research Method

As aforementioned, a focus group was carried out to uncover the dominant organizational-related service promises that served as signals to determine customers' expectations of airline hospitality. Using purposive sampling technique, this study's samples consisted of individuals who have flown with full-service airlines to international destinations at least once in the six months preceding the date of data collection. To reach the targeted sample size of 500, a total of 650 questionnaires were personally administered at the KL International Airport. Out of this, 613 questionnaires were returned, and 546 were deemed usable for further examination. The measurements for all variables were adapted from existing measures. The samples of items were presented in the table below.

Table 1

Samples of measurement items

Samples of Items for the Variables	Main Source(s)
Airline Hospitality I expect that..... <ol style="list-style-type: none"> 1. The cabin crews will display natural smiling faces almost all the time 2. The cabin crews will always maintain eye contact with the passengers during conversation 3. The cabin crews will interact with passengers in polite manner 4. The cabin crews will make their efforts to engage in “small talk” with the passengers 5. The cabin crews will offer warmth welcoming to all passengers 	Nameghi & Ariffin (2013)
Perceived Price Level <ol style="list-style-type: none"> 1. The price charged by the airline seems to be very pricy. 2. The price charged by the airline seems to be unreasonable. 3. The price charged by the airline seems to be very unaffordable. 	Zhao et al (2021); Levrini & Jeffman (2021)
Perceived Promotional Efforts <ol style="list-style-type: none"> 1. All of the airline advertising I've seen (on TV, radio, etc.) appears to be positive. 2. All of the airline advertising I've seen and read appears to be exciting. 	Kalamas et al (2002); Ramzan (2019)
Perceived Service Reliability <ol style="list-style-type: none"> 1. The airline service is reliable 2. The airline service is trusted 	Fan (2019); Bartikowski & Walsh (2011)
Perceived Environmental Friendly <ol style="list-style-type: none"> 1. The airline seems to be environmentally conscious. 2. The airline appears to care about the environment. 	Fan (2019); Bartikowski & Walsh (2011)
Perceived Market Innovativeness <ol style="list-style-type: none"> 1. The airline develops innovative services 2. The airline introduces cutting-edge services. 	Bartikowski & Walsh (2011)
Perceived Internal Marketing Leadership <ol style="list-style-type: none"> 1. The airline appears to be a good place to work. 2. The airline's employees are concerned about their customers' needs and desires. 	Bartikowski & Walsh (2011)
Perceived Market Leadership <ol style="list-style-type: none"> 1. The airline outperforms its rivals. 2. The airline has promising future market growth prospects. 	Chien & Chi (2019); Bartikowski & Walsh (2011)
Perceived Financial Leadership <ol style="list-style-type: none"> 1. The airline appears to be financially successful. 2. The airline appears to make sound financial decisions. 	Bartikowski & Walsh (2011)

The Product Moment Correlation which shows how strongly passengers' expectations of airline hospitality are linked to the chosen organizational signals was used to meet the first

research objective. In essence, it demonstrates the correlation between variables, whereas the relationship between variables looks at cause and effect. The second research objective is best served by employing multiple regression analysis rather than SEM because the model is relatively simple, with only one dependent variable and no mediator or moderator.

Empirical Results

In terms of demographics, the sample is relatively balanced between males (52.9%) and females (47.1%). Most respondents (39.2%) are between the ages of 25 and 35. A vast majority (45.6%) hold bachelor's degrees while 19% hold postgraduate degrees.

Before performing multiple regression analysis, the data was examined to ensure that its basic assumptions were not violated (Hair et al., 2018). The multicollinearity diagnostics showed that the VIF scores were all below 10 indicating that multicollinearity was not an issue in this regression model. The reliability test also showed that the Cronbach Alphas for all variables were 0.87 and higher.

Research Objective 1: To delineate the association between perceived organizational attributes of service promises and passengers' expectation of airline hospitality.

The findings of the correlational analysis, which are shown in the table below, revealed that, except for perceived price level, all organizational signals under investigation were positively associated to passengers' expectations of airline hospitality. In other words, as expected, the greater their expectations on the hospitality of the airline service offerings, the more positively they perceive the seven factors (perceived promotional efforts, perceived service reliability, perceived environmental friendliness, perceived market innovativeness, perceived internal marketing leadership, perceived market leadership, and perceived financial leadership).

The organizational signal that proved to be most strongly connected with airline hospitality were perceived internal marketing ($r=0.444$), followed by perceived promotional effort ($r=0.437$), perceived service dependability ($r=0.431$), and perceived market innovativeness ($r=0.429$).

The two implicit service promises, perceived financial leadership ($r=0.293$) and perceived environmental friendliness ($r=0.330$) were the organizational signals that were least connected with airline hospitality.

Table 2

Correlational analysis

Service Promises	Perceived Promotional Effort	Perceived Price Level	Perceived Service Reliability	Perceived Market Leadership	Perceived Market Innovativeness	Perceived Internal	Perceived Environmental	Perceived Financial
<i>r</i>	0.437	0.056	0.431	0.428	0.429	0.444	0.330	0.293
Sig. (2-tail)	0.000	0.191	0.000	0.000	0.000	0.000	0.000	0.000
N	546	546	546	546	546	546	546	546

Research Objective 2: To uncover the core determinants of passengers' expectation of airline hospitality based on perceived organizational attributes of service promises.

The coefficient of multiple determinations (R^2) was 0.296, indicating that the eight organizational signals (service promises) involved can explain close to 30% of the variation in passenger expectations of airline hospitality. The ANOVA test also revealed that the regression model being tested significantly ($p=0.000$) predicts the outcome variable.

Even though the correlational analyses revealed that all the organizational signals, except perceived price, were significantly associated with airline hospitality, the cause-and-effect analysis revealed that only four of them were the statistically significant determinants of airline hospitality. The results indicate that perceived promotional ($B=0.231$) was the main determinant of airline hospitality followed by perceived internal marketing ($B=0.151$), perceived service reliability ($B=0.133$) and perceived environmental-friendly ($B=0.133$).

Table 3

Multiple Regression Analysis

Model	R	R Square	Adjusted Square	R	Std.Error of the Estimate
1	0.544	0.296	0.285		0.74821

Model		Sum of Square	df	Mean Square	F	Sig.
1	Regression	126.365	8	15.796	28.216	0.000
	Residual	300.620	537	560		
	Total	426.985	545			

Model		Unstandardized Coefficient B	Std. Error	Standardized Coefficients Beta	t	Sig.	
1	(Constant)	2.289	.186		12.274	.000	
	Explicit Service Promise						
	Perceived Promotional	.051	.010	.231	5.304	.000	
	Implicit Service Promise						
	Perceived Price	.001	.010	.004	.099	.921	
	Perceived Service Reliability	.097	.050	.133	1.955	.051	
	Perceived Market Leadership	-.008	.017	-.028	-.437	.662	
	Perceived Market Innovativeness	.070	.050	.092	1.398	.163	
	Perceived Internal Marketing	.062	.023	.151	2.713	.007	
	Perceived Environmental Friendly	.116	.041	.147	2.821	.005	
	Perceived Financial Leadership	-.028	.023	-.076	-1.250	.212	

Discussion and Conclusion

Although perceived internal marketing was shown to have the highest correlation with airline hospitality, the only explicit service promise, perceived promotional was found to be the most influential factor in determining passengers' expectations of airline hospitality. This is primarily because formal brand communication is purposefully developed to reinforce the service value proposition of the brand (Foroudi, 2020; Nazarian et al., 2017; Berry, 2000; Wang et al., 2019). Since promotional materials play such an important role in shaping passenger expectations, all forms of airlines advertisements should be meticulously developed, considering not only internal strengths but also opportunities from competitors. This is essential in order to avoid overpromising.

Perceived internal marketing is the second as well as the most powerful implicit service promise that affect the expectations of airline hospitality. This is not surprising given that the act of hospitality in airline services is predominantly judged based on the performance of cabin crews. Having good human resource management sends a strong signal that the airline can provide high quality services including excellent hospitality. The more content the cabin crews are with their jobs, the more likely they are to deliver excellent service to the passengers (Okabe, 2017).

Interestingly, this study also discovered that the more environmentally conscious the airline is perceived by passengers, the higher their expectations of airline hospitality. Notably, this factor has such a stronger influence on expectation of airline hospitality than service reliability. Fundamentally, when a business is thought of as being kind to its environments, it is also anticipated that it will be kind to people or humane as both phenomena call for a similar mindset.

Perceived service reliability is the final determinant of expectations of airline hospitality. In the domain of airlines, reliability is typically associated with timeliness and safety. Those airlines that prioritize these two aspects are also expected to treat their passengers with hospitality. The reliability of an airline service can be assessed based on the personal experiences of the passengers and other passengers with the airline, as well as information from the media. In this regard, it is crucial for airlines to ensure consistency in service quality so that passengers are not disappointed.

Although the remaining three organizational signals namely perceived market leadership, market innovation, and financial leadership are found to be significantly connected with passengers' expectations for airline hospitality, passengers' expectations do not rise as a result of an increase in these attributes. One of the study's most striking findings is that price level is not only unrelated to airline hospitality but also does not appear to be a significant determinant of passengers' expectations of airline hospitality. This issue is primarily attributable to instances in which the prices of airline tickets fluctuate dramatically as a result of the differential pricing strategy utilized to maximize current profit. While the prices are not fixed, the values of the service offerings remain constant. In this regard, the price change would not have any effect on passengers' expectations of airline hospitality. In addition, passengers typically lack internal reference points for airline service costs, as the pricing of services including airline is typically more complex than that of tangible goods (Lim and Tkaczynski 2017; Bezerra and Gomes 2020; Stamolampros et al. 2020; Zeithaml et al. 2018). The Signaling theory is used in this study to investigate the direct relationships between organizational signals and passenger's expectations of airline hospitality. The essence of brand signaling theory is on credibility and clarity of the signals. Future research may seek to use these constructs as mediators between the direct links to provide more insights and

perspectives on the phenomenon. The findings of this study are likely to provide a substantial contribution to the development of airlines' strategic orientation, particularly in the context of corporate branding. This study's findings will advise airline management on strategic issues such as environmental awareness and human resource management, which have been demonstrated to have substantial influences on airline hospitality. Airline hospitality should be a top priority for all airlines, especially full-service and national carriers, as it is the next competitive edge in the commercial airline business.

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