Airline service quality (AIRQUAL) improvement approach for Thai Airways during the rehabilitation

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Abstract. Since the outbreak of COVID-19 in 2020, Thai Airways (THAI) and many other airlines have been suffering from significant losses and a shortage of liquidity and cash flow. Therefore, the submitted rehabilitation plan aims to completely restructure and enable THAI to become profitable again (Thai Airways, 2021). This study therefore aims to contribute a guideline for enhancing service quality for customer satisfaction in the business by using content analysis from documents, books, tables, articles and related research to examine data based on the Airline Service Quality (AIRQUAL), a crucial component for all service providers, but particularly in the airline industry. This study in line with the forecast of the International Air Transport Association (IATA) and The Civil Aviation Authority of Thailand (CAAT) that the aviation industry will recover to normal within the next few years and the Thai national strategy (2018-2037) on developing future industries and services in order to be key growth engines designed to push Thailand to become a developed country through advanced innovations and technologies and also serves as a foundation for further studies and could possibly accelerate existing research on airline service quality and customers’ airline selection decisions. Keywords: Thai Airways, AIRQUAL, Development, Service Quality.

1 Introduction

Due to the COVID-19 epidemic situation, Thailand's aviation industry has been hit the most severely in 10 years. The Civil Aviation Authority of Thailand (CAAT) and International Air Transport Association (IATA) has forecast that the aviation industry will recover to normal within the next few years.

In 2021, the number of passengers decreased by 64.1 percent from the previous year and total flight volume decreased by 48.5%, resulting in a 20.88% drop in employment in the aviation industry and a drop in aviation operating income. up to 70.96%. All airlines over the world had experiencing loss, lack of liquidity and low cash flow. Like other airlines, THAI has been affected by the COVID-19 epidemic situation, therefore needs to enter the rehabilitation process and is determined to manage its business in accordance with the debt

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and financial condition as well as the current economic situation. After the rehabilitation plan of THAI has been approved by the court, together with the situation of the epidemic of COVID-19 has subsided, all these factors are good opportunities for the airlines leads THAI to be ready to resume full business operations again.

In order for THAI's business operations to grow strongly and generate income as well as generating sustainable profits, THAI will drive its strategy and develop holistically under the new vision, which is a high-quality airline full service with the strength of Thai identity Connecting Thailand to the World and generate good profits continuously (Private High Quality Full Service Carrier with Strong Thai Brand, Connecting Thailand to the World and Generating Consistently Healthy Profit Margin) consists of 4 strategies as follows:

1. It is the airline that customers choose first, with a selection of products based on customer satisfaction, by modifying products and services and designing products based on customer requirements to deliver a high-quality experience while managing costs efficiently.

2. Increase commercial potential with stronger commerce improvements earn more with a return on revenue and business profit from offering a full range of value-added services as an option. And there is a mix of both online and offline distribution channels that creates a mix of marketing across multiple channels and strengthen commerce with digital investment to develop intensive commercial capabilities.

3. Cost management to be competitive in the aviation industry, for example, the enhancement of aircraft leasing contracts that benefit Thai Airways Cost-cutting measures with business partners. This includes simplifying the organizational structure to better suit the business and makes it more compact, reducing the number of employees to compete with other airlines.

4. To be an organization with high operational efficiency and safety and being a hub for connecting the network of partner airlines to various air points in Thailand (THAI, 2021)

The Civil Aviation Authority of Thailand (CAAT) and International Air Transport Association (IATA) have forecast that the aviation industry will recover to normal within the next few years. Therefore, in order to prepare operators in the industry and support the upcoming recovery, CAAT has studied and formulated an Aviation Industry Rehabilitation Plan 2022-2025 Conceptual Framework and Action Plan. The plan focuses on the aviation industry to be able to "survive, be strong and sustainable" by referring to International Civil Aviation Organization (ICAO) Guidelines on Economic and Financial Measures to Reduce the Impact of the COVID-19 Pandemic on the aviation. Measures to provide assistance to foreign countries and an ad hoc master plan under the national strategy as a result of the COVID-19 situation 2021-2022 (2-year plan) of the Office of the National Economic and Social Development Council (CAAT, 2022).

In 2022, CAAT set a goal for the Quick-win phase according to the "survival" measure, meaning the aviation industry is ready for full-scale operations by 2022, such as aviation operators being able to continue their business in during the epidemic with a strategy to increase financial liquidity, change rules to facilitate develop cooperation of organizations related to the aviation industry all of these can stimulate the demand for international air travel. (CAAT, 2022).

Service quality is important for every business as it is a tool that makes differentiation and competitiveness under the high competition of each business. Service quality is an important element for all service providers especially in the airline industry to measure of how well the service provided meets the customer's expectations. Upgrading the quality of service is an important strategy that should be used to improve service quality resulting in satisfaction and impression of the customers. The majority of airlines around the world recognize the need to provide high-quality services that please customers, and they have started looking for alternate strategies to do so (Kankaew, 2022).
The standard of good service is defined by the word “quality”. This makes the consumer or service user become the centre of the business. Therefore, the organization's strategy can be adjusted in accordance with the needs of service users or customers, there will be opportunities for sustainable business (Thongyam, 2017). Many researchers agree that customer satisfaction influences customer loyalty and recommendations, which affects a company's profitability and market share (Ekiz et al., 2006).

This paper is a qualitative research using study methods from documents, books, tables, articles and related research to analyze data based on the Airline Service Quality (AIRQUAL) and has an objective to propose guidelines for the development of service quality in the aviation industry in accordance with the development plan for THAI during the rehabilitation and to conform with the Thai national strategy (2018-2037) on the National Strategy on Competitiveness Enhancement on developing future industries and services to be key growth engines aimed at propelling Thailand to the status of developed country through advanced innovations and technologies. This Strategy aims to prepare for the future through national infrastructure development, including transport and logistics, science, technology, and advanced digital systems, as well as environmental adjustment, to facilitate future industrial and service development.

The Airline Service Quality (AIRQUAL) developed by Bari et al., (2001) has five distinct dimensions, namely, airline tangibles, terminal tangibles, personnel, empathy, and image. The studies (Ekiz et al., 2006; Nadiri et al., 2008) found that better airline service quality, as measured by AIRQUAL, has statistically significant effect on passenger satisfaction (Kankaew et al., 2022).

All five dimensions enquire various aspects of the airline service. The first dimension is Airline tangibles relate to the interior of aircraft used by airlines, the quality of catering in the plane, the cleanliness of the seats, the comfort of the seats, and the quality of air conditioning in the planes (Bari et al., 2001; Ekiz et al., 2006; Nadiri et al., 2008).

Kotler (2000) lists four different types of tangible goods as (1) pure tangible goods, (2) tangible goods with an accompanying intangible service, (3) a significant intangible service with accompanying tangible goods (Hybrid), and (4) a pure service. This concept is corresponding to (Juliet, 2013) has stating that in-flight services offered by flight attendants can affect passenger satisfaction. Therefore, in order to develop good service to users or passengers, flight crew should prioritize concrete services to create a positive corporate image such as safety, seat comfort, Quality of in-flight meals, Entertainment onboard. This includes the language skills and in-flight etiquette that affect the satisfaction of quality services.

Worathumthongdee (2016) conducted a study on Thai Airways' in-flight service quality is related to the trend in passenger service behaviour in terms of tangible service quality. The results of the study revealed that the passengers had the opinion that the quality of service was good in all aspects, namely cabin condition, the cleanliness and hygiene of the lavatories, optimal air pressure and cabin temperature, the size and width of the passenger seat are appropriate, all facilities are in good condition, the selection and quality of the food and beverages offered, as well as their amount and luggage storage. While Ariffin et al (2010) studied on Quality of Service and Satisfaction for Low Cost Shipping and found that safety and tangibility are the most important aspects for quality of service.

The second is Terminal tangibles; another important dimension of AIRQUAL. The airport is considered a place of business with extraordinarily complex as well as very diverse offering differentiated services and a high level of quality. Airport services can be classified into air operations and land operations which can be classified as follows: (1) service during takeoff and landing (2) airplane ramp service (3) safety service (4) airport equipment (5) ground handling (6) other services and (7) The safety of passengers on board the aircraft (Öum et al., 2003) including the environment whether it is decorated,
atmosphere, parking place, and the personality of the staffs.

To make the satisfaction of passengers to the services, the standard services must be sufficient and must be secure, passengers do not have to pay for services provided by the airports such as passport inspection, product inspection and Baggage inspection according to customs laws, etc., this type of service must be fast, convenient, comfortable and must build confidence for service users. It can be said that to provide service at the airport, convenience is primarily issue for airports to provide facilities to the customers such as facilitate a plane during take off and landing, servicing the aircraft, arranging adequate facilities and locations for passengers.

Thai Airways should increase the efficiency of the system. Internet in the lounge and should increase the number of chairs, sofas in the lounge to be sufficient for the number of passengers who use the lounge, the researcher foresees that it is not only within Business Class lounges, but all airline’s lounge need to be able to see and appropriately make these amenities available to passengers.

Personnel, the third dimension of AIRQUAL, were designed to assess staff working in airlines. Staff’s attitude, knowledge and experience are key elements for the business’s success. Promoting Thailand as the Centre in the aviation industry, it is necessary to develop the potential to produce personnel to support the aviation business and various related businesses including pilots, engineers, aircraft repair technicians, airline employees and other aviation fields. These professional groups need a high level of technical knowledge expertise and work experiences. It also needs a monitor and support from Government.

Consequently, the element of success is to develop of the workforce, it has to be prepared and able to meet the needs of the aviation industry's future growth. A body of knowledge must be developed for students ranging from primary school to university level so they can work in the aviation industry with knowledge competence that meets labour market needs.

When graduated, they will be able to work according to the needs of the entrepreneurs. To create an impression of customers, it is important to select and train employees to have knowledge, ability, good attitude, responsibility and good communication (Sereerat et al., 2007).

The first process starts from Selecting. Selection criteria that are rigorous and high in standard emphasize qualities such as service-mind, cheerful, friendliness, and humility.

Second process is training. Training is a tool that can be used to achieve success in the industry. As a result, the service necessitates the development of training courses for new employees to develop additional skills on an ongoing basis. The third process is team building, building efficiency of the team by emphasizing teamwork including learning about the behaviour of co-workers. Empowering front-line personnel is another step by broadening the scope of their powers and responsibilities in the performance of their duties. It will have an impact on your ability to solve specific problems. Lastly, Motivation, motivating employees by giving a percentage share return of the operating results or in the form of employee bonuses, 50% of the annual base salary, etc.

Furthermore, providing excellent service is one of the tools that leading businesses use to respond to service user needs by bringing service users to the location, all employees are able to operate and see results right away that can make customers happy and returning to use the service again and again.

The other dimension is Empathy. Empathy is what the customers want. They want to get a feeling that they are important in the service place and service providers take care of them with intention, including being able to provide services and solve various problems for the customers individually. Service users very well and, most importantly, should pay attention to each user is an equal person. In a service business, such as a bank, a hotel, they
all have to interact directly with their users (Zeithaml et al., 2018).

If the service provider places an emphasis on politeness and care, the customers will be satisfied with the service (Wieseke et al., 2012). The service that was successful was from the compassion in caring (Gorry & Westbrook, 2011) on the other hand, ignorance or disregard to customers may also contribute to dissatisfaction with the service (Agnihotri & Krush, 2015).

Service providers should learn how to practice themselves to get the customers’ satisfaction. Practicing in many components which are S=Smiling & Sympathy, E = Early Response, which responds quickly to the demand of customers, R = Respectful, respect and dignity are shown to the service provider, V = Voluntariness Service that is performed a service voluntarily, I= Image Enhancing, maintaining the image of the service provider and the image of the organization, C = Courtesy, humility, gentleness, politeness and good manners, E= Enthusiasm, giving a service with an enthusiastic manner and give beyond expectation service.

The results of the study found that passengers were of the opinion that the quality All good service is that the flight attendants have Paying attention to the needs of passengers, the in-flight service is facilitated by consideration the needs of specific groups of passengers, such as children, the elderly, the disabled, pregnant women, etc., and feel to friendliness caring during travel including creating awareness of good service and Satisfaction with service users including emotional support Diversity of service users.

The last dimension is Image, the service has an impact on the brand's image that is distinct branding and the service has a similar process, but different parts arise due to the nature of the goods and services. Because the service is intangible and cannot be stored, the brand/service image will instil confidence in users' choice of service due to the quality of service and components. It is difficult for consumers to differentiate because the service is intangible and complex. The service market has a wide range of service quality.

Service Image is an image that arises in the mind of people towards a product or service, including an organization or company, corporate image is the image of any organization which is meant to include everything about the organization. People know, understand and have experience in an image of the organization from the presentation of corporate identity or can understand from the symbol or uniform.

Kongkul (2016) studied the management culture of Thai Airways to become an organization with excellent service performance. The results of the study found that Thai Airways has emphasized on creating an image, whether it is the use of the Thai doll (Dancing Man) symbol before changing to the present symbol. Using colours like purple, pink, and gold in the logo to highlight the beauty of nature and Thai civilization, as well as bringing silk to made a traditional Thai dress for flight attendants to show Thailand's dignity and identity, it can be seen that the image is the perception of consumers about the organization as a whole by the organization is compared to a person who has a personality and different images.

Kotler (2000) also explained that image is the totality of beliefs, ideas, and impressions that a person has about other person. The guidelines to create an image are as follows:

1) Corporate Social Responsibility, such as reflecting on corporate social responsibility, returning profits to society and participation in society.

2) In terms of business operations, for example, there are operations in the organization based on good governance principles.

3) Employees must have a positive image of the people and have a professional service manner.

4) Goods and services must have standardized quality and good services.

5) Marketing communication, such as the use of marketing communication tools that consumers can reach.
(6) In terms of distribution channels, having good channels will allow them to reach consumers in community and society.

(7) Executives such as having a good vision and is accepted by the public.

(8) Location and environment should have a place that is conducive to those who come in contact with the organization.

(9) Tools, equipment, for example, the business have tools and modern equipment with good technology.

(10) Prices, such as offering fair prices this give the consumers the highest satisfaction (Keller, 2020).

Apart from the five area of Airline Service Quality that THAI should realize and can understand how to make passenger satisfy with the services, there are another two models that the management team should focus on which are

2 Perceived service quality (PSQ)

“Perceived service quality model” had been introduced by Gronsroos in 1982. This perceived quality of a service is the result of a comparison between the customer's expectations and his or her real-life experiences. The "total perceived quality" is positive if the "experienced quality" exceeds the "expected quality". When performance or actual experience fails to meet expectations, perceived quality suffers. In addition to providing excellent service, Airline executives should take into account the elements that causing support for sustainable tourism development is to raise awareness for both passengers and airline’s executive to communicate the information to passengers to understand the current tourism events so that passengers can predict future tourism situation that will lead to cooperation to promote the growth of sustainable tourism.

However, the perception of the customers can be reflected and engraved in the memory of Service users towards the organization. This is due to the behavior of services that will affect the image of the organization as good or not depends on the factors that influence or affect the services. There are 4 perceptions of consumers (1) contact between the service provider and consumers (2) service evidence, (3) image, and (4) price. Acceptance and understanding are required before planning and developing strategies to manage consumer’s perception about service which is based on quality and satisfaction with the service value (Zeithaml et al., 2018).

There are different conceptualizations of customer satisfaction, but the two more popular approaches are: transaction-specific and cumulative or overall satisfaction.

Service quality contributes to the satisfaction of the consumers results in the return of the service again or it can be said that the satisfaction of the consumers affects to the income and the increase of profits. The current aviation industry is highly competitive all executives in each organization have different strategies to improve service quality to stand out above competitors by focusing on customer satisfaction. The organization should understand the needs of customers and respond to that need to bring satisfaction and loyalty to the organization (Ushakov & Chich-Jen, 2018).

The level of satisfaction as a result of different interests and attitudes that a person has about what he or she is doing (Good 1973). Satisfaction is the feeling of a person who expresses joy or disappointment as a result of comparison of results obtained from using the product or service with expectations. If the result of using the service is low than the expectation, will affect the dissatisfaction, but if the results is in accordance with expectations, it will be satisfied and if the results exceeded expectations and the customers were more satisfied (Kotler, 2000; Andreeva & Ushakov, 2016; Bandurin & Nikolaev, 2017).

Lovelock & Wright (2003) classifies the attitudes of the customers into 4 levels as
follows:

1) Dissatisfaction means that the customer is not receiving service as expected

2) Satisfaction means that the customer receives the service that meets the expectations

3) Impression is that the customer receives the service that exceeds expectations and

4) Loyalty is the satisfaction and impression that is the starting point of loyalty when they are satisfied with the service continually. Today's customers are ready to switch to other services if better incentives.

Therefore, the organization has to continue to create satisfaction in gain more brand loyalty or decrease loss customers, service satisfaction can be determined from (1) equitable service (2) prompt and timely service (3) adequate service (4) progressive service.

3 Conclusion

Recently, the airline industry's customer structure and expectations have changed, as have those of other service industries, due to changes in technology, living standards, and so on. Because of changing customer expectations for service quality and a new market structure, airline companies will be able to provide a competitive advantage by exceeding customer expectations and understanding the changing market. Service quality is critical for every business because it serves as a tool for differentiation and competitiveness in the face of high competition and how to make passengers satisfy with the service is very important.

The guideline of development plan in service quality for THAI during the rehabilitation to bring THAI to resume its usual operation and services in order to maintain itself as an organization that can compete in the market. Moreover, this study conforms with the Thai national strategy (2018-2037) on developing future industries and through advanced innovations and technologies under the concept of AIRQUAL (Bari et al., 1992; Kalenova et al., 2020), how to make passengers satisfy with the service consists of seven areas which are five areas from AIRQUAL model and two additional models as follows:

1) Airline tangibles is an in-flight service tangible consists of pure tangible goods, tangible goods with an accompanying intangible service, a significant intangible service with accompanying tangible goods (Hybrid), a pure service and emphasis on service and additional products and services. All of these influence on the satisfaction of customers. Tangible objects are physical services that airline companies provide to passengers such as equipment, tools, and signs.

2) Terminal tangibles consists of departure and arrival ground service, apron service, safety and security, other facilities, ground service management, physical evidence, aircraft maintenance. It has three characteristics of service which are standardized service, free services and entertainment service this issue corresponds to Rhoades & Waguespack (2008) stated the service quality in airline industry not only send passengers to their destinations but also focus on providing services with high standards, as well as improving service quality. Satisfaction of passengers can lead to their loyalty to the airline.

3) Personnel, the techniques that airlines must adopt in their organizations, first of all, are behavior and efficiency of employee's performance, which influences the satisfaction of passengers. This include in process of recruitment and selection, training, effective team building skills managerial competency and employee motivation.

It is also consistent with Strategic Plan of Department of Airports, 2017 – 2021, in the strategic direction analysis. There are issues that need to be considered in terms of personnel development in the organization.

4) Empathy, providing services to make the customers feel most satisfied. Service personnel should adhere to the following principles, S = Smiling & Sympathy means mile and take care of customers and understand them. E=Early Response, respond to requests from customers quickly. R = Respectful means show respect to customers. V =
Voluntariness Manner Service that is done willingly. I = Image Enhancing Maintaining the image of the service provider and the image of the organization C = Courtesy humility, gentleness, politeness and good manners E = Enthusiasm, energetic, enthusiastic when serving and serve more Service recipients expected. Corresponds to Jabnoun & Al-Tamimi (2003) mentioned that the service provider is the most important aspect that directly affects providing services to customers if the service provider takes good care of it, it will result to the satisfaction of customers.

Therefore, the service will be value for customers only when they are satisfied with the service. This include the smoothness throughout travel and safety concerned (Thuy & Hau, 2010; Ushakov et al., 2021).

5) Image, service has an impact on both the image of organization and the organization itself (Worasuwannarak & Kankaew, 2022). Good image are the result of ten essential elements, which are as follows: (1) Social Responsibility (2) Business Operations (3) Employees (4) Goods and Services (5) Marketing Communication (6) Internal Channels Distribution (7) Management (8) Location and environment (9) Tools equipment, office equipment, and (10) product prices.

Based on the studies from the previously mentioned reviews. The author has compiled the following key points for the development of Thai Airways in order to gain passenger satisfaction during the airline's rehabilitation and in response to the National Strategy on Competitiveness Enhancement on developing future industries and services by using AIRQUAL Model as from tab. 1.

Table 1. The attribution of THAI during the rehabilitation using AIRQUAL Model (Compiled by author).

<table>
<thead>
<tr>
<th>AIRQUAL</th>
<th>Attributes</th>
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<tbody>
<tr>
<td>Airlines Tangibles</td>
<td>THAI should consider safety, seat comfort, in-flight meal quality, and on board entertainment. This includes language skills and in-flight etiquette.</td>
</tr>
<tr>
<td>Terminal Tangibles</td>
<td>THAI should provide sufficient and secure standard of services. The service must be fast, convenient, comfortable and build confidence for passengers.</td>
</tr>
<tr>
<td>Personnel</td>
<td>THAI should understand the staff’s attitude, knowledge and experience are key elements for the business’s success. This start from the process of recruitment and selection, training and provide appropriate human resource management</td>
</tr>
<tr>
<td>Empathy</td>
<td>THAI staffs should provide services to make the customers feel most satisfied by adhere to smiling, respectful, willing, good image and manner, enthusiastic.</td>
</tr>
<tr>
<td>Image</td>
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</tr>
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Organization is divided into 3 components:

1) Physical (Visual) are visible elements related to the organization such as products, packaging, office equipment, advertisements, staff uniforms and buildings, etc.

2) Behavior (Behavioral) refers to the behavior of the organization and employees within the organization at all levels. This includes the actions and words used in communication with service users.

3) Corporate culture is a fundamental component and philosophy that the organization adheres to the principles of corporate culture that has Efficiency has to be unified there.

Gronroos (1990) said that the quality of service that to be perceived will come from the
relationship between two important elements which are Expected Quality and Experienced Quality. Expected Quality was influenced from Marketing communication, Image, Word-of-Mouth Communication and Customer Needs. The Experienced Quality came from Image, Technical Quality and Functional Quality.

4 Customer satisfaction Model

For service enterprise, continuous satisfaction is required to build loyalty and reduce customer’s turnover. In addition, the satisfaction of the service can be determined from equitable service, prompt and timely service, adequate service provision, and progressive service which is consistent with the quality education. Services that affect the satisfaction of the customers found that the aviation industry has a significance strong relationship between service quality in Aviation Industry and Passenger Satisfaction.

However, having a high understanding of the quality of service leads to greater passenger satisfaction.

Guidelines for improving service quality in Aviation industry under the concept of AIRQUAL delivers excellent service and beyond expectation of the customers. It is also can be guidelines for Airline Operators or Relevant agencies to apply for improving service quality resulting in the satisfaction and impression of the passengers corresponding to the Thailand National Strategy (2018-2037) on developing future industries through advanced innovations and technologies.

Thai service industry must be ready to handle and create opportunities from the challenges posed by the revolution industry No. 4 by creating industry and services of the future to move Thailand into a developed country. It is also consistent with Nedunchezhiyan (2018) study on quality inspection of Airline services from Indian and European passengers, the results showed that service in the aviation industry has tools used to analyze the quality of provides services which have been developed and improved from service quality concept SERVQUAL become AIRQUAL to measure service performance and it is a standard tool used for analysis to understand passengers' perceptions of airlines and is information for developing an effective marketing program to increase the satisfaction of customer’s experiences.

In order to achieve greater efficiency, guidelines for improving service quality in the aviation industry should be developed between the concept of AIRQUAL in conjunction with the SERVQUAL service quality model.

Service quality is an important element for all service providers especially in the airline industry. It is the measure of how well the service provided meets the customer's expectations. This academic article can be used as information on the improvement of service quality in the aviation industry or agencies in both the public and private sectors. It helps organizations boost sales by satisfying customers and encouraging repeat sales. High service quality reduces marketing costs because the company retains customers.

Customer retention is more cost-effective than attracting new consumers and also can be used for teaching or learning materials in various fields of study related to the aviation industry because service quality is an important element for all service providers especially in the airline industry.

Reference

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