



University of Botswana
Faculty of Business
Graduate School of Business

CUSTOMER SATISFACTION IN THE AIRLINE INDUSTRY: THE ROLE
OF SERVICE QUALITY, BRAND IMAGE AND CUSTOMER VALUE

Milton Oarabile Madikwe

Dissertation submitted in partial fulfilment of the requirements for the degree
of Master of Business Administration

Supervisor: Professor R. Makgosa

April 2015

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Declaration

The work contained in this dissertation was completed by the author at the University of Botswana between January 2014 and April 2015. It is an original work except where due reference is made and neither has been nor will be submitted for the award of any other University.

Signed:

Date

ACKNOWLEDGEMENTS

It gives me great pleasure to express my gratitude to many people who showed support and contributed in making this dissertation possible.

It is difficult to overstate my profound sense of reverence and gratitude to my supervisor Prof. R. Makgosa for her constant guidance, support, inspiration and motivation. I thank her for her untiring help during the course of this dissertation. May you always find favour in the Lord. My sincere thanks also go to Air Botswana, for allowing me to use the airline as a context of the study. The Inflight services Manager, Evaan Isaacs and the Flight Attendants did a great job with data collection and for that, I am very grateful. I express my deepest gratitude to Moses Moseki Polokoeng and Baatweeng Romeo Mokopanele for their continuous love and support, always ensuring I am at school on time and home safely after classes. I also extend my thanks to my family and friends, including my church family for their unfailing love and support they give without ceasing.

At the end of it all, honour and glory be to the Almighty, Our Lord and Saviour Jesus Christ. This dissertation exists because of the love and mercy from God.

DEDICATION

I dedicate this dissertation to a man I consider an inspiration, Anthony Siwawa, the founder and Chief Executive Officer of Venture Partners Botswana. I will always be grateful for the faith he had in me and the encouragement he gave me to pursue my Masters.

I also dedicate this dissertation and give special thanks to my best friend Tumelo E. D. Batshu. The love and support he gives me are humbling and will forever be appreciated.

This work is also dedicated to my grandmother, Oaitse Obobonye Madikwe. She has been the pillar of our family. She gave me love and taught me important values of life.

ABSTRACT

Botswana is a landlocked country and therefore air transport is of strategic importance to the nation as it offers an alternative gateway to the rest of Africa and the world. However the Airline industry is experiencing several challenges including competition and continuous flight delays which prevent it to successfully execute the purpose of transportation of passengers. The main objective of this study is to investigate the impact of service quality, brand image, and customer value on customer satisfaction in the Airline industry in an attempt to highlight customer satisfaction contribution to company efficiency and effectiveness. Air Botswana as context for the study is a national airline and currently the only commercial airline of Botswana. The research design concentrates on three specific objectives for data collection which was done mostly through structured questionnaires. The research assumed a positivist standpoint and convenience sampling was used. 703 well completed questionnaires were analysed using IBM statistical package for social sciences (SPSS) version 22. Regression analysis was employed for hypothesis testing.

The findings revealed a positive relationship between customer satisfaction and three selected customer satisfaction drivers. In particular, two out of five dimensions of service quality have a positive influence on customer satisfaction, that is, the more these dimensions increase the more satisfaction is elevated. For brand image and customer value, the relationship was also found to be significantly positive, as image and value increases, so will customer satisfaction and the reverse is the same. Passenger segments were explored on the basis of these relationships and customer satisfaction strategy mix determined to facilitate managerial decisions. The level of satisfaction in the airline industry was found to be moderate. Passengers' perceptions concerning service quality, brand image and customer value were found to be relatively low.

This study contributes to the existing theories of customer satisfaction and selected drivers by affirming the relationship that exists between them. Several recommendations were made mainly for development of marketing strategies for improving service quality, brand image and customer value in the airline industry in order to increase the level of satisfaction among passengers. These will ultimately lead to better performance of the airline industry in terms of profits and competitiveness.

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CHAPTER 1

INTRODUCTION

1.1 Background of the study

Customer satisfaction is considered to be one of the fundamental factors used by organisations to meet the needs of customers and improve their overall performance. The ability to satisfy customers contributes significantly to improved profits because it encourages repeated purchase, retained customers and attraction of new ones (Hallowell, 1996; Kandampully & Suhartanto, 2000; Muffatto & Panizollo, 1995; O'Sullivan & McCallig, 2012; Sun & Kim, 2013). Customer satisfaction has been associated to other business performance measures such as: (i) improvement of the firm's reputation (Muffatto & Panizollo, 1995; O'Sullivan & McCallig, 2012); (ii) reduction of customer turnover (Kandampully & Suhartanto, 2000); (iii) increased attention to customer needs in total quality management (TQM) planning (Kim, Kim, & Lee, 2011; Muffatto & Panizollo, 1995); (iv) reduction of marketing, product or service costs (Muffatto & Panizollo, 1995; O'Sullivan & McCallig, 2012) and (v) increased satisfaction among employees (Luo & Homburg, 2007; Muffatto & Panizollo, 1995; O'Sullivan & McCallig, 2012). The implication is that, companies that manage to satisfy customers for a long period of time enjoy consistent growth in terms of different business performance measures.

Customer satisfaction and its relationship to business performance impact all kinds of businesses such as retailing, banking, hospitality and transportation (Arbore & Busacca, 2009; Johnson, Herrmann, & Gustafsson, 2002; Kandampully & Suhartanto, 2000; W.-T. Lai & Chen, 2011). Customer satisfaction has also taken on national significance with development of

barometers and indices in countries such as Sweden (Johnson et al., 2002; Nilsson, Johnson & Gustafsson, 2001), United States (Johnson et al., 2002; Muffatto & Panizollo, 1995), Norway (Johnson, Herrmann, & Gustafsson, 2002) and Italy (Johnson et al., 2002; Muffatto & Panizollo, 1995). This trend is expected to spread to other countries since the effects of customer satisfaction are increasingly receiving recognition in many countries.

There are numerous external factors that challenge the airline business worldwide such as oil prices, the danger of over capacity, strikes and their threats, natural disasters and government regulations (Mazzeo, 2003). While airlines are expected to minimize these challenges, there is also a massive turbulence of competition. The increasing competition is caused by the explosion of the low-cost airlines on the civil aviation market (Dolnicar, Grabler, Grün, & Kulnig, 2011; Forgas, Moliner, Sanchez, & Palau, 2010), the magnitudes of demographic and socio-economic shifts (Slater, 1997), transport demand, growing globalisation, and freedom of travel (Kim et al., 2011). One way for airlines to retain competitive position in this industry is to make customer satisfaction a key element in company strategies. This means using customer satisfaction to retain customers and ensure repeated use of the airline services (Luo & Homburg, 2007). This will in turn guarantee a good long-term financial performance or sustainable competitive advantage (Dolnicar et al., 2011; Forgas et al., 2010; Steven, Dong, & Dresner, 2012; Sun & Kim, 2013; W.-T. Lai & Chen, 2011).

However, there are several drivers that can have either a positive or negative effect on customer satisfaction (Alireza, Ali & Aram, 2011; Kandampully & Suhartanto, 2000). When these drivers are acknowledged and understood by a company and are incorporated into the company strategy they yield positive results on customer satisfaction which ultimately leads to efficiency

of the company (Sun & Kim, 2013). In previous studies, customer satisfaction has been linked with service quality (Hu, Kandampully, & Juwaheer, 2009), employee performance (Ambrož & Praprotnik, 2008), monetary price (W.-T. Lai & Chen, 2011), company image (Hu et al., 2009; Kandampully & Suhartanto, 2000), innovativeness of service (Ambrož & Praprotnik, 2008), product reliability (Ganguli, 2008) and customer value (Alireza, Ali & Aram 2011; Hu et al., 2009).

For this research service quality is linked with brand image and customer value in an attempt to explore the degree to which they drive customer satisfaction. Research has shown that these variables have direct effect on customer satisfaction (Hu et al., 2009; Ishaqa, 2012; Kandampully & Suhartanto, 2000; Martey & Frempong, 2014; Namukasa, 2013; Tor Wallin & Bodil, 1997). However, most studies examined the relationship of these drivers and customer satisfaction independently. Similarly, research combining these drivers of customer satisfaction in the airline industry has been marginal, despite the fact that the simultaneous examination of these drivers is of significance to airline managers as they will specifically know where the focus of their strategies should be in order to maximise the benefits of satisfying customers.

1.2 Problem Statement

Competition is increasingly intensifying in the airline industry in Botswana. Originally, Air Botswana and South African Express had been the only two airlines operating on the route between Gaborone and Johannesburg (Baatweng, 2014; CAAB, 2013). Recently South African AirlinK joined this route thus deepening the competition on the Gaborone-Johannesburg route. South African AirlinK is also operating in two other routes connecting Johannesburg with

Botswana's biggest tourist attraction areas, Kasane and Maun (Baatweeng, 2014). Additionally, Kenya Airways started operating between Gaborone and Nairobi in 2009 and are currently looking into developing routes between Botswana and several destinations in Asia (Majube, 2014). The new airlines in the Botswana market, Kenya Airways and South African Airlink, come in with better equipment, competitive fares, loyalty programmes and reputation (Kenya Airways Limited, 2014; Kgoboge, Sorinyane, Keikotlhaile & Muzumara, 2012). The situation is expected to intensify since CAAB has opened the skies and more airlines have shown interest in flying to Botswana (CAAB, 2013).

Secondly, the airline industry in Botswana has a record of delayed and cancelled flights due to equipment failure or schedule change, taking Air Botswana as an example (Air Botswana, 2010 - 2014). Almost all airlines experience delays, but records shows that with the IATA standard of 100% no delays, Air Botswana has set a target of 90% but has long been struggling to meet this goal (Air Botswana, 2010 – 2014). Consequently, customer complaints have become part of everyday operation. These challenges are part of the reason why the airline has not been profitable over the years (Air Botswana, 2000-2013; Air Botswana, 2014; Pitse, 2011). The airline has experienced declining sales/revenue as they are losing customers to their competitors (Air Botswana, 2013; Air Botswana 2014; CAAB, 2013). The company also runs the risk of diminishing company image as customers do not trust the airline's ability to meet their expectations (Air Botswana, 2010 – 2014; Government, 2010 – 2014).

1.3 Justification of the Study

Airline transportation or services has increasingly become the most sought after mode of transport by both business and leisure customers for its efficiency ("Airline Performance Improves in 2008," 2009; Botswana Tourism statistics, 2013; CAAB, 2013; IATA, 2014). Any business development or growth contributes to the economic growth of a country. However, when an important business sector such as the airline industry is experiencing significant challenges, the economy remains stagnant and even faces the threat of a downfall (Arbore & Busacca, 2009; Kandampully & Suhartanto, 2000; W.-T. Lai & Chen, 2011) thus the need for this study. For instance, the unsatisfactory performance by Air Botswana, which is an airline funded by the government of Botswana, presents a significant loss to the government and in particular, it impacts negatively on the economy of the country (Matambo, 2010 - 2014). The Botswana government funds several industries, public organizations, initiatives such as poverty eradication and HIV/AIDS programmes to help improve the economy (Matambo, 2010-2014). Thus, a study on how airline industry can improve competitiveness and become profitable through customer satisfaction can bring solutions which in Air Botswana's case will bring relief to the government as it can channel its resources to other initiatives which will help in economic growth.

Passenger satisfaction is one of the greatest assets for air businesses in today's competitive environment. When passengers are satisfied with products or services received, they will buy more and frequently (Archana & Subha 2012; Namukasa, 2013). A study on customer satisfaction has never been conducted in the airline industry in Botswana since the first take-off of a commercial airline in 1982 (Air Botswana, 2014). Therefore this study benefits the Airline industry as managerial decisions will be made with regards to factors that contribute to

customer satisfaction. Airlines will be in a good position to draw up strategies with customers' interests known, consequently assisting them to gain competitive advantage and start making profits.

The findings of this study will not only benefit the airline and the government, but also customers. They are the key people in this study and the ultimate goal is to satisfy them, by giving them the services they desire. Part of the purpose of this study is to surface the solutions of providing world class, hassle-free, safe and convenient transportation. Travelling by air should be a good experience and not just the means of moving from one place to the other.

1.4 Objectives

The purpose of this dissertation is to investigate the impact of service quality, brand image and customer value on customer satisfaction in the airline industry in Botswana.

Specifically, the study will:

1. Investigate the impact of service quality, brand image and customer value on customer satisfaction in the airline industry in Botswana.
2. Identify groups of consumers of airline services on the basis of service quality, brand image and customer value to facilitate strategy development.

1.5 Research questions

The intention of this study is to provide the best possible answers to the following questions:

RQ 1: How does service quality, brand image and customer value affect customer satisfaction in the airline industry in Botswana?

RQ 2: What are groups of consumers of airline services influenced by service quality, brand image and customer value which can be used in facilitating strategy development?

1.6 Scope of the Study

1.6.1 Botswana

The total population of Botswana was reported to be approximately two million in 2012 (Statistics Botswana, 2012). There is a general belief that in Africa, northern countries with easy access to abundant water are bound to prosper more than southern and landlocked countries, as far as economic status is concerned (Morton, 2014; Hope Sr, 1998; Siphambe, 2004). This hypothesis has long been broken by the country of Botswana, being both southern and landlocked. This country pursued a sound economic policy that favoured free trade and market, which led to drastic economic growth since independence in 1966 (Hope Sr, 1998; Morton, 2014; Siphambe, 2004). A foundation of diamond mining, prudent fiscal policies, international aid and financial assistance and a cautious foreign policy are the building blocks of the now existing impressive economy ("ECONOMY," 2006; Hope Sr, 1998; Siphambe, 2004). It is also known for its beautiful tourist attraction places such as the Okavango Delta and the Makgadikgadi Salt Pans. Most importantly, Botswana is famous for its high quality diamonds mining ("ECONOMY," 2006; Hope Sr, 1998; Siphambe, 2004), global recognition for being the least corrupt country in Africa (Legatum Institute, 2014) and to have attained middle income status. To maintain this, the nation is continuing with beneficial initiatives such

as the current Vision 2016 programmes aimed at the development of the country (Botswana's National Vision 2016, 2012).

Botswana is in Southern Africa and it shares a border with four countries; South Africa, Namibia, Zambia and Zimbabwe. It is also divided into fifteen administrative districts; nine rural and six urban. There are two cities in Botswana; Gaborone and Francistown. Even though all local Air Botswana destinations receive and provide customers with services, Gaborone handles more customers than other destinations (Air Botswana, 2014). In addition Gaborone links with other local destinations and is where the head office and other related airline services for Air Botswana are located. Gaborone also hosts the largest population of this country. Today it has a population of about 231 626 which is about 12 per cent of the total population of this country (Statistics Botswana, 2011). Gaborone is also the main entry point of international visits and serves as a hub for international business dealings of all kinds (Hope Sr, 1998).

As the country grows in economic significance, the need for air transport increases. About 231 626 individuals within the populace of Botswana reside in Gaborone and 194 000 live in villages surrounding this city. Most people who earn a salary for a living are found in Gaborone as most government offices and institutions, private companies, the University of Botswana and the SADC headquarters are located here (Morton, 2014; Statistics Botswana, 2011). These people together with those that fly in and out of Gaborone for business and other purposes are customers and potential clients for Air Botswana and most companies that are located in Gaborone. Concentration will be given mostly to people who travel often in and out of Gaborone, particularly, on-board passengers.

1.6.2 The Airline Industry in Botswana

There are six airports in Botswana, operated by the Civil Aviation Authority of Botswana (CAAB), namely; Sir Seretse Khama International Airport (SSKIA) (located in the capital city Gaborone), Maun, Ghanzi, Francistown, Kasane and Selebe Phikwe. Five international carriers operate scheduled passenger services to Botswana and these are: Air Botswana, Kenya Airways, South African Airlink and South African Express operating at SSKIA and Air Namibia operating at the airport in Maun between Maun and Windhoek. Domestic air transport activity is focussed in Gaborone, Francistown and Maun while international travel is mainly between Gaborone and Johannesburg. Other international connections are Gaborone – Cape Town, Gaborone – Harare, Gaborone – Lusaka, Gaborone –Nairobi, Maun – Johannesburg, Maun – Cape Town, Kasane – Johannesburg, Francistown – Johannesburg and Maun – Windhoek (CAAB, 2013, 2014).

1.6.3 Brief Description of Air Botswana

Air Botswana is a parastatal organisation established in 1982. The sole aim of the company is to provide local and international air transportation. The Air Botswana head office is situated at Sir Seretse Khama International Airport in Gaborone. The company has four stations locally (Gaborone, Kasane, Francistown and Maun), a few offices outside of the country (Johannesburg, Lusaka and Harare) and general sales agents in various African, European and North American countries (Air Botswana, 2013). It was established as a result of the liquidation of the Botswana National Airways Corporation (BNAC) which never made it to the nineteen-eighties due to unstable funding and massive losses. Air Botswana has an establishment of around five hundred employees including those on contract (Air Botswana, 2013). Air Botswana today operates and maintains a fleet of six aircrafts made up of four types of models:

two AVRO RJ85, three ATR42 and one ATR72, operating daily domestic and regional scheduled flights. Air Botswana strategy is aimed at developing the airline into a force to be reckoned with regionally and internationally. Air Botswana believes that its attention to customer service is what sets it apart from its competitors and is also a distinguishing factor that will take the airline successfully into the future with the commitment to providing value for customers and stakeholders (Air Botswana, 2013). The airline's ability to provide quality air services and to handle air travellers safely and efficiently is essential for its full membership of the international community, International Air Transport Association (IATA), (IATA, 2014; Air Botswana, 2013).

Its vision is "to be a highly competitive regional airline with long haul capability by 2014". Its mission is to be committed to providing value to customers and stakeholders by providing reliable air transport and related services. Air Botswana intends to achieve this by maintaining world class safety standards, focusing on customer needs, developing people through training, maximising the benefits of strategic alliances and growing the network of services. Passion, integrity, customer focus, results driven and teamwork are the values of Air Botswana (Air Botswana, 2012; Air Botswana, 2013). The airline takes the convenience of air transport as widely as possible within Botswana, while also serving vital markets outside the country. The domestic route network links Gaborone with Francistown, Maun and Kasane while the regional destinations are Johannesburg and Cape Town in South Africa, Harare in Zimbabwe and Lusaka in Zambia. The airline has electronic commerce technology that gives customers the convenience of booking and paying for their tickets through the internet. The airline's timetable is closely attentive to the needs of the business and leisure travellers (Air Botswana, 2013; Air Botswana, 2014).

1.7 Conceptual Clarification

For the purpose of this study, the following concept shall be understood to mean the definitions provided:

Brand image: is a perception of an organization held in customer memory and works as a filter which influences the perception of the operation of the company (Alireza et al., 2011; Hu et al., 2009)

Customer satisfaction: customer's overall evaluation of the performance of an offering, services or products (Gustafsson, Johnson & Roos, 2005).

Service quality: overall impression of the efficiency of the organization and its services (Archana & Subha, 2012).

Customer Value: consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given (W.-T. Lai & Chen, 2011).

1.8 Chapterization

This study comprises of five chapters. Chapter one deals with introduction, which emphasises the importance of the study. It also states the objectives, justification and outlines the scope. The second chapter contains reviews of literature relating to customer satisfaction and the selected drivers, service quality, brand image and customer value. The methodological part of the study is presented in chapter three and it covers the research design, sampling, data collection and data analysis method. Chapter four presents data analysis and the findings of the survey. Lastly, in chapter five, discussions of the findings, limitations of the study and future

research direction are presented, conclusions drawn and recommendations made. Chapter five is then followed by a list of references and appendices.

1.9 Summary

Customer satisfaction is considered one of the most important factors by organisations to improve performance. The airline industry is not an exception to these organisations. In fact, customer satisfaction comes as part of the important factors to counteract the challenges associated with the airline industry. When customer satisfaction drivers are well positioned in company strategies, the possibilities of enjoying benefits of customer satisfaction are increased. The airline has been running at a loss for several years and is currently experiencing increasing competition. Competitiveness, prevailing delays and flight cancellations are the main key challenges experienced by the airline industry in Botswana. This study is concentrated on three drivers of customer satisfaction; service quality, brand image and customer value, with the objective of investigating their impact on customer satisfaction in the airline industry in Botswana. The consequence of this investigation is to help airlines in Botswana identify areas of improvement in order to become profitable and competitive.

CHAPTER 2

LITERATURE REVIEW & HYPOTHESES

2.1 Introduction

This chapter presents the reviewed literature relating to customer satisfaction and its selected drivers (service quality, brand image and customer value). It presents different views of customer satisfaction and its relevance in different industries with great emphasis on Airline industry. The relationships of customer satisfaction and its drivers are scrutinized and hypotheses are derived from the preceding literature and the objectives of this study.

2.2 Customer satisfaction

2.2.1 Conceptualization of customer satisfaction

Customer satisfaction is generally viewed as the satisfaction with an organization's products and/or services (Ambrož & Praprotnik, 2008). Customer satisfaction has also been explained as an overall effective response to a discrepancy between prior expectations and perceived performance after consumption. Alternatively, customer satisfaction is a judgement that a product or service feature, or a product or service itself, provides a pleasurable level of consumption-related fulfilment, basically, the customer's fulfilment response (Andaleeb & Conway, 2006). Definitions of customer satisfaction have been based on two perspectives, cumulative perspective and transaction specific perspective. The cumulative perspective contends that customer satisfaction is the overall evaluation of the performance of an offering, service or products (Gustafsson *et al.*, 2005). For instance, Auh and Johnson (2005) defined customer satisfaction as a cumulative evaluation of a customer's purchase and consumption

experience of offered services or products over a period of time. Cumulative perspective indicates that customer satisfaction evaluation should be based on all purchase experiences of a customer, disregarding any specific purchase experience (Kuo, Wu, & Deng, 2009).

On the other hand, transaction specific perspective defines customer satisfaction as an evaluation based on the recent purchase experiences. For instance, Hu *et al.* (2009) defined customer satisfaction as a cognitive or affective reaction that comes as a response to a single or prolonged set of service encounters. Similarly Jones & Suh (2000) articulated that transaction specific satisfaction refers to the customer's satisfaction or dissatisfaction with a discrete service encounter. It can be concluded that transaction specific satisfaction is basically concerned with a single or discrete, once off transaction as opposed to satisfaction based on collective transactions.

In light of the aforementioned definitions, it is acknowledged that customer satisfaction research has evolved around two types of perspectives: the evaluation of a customer's experience based on a specific single transaction and the evaluation of customers overall experience with products or services over a period of time (Johnson *et al.*, 2002). It can be noticed that all the articulated definitions are concerned with the customer's expectations prior to consumption and response after consumption, whether transaction specific or cumulative. They also address the comparison of a customer's expectations to product performance. It can therefore be concluded that the difference between a products' perceived performance (the outcome) and the customer's expectations determine the customer's satisfaction despite the perspectives (Namukasa, 2013).

For the purpose of this study, the definition of customer satisfaction that is adopted is of the customer's overall evaluation of the performance of an offering, services or products (Gustafsson et al., 2005).

2.2.2 Theoretical framework of Customer Satisfaction

Several approaches and models have been proposed in the context of consumer behaviour. In particular, the consumer decision making process adds value to the development of these theories as customers choose to make certain decision making strategies or styles based on the satisfaction they will derive from the services or products received. Selected theories are discussed below and particular attention is given to the cognitive approach and to the study of consumer behaviour. The consumer decision model and theory of buyer behaviour will ultimately be used simultaneously in demonstrating the theoretical path followed by this study.

2.2.2.1 Cognitive approach

The cognitive approach assumes that consumers are information processors. It reckons with the presence of stimulus; factors that are taken into consideration for the process of making a decision, the organism; being the information processor and the response; which is the outcome (Cziko, 2000).

Prior to the development of cognitive theory, researchers have developed other theories such as Utility theory and Prospect theory. Utility theory stipulates that consumers are rational decision makers and make choices based on their expected outcomes (Richaime, 2005; Schiffman &

Kanuk, 2007). The prospect theory states that consumers lose and gain differently and as such will base their decisions on perceived gains not perceived losses (Kahneman & Tversky, 1979).

Even though research suggests the existence of cognitive approach to have emerged many years ago, it became well recognised in the 21st century after the development of the stimulus-organism-response model (Cziko, 2000). The model assumes that customers are information processors, they are affected by the stimulus, such as the need to travel and they processes the information with influences of the environment or prior experience such as service quality, value and image. Based on the desired outcome, customers will then make a decision to purchases services with the hope of being satisfied with the services.

Modern theorists acknowledge dynamics of human behaviour and suggest that information processing is conducted by an active organism, taking into consideration past experience which will influence not only the information but also what information is sought and received. In this way information processing will be both stimulus driven and concept driven (Bray, 2008).

The cognitivist approach has several strengths which include the ability of consumers to describe their experience in terms of their attitudes, wants, needs and motives and ensures that an explanation proceeds in the same terms as the description of what is explained (Schiffman & Kanuk, 2007). It carries a measure of unity and agreement to a still young field of enquiry. The closeness to the common-sense explanations of everyday discourse make it an intuitively attractive means of offering explanations of everyday behaviours such as purchasing and consuming (Schiffman & Kanuk, 2007; Bray, 2008).

Even though cognitivist models have strengths, they have also received some criticism for several reasons, like the extensive reliance on the use of abstract and unobservable explanatory variables and assuming the consumer is rational, discerning, logical and active in decision making (Schiffman & Kanuk, 2007; Bray, 2008).

There are two major types of cognitive models: analytical and perspective. The analytic models present a refined amalgamation of the various social, psychological and marketing influences of consumer choice into a coherent sequence of information processing (Foxall, 1990). These models identify the order of influencing factors and initiate the broad relationships between factors of consumer decision making. (Schiffman & Kanuk, 2007). The current study is concerned with the influences of service quality, brand image and customer value on consumers to elevate their satisfaction and influence their decisions to repeat purchase. Therefore the two analytic models inform the current study.

The prescriptive models outline the frameworks to organise how consumer behaviour is structured. These models take into account the order in which elements should appear and prescribe the effect that should be observed, given certain causal factors. This makes it useful to researchers who seek to measure what stimuli should be modified or emphasised to attract a certain customer response. In the current study, the researcher seeks to find which aspect of service quality, brand image and customer value should be improved to attract customers (Moital, 2007).

2.2.2.1.1 Theory of buyer behaviour

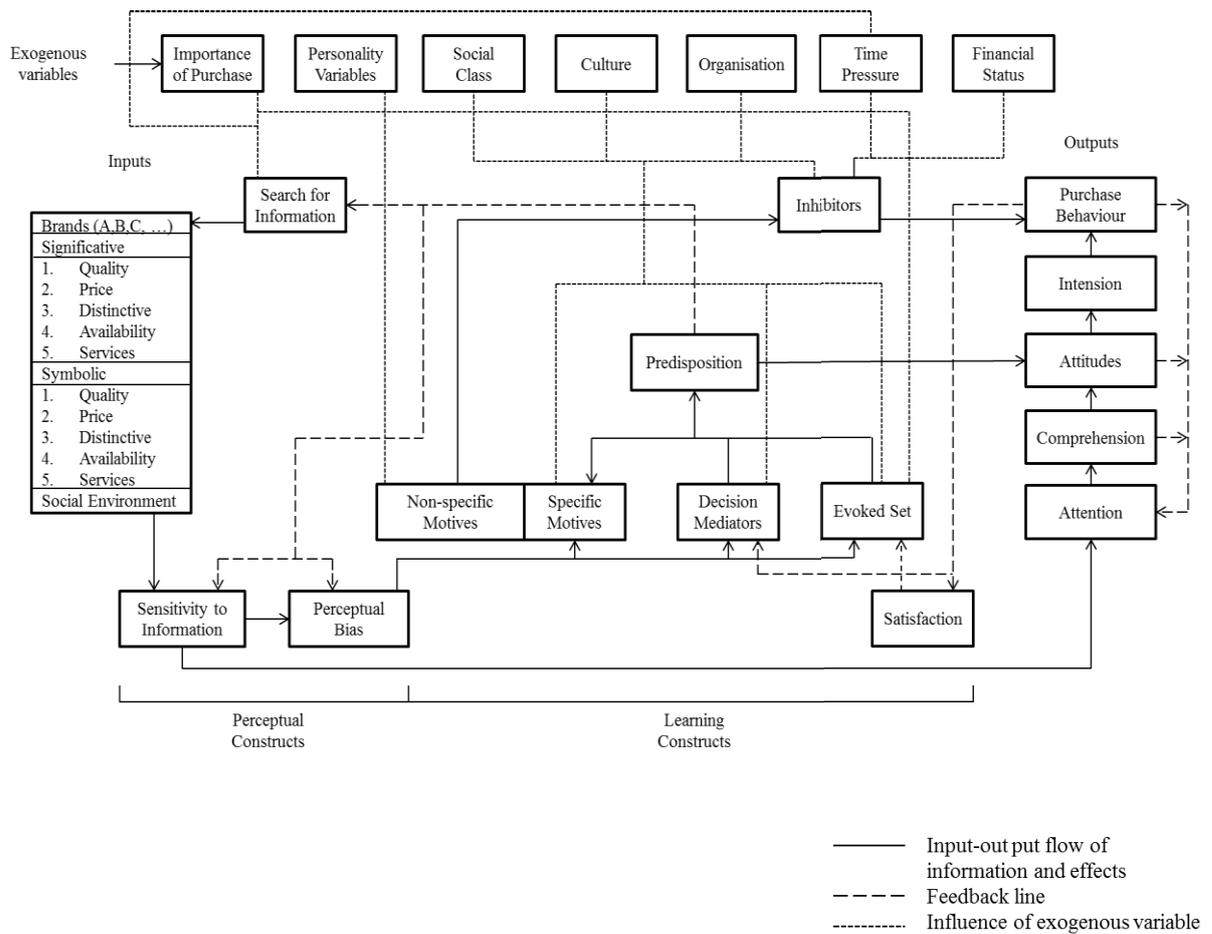
The two analytical models of cognitive consumer behaviour are theory of buyer behaviour (Howard and Seth, 1969) and consumer decision model (Blackwell, Miniard, & Engel, 2001). The theory of buyer behaviour presented in Figure 1 is based on two components: perceptual and learning constructs. The perceptual constructs are concerned with how a consumer acquires information about a product or services. It is concerned with the customer's sensitivity to the acquired information and the perceptual biasness of customers towards the information. The aspects of acquiring and processing the information serve in controlling, filtering and processing the stimuli. This process is influenced by a number of inputs, significant, symbolic and social environment (Bray, 2008) including service quality, brand image and customer value. The learning constructs including motives, evoked set, decision mediators, predispositions, inhibitors and satisfaction serve to influence the extent to which a consumer considers future purchases and seeks new information, (Bray, 2008).

Due to the consumer's knowledge and familiarity with the product/services, consumer decision making differs according to the strength of the attitude toward the available brands (Howard & Sheth, 1969). This means strong attitude is associated with extended problem solving. As a consumer becomes familiar with the product/service they engage in limited problem solving and eventually routine problem solving (Foxall, 1990). The model includes buyers' response which follows progressive steps leading to purchase. The steps initial with the magnitude of the buyer's information intake progressing to the final stage of the actual purchase behaviour, which shows the consumer's predisposition to buy as modified by any inhibitors. The model shows coherent integration of social, psychological and marketing influences on consumers, and also covers different types of decision making in its discussion (Loudon & Della Bitta, 1993). This process is largely influenced by the drivers of satisfaction which eventually lead to a customer considering a repurchase or detaching from the company that offered the service or

product. De Meyer and Mostert, (2011) articulated that majority of dissatisfied passengers do not form a long-term relationship with the domestic airline, while satisfied passengers do form a long-term relationship. It is evident that airline customers also use their knowledge of the services, together with social and marketing influences in decision making. They can choose to use the same airline again or detach from it all together depending on the evaluation of their prior experiences.

However the model has been criticised because it has many unobservable intervening variables which make explicit measurement extremely difficult. The model's validity is also questionable due to the lack of empirical work, employing 'scientific' methods, examining the organisation of the model and the inclusion of individual construct (Bray, 2008).

Figure 1: Theory of Buyer Behaviour



Source: Howard & Sheth, 1969

2.2.2.1.2 Consumer decision making model

The consumer decision making model in Figure 2 explains various activities or factors that contribute to the decision making process. The decision making processes are the various stages that a customer experiences before choosing to consume services. A passenger will need the reason or stimuli to consume airline services, which are to travel or send goods. It is then processed based on the memories of previous experience and the external variables such as culture, social class, and etcetera. Memory and external variables also influences the searching

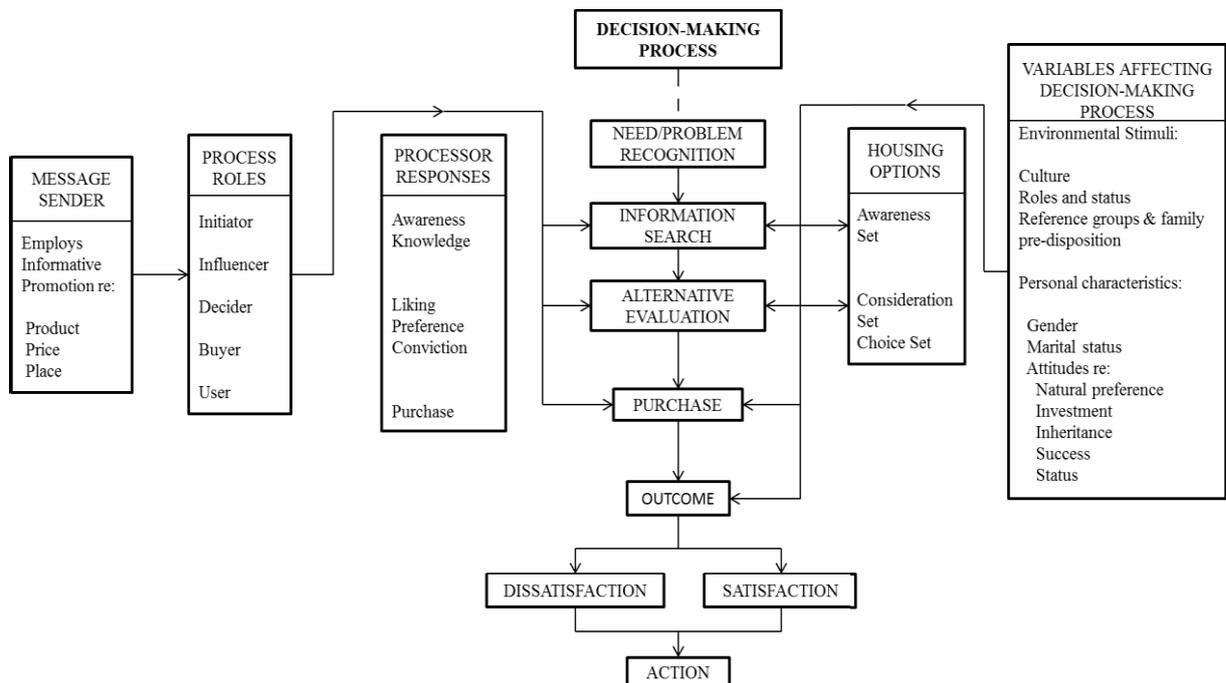
for information. Depending on the reasons pertaining to airline services to be consumed, consumer's beliefs, attitude and intentions of purchase are used to evaluate available choices (Mazzeo, 2003; Namukasa, 2013). One other aspect considered by consumers is their current situation which may include financial limitations which can limit consumer choices (Blackwell, R., Miniard, P., & Engel, J. 2001; Schiffman & Kanuk, 2007). When a customer has consumed services, post-consumption evaluation is done and it serves as feedback into beliefs and future research.

The model has been evolving since 1968. The evolution includes having to incorporate factors such as outcome (consumption) and action (divestment), embracing contemporary definitions of consumer behaviour (Schiffman & Kanuk, 2007; Bray, 2008). The model makes a clear view of the process of consumption, making it easily comprehended and ultimately pleasing (Foxall, 1990).

Just like the theory of buyer behaviour, the decision process model has also received critics. It is alleged that the model is too restrictive to adequately allow the variety of consumer decision situations (Loudon & Della Bitta, 1993; Bray, 2008). The influence of environmental stimuli and personal characteristics is purportedly specific to certain process within the model which is counterintuitive and ignores other impacts that such variables may have on wider processes (Bray, 2008). The definitions and roles of environmental variables are vague (Loudon & Della Bitta, 1993). The role of environmental variables and personal characteristics is not well developed (Loudon & Della Bitta, 1993).

Consumer decision model, suggests that there are several stages a consumer experiences before they can purchase a product including evaluation of alternatives. The more competitive one organisation is, the more likely that consumers will be drawn to it. Almost each stage of decision making is contributed to by several factors which at the end will help in determining the satisfaction or dissatisfaction of a customer. In relation to the current study, the model demonstrates that there are several stages of making a decision that need to be influenced before a consumer is satisfied or dissatisfied. It shows that several drivers have to be considered in order to successfully drive the customer towards satisfaction so that their action will be a repeated purchase thus elevating competitiveness and profitability.

Figure 2: Consumer decision Model



Source: Blackwell, 2001

The theories and models discussed above make a positive contribution to the current study. Drawing from the theory of buyer behaviour several inputs are outlined, which can be classified under drivers of customer satisfaction. The model also shows a process of several outputs which includes purchase behaviour that determines whether a customer is satisfied or not. This will determine the post purchase behaviour of customers; if they are satisfied they are more likely to repeat purchase from the organisation. This will therefore increase competitiveness and profitability.

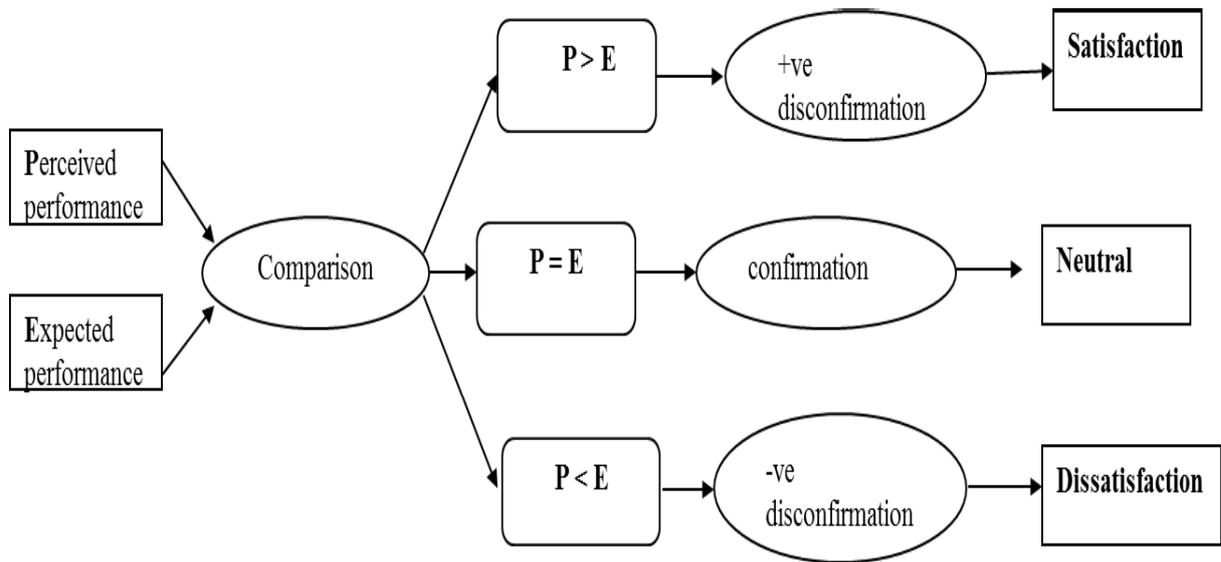
2.2.2.2 Disconfirmation theory

Disconfirmation theory suggests that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service/product performance against expectation (Mattila & O'Neil, 2003). Satisfaction is the outcome of direct experiences with products or services, and it transpires by comparing perceptions against standards which in this case are expectations. The deliverance of the service is also important and dissatisfaction towards the service simply occurs when customers' perceptions do not meet their expectations (Westbrook & Reilly, 1983). The comparison of expectations and experiences can yield three different results which have an impact on company's efficiency as shown in Figure 3.

Firstly, in a situation where experience is greater or exceeds expectations, the service provider or the company offering the product will have satisfied the customer beyond measure according to the customer's standards. In such a scenario customers tend to enjoy the services and are more likely to repeat purchase. They are more likely to talk about their experience with a particular company and recommend these services to others. This is what companies seeking to

use customer satisfaction as their strategy to efficiency and sustainability are aiming for (Mattila & O'Neil, 2003). For airlines, because of the intense competition and challenges they face, achieving this is an advantage.

Secondly, when experience matches customer expectations, customers believe they are satisfied. It then becomes quite difficult to tell if a customer will re-purchase the services or move on to trying other service providers. Most companies do not want to find themselves in this position for there is no guarantee about retaining customers (Mattila & O'Neil, 2003). The last scenario will be when expectations are above experiences. In this situation it means that at the comparison stage, customers find more bad than good in the service they are receiving. This yields a negative disconfirmation and thus leads to dissatisfaction of customers. This can create customer complaints. Unsatisfied customers bring about negativity to the company. They will not re-use the company services, neither will they recommend them, rather, they will seek for alternatives. Possibility is that they can even talk bad about the company which is a threat to the image of the company and ultimately the efficiency as well (Klein, 1999; Mattila & O'Neil, 2003; Westbrook & Reilly, 1983).

Figure 3: Disconfirmation theory process

Source: Westbrook & Reilly, (1983)

Additionally, Oliver, (1997), described two expectation disconfirmation theory models; simplified and complete models. Simplified includes expectation disconfirmation and satisfaction. Expectation is generally predicted to have a negative influence on disconfirmation, (i.e. performance being worse than expected). The complete model includes performance as an added variable. It shows that expectation positively influences performance and performance positively influences disconfirmation and satisfaction (Oliver, 1997; Lankton & Macknight, 2012)

The current study seeks to investigate the position customers find themselves in concerning the airline industry in Botswana, by so doing, surfacing the specific struggles that the airline is going through. This will ultimately lead to targeted recommendations that will ultimately lead to an improved performance by the national airline if executed properly.

2.2.3 Customer satisfaction and Business Performance

Customer satisfaction has been found to be important in the business world, and therefore has been widely researched in several disciplines: marketing, economic psychology and economics (Johnson, Gustafsson, Andreassen, Lervik, Jaesung & Cha, 2001; Kandampully & Suhartanto, 2000; Muffatto & Panizollo, 1995). There is significant evidence that customer satisfaction is an important driver of company profitability (Archana & Subha, 2012; Luo & Homburg, 2007; Sun & Kim, 2013), reduces customer turnover and also brings greater stability of the work force. It has been found to have a positive and strong relationship with customer loyalty which also leads to effective performance by the company (Kandampully & Suhartanto, 2000; Shankar, Smith & Rangaswamy, 2003).

For both private and public service organizations, customer satisfaction is considered a very important aspect for competitive advantage (Ambroz & Praprotnik, 2008). Other benefits of customer satisfaction include improved company's advertising and promotion efficiency (Muffatto & Panizollo, 1995) and human capital performance (Gustafsson, Johnson, & Roos, 2005). Advertising and promotion investments are largely alleviated by customer satisfaction as it promotes free word of mouth advertising and consequently saving on marketing costs. Customer satisfaction improves firm's reputation and image. It plays a big role in reduction of costs related to product or service failures (Kandampully & Suhartanto, 2000; Muffatto & Panizollo, 1995).

Customer satisfaction heightens customer loyalty and prevents customer churn, it lowers customers' price sensitivity, reduces the cost of failed marketing and of new customer creation

and reduces operating costs due to increase in customer number (Gustafsson *et al.*, 2005). Customer satisfaction and its relationship to business performance cuts across all kinds of business (Arbore & Busacca, 2009; Kandampully & Suhartanto, 2000; W.-T. Lai & Chen, 2011). Customer satisfaction has been found to have a significant and positive impact on food retailing industry (Juhl, Kristensen, & Østergaard, 2002), retail banking (Arbore & Busacca, 2009), telecom industry (Alireza, Ali, & Aram, 2011; F. Lai, Griffin, & Babin, 2009; Ganguli, 2008), online shopping (Wu, 2013) and hospital industry (Sun & Kim, 2013).

2.2.4 Customer satisfaction in the airline industry

The mission and purpose of every business is to satisfy the customer (Slater, 1997). Customer satisfaction in the airline industry just like in other business industries is related to the airline performances, profitability and staying relevant in the market (Archana & Subha, 2012; "Airline Performance Improves in 2008," 2009; De Meyer & Mostert, 2011; Kim et al, 2011).

In investigating customer satisfaction, Steven, Dong, and Dresner (2012), linked it to customer service and firm performance in the airline industry. The major finding of their study is that market concentration dampens the relationship of customer satisfaction and airline profitability. Furthermore, airlines operating in concentrated markets can increase their profits without recognising customer satisfaction as an important aspect of their airlines strategies. Unregulated and poor monitoring of airline actions, such as mergers and alliances, can influence heavily the concentration of markets and hence lowering the levels of customer satisfaction (Steven *et al.*, 2012). This is similar to when one airline practices monopoly in certain routes. Studies indicate that on routes where only one airline provides direct service, both prevalence

and duration of flight delays are significantly greater (Mazzeo, 2003). Such is the case with Air Botswana on domestic and some regional routes (Air Botswana, 2013 - 2014). Any inconvenience to the customer affects their level of satisfaction (Mazzeo, 2003; Namukasa, 2013; Steven *et al.*, 2012).

However in competitive markets, airlines use customer satisfaction as one of their important strategic tools to gain competitive advantage (De Meyer & Mostert, 2011; Mazzeo, 2003; Steven *et al.*, 2012). Customer satisfaction is what differentiates high standard airlines from others and it is one of the major factors which give other airlines a competition edge. At times it can make or break the airline (De Meyer & Mostert, 2011; Yu-Hern & Chung-Hsing, 2002). Airlines have used customer satisfaction to form relationships with their customers in order to retain them and become competitive (De Meyer & Mostert, 2011). For example, to maximise the benefits of customer satisfaction, Kenya Airways has clearly outlined its services and processes for easy accessibility by the customers. Kenya Airways explain on their website the processes of reservation, through to after arrival at final destination including any forms of disruption and handling of such by staff and customers. Kenya Airways' mandate states that the airline seeks to achieve world class standards in service delivery, product quality and operational efficiency. To achieve this, the airline has set a standard of believing that its airline of choice in Africa and therefore aim to develop its base, Jomo Kenyatta International Airport (JKIA) as a premier hub in Africa. Kenya Airways wish to pursue a business model that will deliver consistent level of profitability for sustainable development in Africa. The airline employees' actions, behaviours and attitudes are driven by safety, customer satisfaction and quality at all time (Kenya Airways, 2014).

In addition, Kenya Airways have a loyalty programme that appeals to customers, good on-board service and a detailed customer feedback handling process (Kgoboge *et al.*, 2012). Due to this mandate, Kenya Airways deliver satisfactory service, have a range of fares to offer customers and have managed to build a good image that appeal to customers. The financial reports of Kenya Airways have suggested an increase on passenger figures and revenue. The airline has been profitable over the years (Kenya Airways, 2011; Kenya Airways, 2012; Kenya Airways, 2014). Even though Kenya Airways is said to be profitable, it is still recommended that for the airline to remain competitive, they need to focus on operational strategies to reduce cost but increase service quality in order to increase customer satisfaction (Manani, Nyaoga, Basire, Ombati & Kongere, 2013) affirming the importance of customer satisfaction in the airline industry.

On the other hand, it has been reported that customers voted South African Airways the best airline in Africa in a global customer satisfaction survey (SAA, 2013; Skytrax, 2014). The study was conducted by Skytrax, covering over 200 airlines and the announcement was made during the Skytrax world airline awards ceremony at the 50th International Paris air show (Skytrax, 2014).

Air Botswana has not yet made it to the top one hundred in the airline industry according to Skytrax ratings. Currently, Skytrax reports on customer feedback concerning services they consumed offered by Air Botswana. Majority of customers who post feedback state that they are tourists who visited Botswana for the first time and had an encounter with the national airline. Most of the ratings from these customers fall in a range of two to four stars (Skytrax, 2014).

However studies that have attempted to explore customer satisfaction in Botswana has shown undesirable results. For instance, a perception study carried out to reveal a clear picture of customer satisfaction in banks within Africa (KPMG, 2013) revealed that out of the eleven commercial banks with 96 branches spread across Botswana, none of them made it to top five in Africa on customer satisfaction. In particular, averaged customer satisfaction index, CSI of the top 10 banks in Botswana was recorded at 69.7, stated to be above average. The CSI of the top five individual banks in Botswana ranges between 70.4 and 73.3 showing a very small difference from one bank to the other (KPMG, 2013). The government customer satisfaction survey for the public service, final report of 2005, has also reflected that there is a very low level of satisfaction among customers concerning the public service in Botswana. The survey covered twenty-five ministries and departments and 2,480 customers were surveyed. The level of satisfaction was found to be 25%. The report stipulates that less tangible factors are the most important to the customers than tangibles. On a scale of 0 to 1, it was shown that staff, handling of complaints and services was the highest rating satisfaction drivers at 0.58 (DCDM, 2005). Having articulated the above, it can be concluded that in general the level of satisfaction in Botswana in regards to customer service is low and fluctuates according to the industries.

2.2.5 Drivers of customer satisfaction

Several factors have been found to have a positive impact on customer satisfaction. These factors include service quality, employee performance, monetary price, brand image, innovativeness of service, product reliability and customer value (Table 1). Some researchers have indicated that perceived value and perceived quality are the top determinants of customer satisfaction (F. Lai, Griffin, & Babin, 2009). The various factors that affect customer satisfaction seem to vary in their predictive ability across industries. For instance in products

manufacturing, customer satisfaction is driven by factors such as reliability of a product, rational quality, and competitiveness of service providers, reputation and convenience. These factors are both product and company based. This means that in cases of same product offered by different companies and the product matches the customer's expectations, convenience, reputation and competitiveness become the deciding factors of customer satisfaction (Ganguli, 2008). Distributive justice, Procedural justice, interactional justice, expectation confirmation, perceived usefulness and trust are all antecedents of customer satisfaction in online shopping as it facilitates a mutual understanding between customers and e-vendors(Wu, 2013).

In organizational effectiveness, customer satisfaction drivers are factors such as; i) performance provided by the employee, ii) innovativeness of the services and iii) adaptability of the services (Ambroz & Praprotnik, 2008). When these factors increase, the customer satisfaction is expected to proportionally increase as well, the opposite is true. In hospitality it has been found out that security, prompt service, convenience, location, cleanliness, comfort and friendliness of employees determine the satisfaction of customers (Sun & Kim, 2013).

Production and service industries have common drivers of customer satisfaction, such as perceived value, brand image and service quality. But they also have several distinct ones such as monetary value, reliability of a product as opposed to reliability of service and performance provided by the employee. In the case of this study, the national airline is operating at a loss and currently faces increasing competition, therefore customer satisfaction drivers were selectively chosen intended at addressing this problem. This paper's main focus will be on service quality, brand image and customer value. Several studies as reflected in Table 1 have reflected the importance of these three drivers of customer satisfaction hence this study intends

to address their correlation and how they influence customer satisfaction when studied together. “Whether a firm produces products or services is no longer a debate in the board room or among academics; the focus is centred primarily on customer perceived service quality, value and image” (Hu et al., 2009). Some researchers have indicated that perceived value and perceived quality are the top determinants of customer satisfaction (F. Lai et al., 2009).

A commonality that prevails in most studies previously conducted in the airline industry is that most researchers have limited customer satisfaction to a single driver, mainly service quality (Archana & Subha, 2012; Kuo, 2011; Martey & Frempong, 2014; Namukasa, 2013; Wu, 2013; Yu-Hern & Chung-Hsing, 2002). Although service quality is vital in satisfying customers, it is not the only customer satisfaction driver and isolating it leads to limitation of the research thus leading to biased decisions for marketers. To maximise the benefits of customer satisfaction in order to improve business performance, the current study identifies and fuses the three important drivers of customer satisfaction being, service quality, brand image and customer value together for a heightened outcome.

Table 1: Relationships between customer satisfaction and its drivers

	Authors	Drivers	Findings	Selected
1	Juliet Namukasa 2013	• Service quality	○ +ve relationship with cs	*
2	Andreassen Tor Wallin, Lindestad Bodil, 1997	• Corporate image • Perceived quality • Value	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
3	R. Archana, Dr M V Subha 2012	• Service quality	○ +ve relationship with cs	*
4	Juwaheer Thanika Devi, Kandampully Jay, Hu Hsin- Hui(Sunny), 2009	• Perceived value • Service quality • Corporate image	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
5	Ishaq Mahammad Ishtiaq, 2011	• Service quality • Corporate image • Perceived value	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
6	Alireza Fazlzadeh, Ali Khoshmaram, Aram Feyzipour, 2011	• Value • Image	○ +ve relationship with cs ○ +ve relationship with cs	* *
7	Jay Kandampully, Dwi Suhartanto, 2000	• Corporate image	○ +ve relationship with cs ○	*
8	Milan Ambroz, Martina Praprotnik, 2008	• Performance provided by the employee • Innovativeness of the services • Adaptability of the services	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	
9	Adams B. Steven, Yang Dong, Martin Dresner, 2012	• Customer service	○ +ve relationship with cs	
10	Zhilin Yang, Robin T. Peterson, 2004	• Perceived value	○ +ve relationship with cs	*
11	Michael J. Mazzeo, 2003	• Service quality	○ +ve relationship with cs	*
12	Fujun Lai, Mitch Griffin, Barry J. Babin, 2011	• Quality • Value • Image	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
13	Wen-Tai Lai, Ching-Fu Chen, 2011	• Perceived quality • Perceived value • Involvement	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
14	Tor Wallin Andreassen, Bodil Lindestad 1997	• Image • Perceived quality • value	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
15	Santiago Forgas, Miguel A. Moliner, Javier Sanchez, Ramon Palau 2010	• Service quality • Monetary price	○ +ve relationship with cs ○ +ve relationship with cs	* *
16	Steven B Adams, Dong Yong, Dresner Martin 2011	• Customer service • Firm performance	○ +ve relationship with cs ○ +ve relationship with cs	
17	Deng Wei-Jaw, Wu Chi-Ming, Kuo Yin-Feng, 2009	• Perceived value • Service quality	○ +ve relationship with cs ○ +ve relationship with cs	* *
18	Hans Jorn Juhl, Kai Kristensen, Peder Ostergaard 2002	• Image • Expectation • Perceived quality	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	* * *
19	Shirshendu Ganguli 2008	• Reliability of a product • Rational quality, • Competitiveness of service Providers • Reputation and • Convenience	○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs ○ +ve relationship with cs	

2.2.5.1 Service quality and Customer satisfaction

Service quality can be defined as a consumer's overall impression of the efficiency of the organization and its services (Archana & Subha, 2012). Alternatively, it can be defined as a chain of services in which the entire service delivery is divided into a series of processes (Namukasa, 2013). Martey and Frempong, (2014), described service quality as the extent to which customer's perceptions of service meet and/or exceed their expectations. Service quality results from the comparison of customer's expectations with perceived performance of services.

The perceived performance of a product or services do not always match the customer's expectations, the difference between the two is what is termed to be service quality (Kuo *et al.*, 2009). Perceived service quality is defined by the subjective response to the discrepancy between each customer's expectation of service and his/her perception of the service performance (Kim, Kim, & Lee, 2011). Service quality is the overall judgement of the excellence of service offering and is affected by the ability of an organisation to satisfy customer's needs. It was also revealed that service quality is multidimensional with five dimensions being; tangibles, reliability, responsiveness, assurance and empathy (Archana & Subha, 2012; Hu *et al.*, 2009; Namukasa, 2013) concerning an airline, some of the concepts which are classified under these dimensions are luggage security and safety, proper communication, and good on-board catering (Manani *et ai.*, 2013).

Customers are increasingly becoming aware of alternative offerings in the market place and therefore have become more demanding in terms of their expectations pertaining to service

delivery (De Meyer & Mostert, 2011). Because of airline vulnerability to completion, they end up being forced to offer high levels of service and ensure that passengers are satisfied (De Meyer & Mostert, 2011). Passengers nowadays have a choice of airlines to pick from (Mazzeo, 2013; Linz 2012) and as a result, airline prices have gone down tremendously. The market environment have become highly competitive, forcing airlines to find other means of making money and sustain growth. Service quality provision has become a core competitive advantage (Archana & Subha, 2012) because of its relation to customer satisfaction which consequently contributes positively to airline performance (Nilsson et al., 2001). Due to heavy regulations in the airline industry, some airlines have gotten into strategic alliances. These alliances dominate the competitive landscape and therefore other carriers rely on high quality delivery to differentiate themselves and withstand the pressure from alliances (De Meyer & Mostert, 2011; Namukasa, 2013). Sustainable competitive advantage in today's competitive market is dependent on a firm's ability to deliver high quality of service that result in satisfied customers (Hu *et al.*, 2009).

There are two perspectives about the relationship between service quality and customer satisfaction. One school of thought argues that high service quality correlates with high customer satisfaction. This is to say, there is evident proportionality between service quality and customer satisfaction. The level of service quality determines the level of customer satisfaction. Companies that are known to provide good service are bound to satisfy customers and those with poor service bring about dissatisfaction of customers. An alternative perspective pinpoints that quality drives satisfaction. Tor Wallin and Bodil, (1998) believe that the customer's judgement about a product's overall excellence or superiority and the perception of quality associated with the company are key drivers of customer satisfaction.

Parasuraman, Zeithaml and Berry (1998), developed a model and measurement approach of service quality known as SERVQUAL. This model is based on a set of five dimensions and consists of 22 items. SERVQUAL is the most widely used measure of service quality mainly due to the claim that its able to measure the relevant dimensions of the perceived service quality regardless of which service industry is being considered (Brown & Swartz, 1989; Parasuraman, Zeithaml & Berry, 1988, 1991, 1994). The SERVQUAL dimensions are defined by Parasuraman *et al.*, (1988) as follows;

Tangibles: appearance of physical facilities, equipment, personnel and communication materials;

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;

Empathy: the caring, individualized attention the firm provides its customers.

Several studies carried out in the airline industry have used this approach to evaluate the service quality levels for different airlines because of the relations that these dimensions have to the industry. The main purpose of the airline is to transport passengers and goods from point of origin to the desired destination. Such a purpose entails suitable and good tangibles such as aircrafts and well trained staff, reliability of the airline, responsiveness, assurance and empathy. In fact, these five dimensions play a major role in differentiating airlines from one another (Martey & Frempong, 2014; Manani *et al.*, 2013; Aydin & Yildirim, 2012).

Previous studies have concluded a positive relationship between customer satisfaction and service quality dimensions in the airline industry (Archana & Subha, 2012; Martey & Frempong, 2014; Namukasa, 2013). Hypotheses were derived for each dimension as follows:

H_{1.1}: Tangibles has a significant and positive effect on customer satisfaction

H_{1.2}: Reliability has a significant and positive effect on customer satisfaction

H_{1.3}: Responsiveness has a significant and positive effect on customer satisfaction

H_{1.4}: Assurance has a significant and positive effect on customer satisfaction

H_{1.5}: Empathy has a significant and positive effect on customer satisfaction

2.2.5.2 Brand image and Customer satisfaction

A number of definitions have been given to define image. It has been described as subjective knowledge, as attitude, and as a combination of product characteristics that are different from the physical product but are nevertheless identified with the product. Corporate image is also said to represent the impressions and associations, the beliefs and attitudes held in customer memory with regard to the company, that is to say company image is a perception of an organization held in customer memory and works as a filter which influences the perception of the operation of the company (Alireza *et al.*, 2011; Hu *et al.*, 2009). The company's performance leads to customer satisfaction with a product or services (Archana & Subha, 2012).

Customer's minds can be influenced by corporate image through a number of ways or a combination of advertising, public relations, physical image, word of mouth and actual experiences with the goods and/or services. This experience with products and services is what is considered the most important factor in influencing a customer's mind in regard to image. Brand image has an impact on customer's buying behaviour as it influences their perception of the goods and/or services offered. It has been found that image has a positive association with customer satisfaction and customer preference. A desirable image leads to customer satisfaction and customer preference, while an undesirable image may lead to dissatisfaction (Kandampully & Suhartanto, 2000). This can be interpreted to mean that companies those companies with good reputation, and are considered as leading brands satisfy customers more than those with bad reputation and unrecognised brands.

Corporate image has a significant positive effect on customer satisfaction (Alireza, Ali, & Aram, 2011; Hu *et al.*, 2009; Kandampully & Suhartanto, 2000). As the image gets more enhanced, customer satisfaction increases. In light of the above, it can be concluded that Air Botswana as a brand, its image contributes positively to customer satisfaction, hence the hypothesis:

H₂: Brand image has a significant and positive effect on customer satisfaction

2.2.5.3 Customer value and Customer satisfaction

Slater, (1997) articulated that marketers should be devoted to the proposition that the creation of customer value must be the purpose for the firm's existence and certainly for its success. He

also mentioned that customer satisfaction is achieved when superior customer value is delivered by the business. Ishaqa (2012) defined customer perceived value as the perception about quality, social psychology, benefit and money. Similarly, W.-T. Lai & Chen, 2011 defined customer value as a consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given. Some researchers have indicated that perceived value and perceived quality are the top determinants of customer satisfaction (F. Lai *et al.*, 2009). Customer's perceived value can be viewed in several perspectives like quality, money, benefit, and social psychology. Customers believe that value is generated when less is paid for goods. Positive perceived value is created when less money is paid for a high quality product. Perceived value can therefore be defined as the difference between the prices that consumers are ready to pay willingly for a product or a service and the practical amount paid (Kuo *et al.*, 2009). Perceived value is the primary and direct mechanism linking service perceptions to consumption outcomes. Wu & Deng (2008) found that service quality and perceived value influences customer satisfaction. Value has a significant positive effect on customer satisfaction (Alireza *et al.*, 2011; F. Lai *et al.*, 2009).

Several studies carried out in different industries have shown that a positive relationship exists between customer satisfaction and perceived value. It has been suggested that failure to provide value to customers may lower the satisfaction of customers. The more valuable services and products of a certain company are perceived to be, the more satisfied customers become (Alireza, Ali & Aram, 2011; Ishaqa, 2011; Ismail, Abdullah, & Parasuraman, 2009; Y.-F. Kuo *et al.*, 2009). When products or services tend to serve according to the expectations of the customers and have a high degree of being free from deficiencies, it adds positively to the satisfaction (Kuo *et al.*, 2009; Tor Wallin & Bodil, 1998). This therefore means that as customer value increases, customer satisfaction also increases.

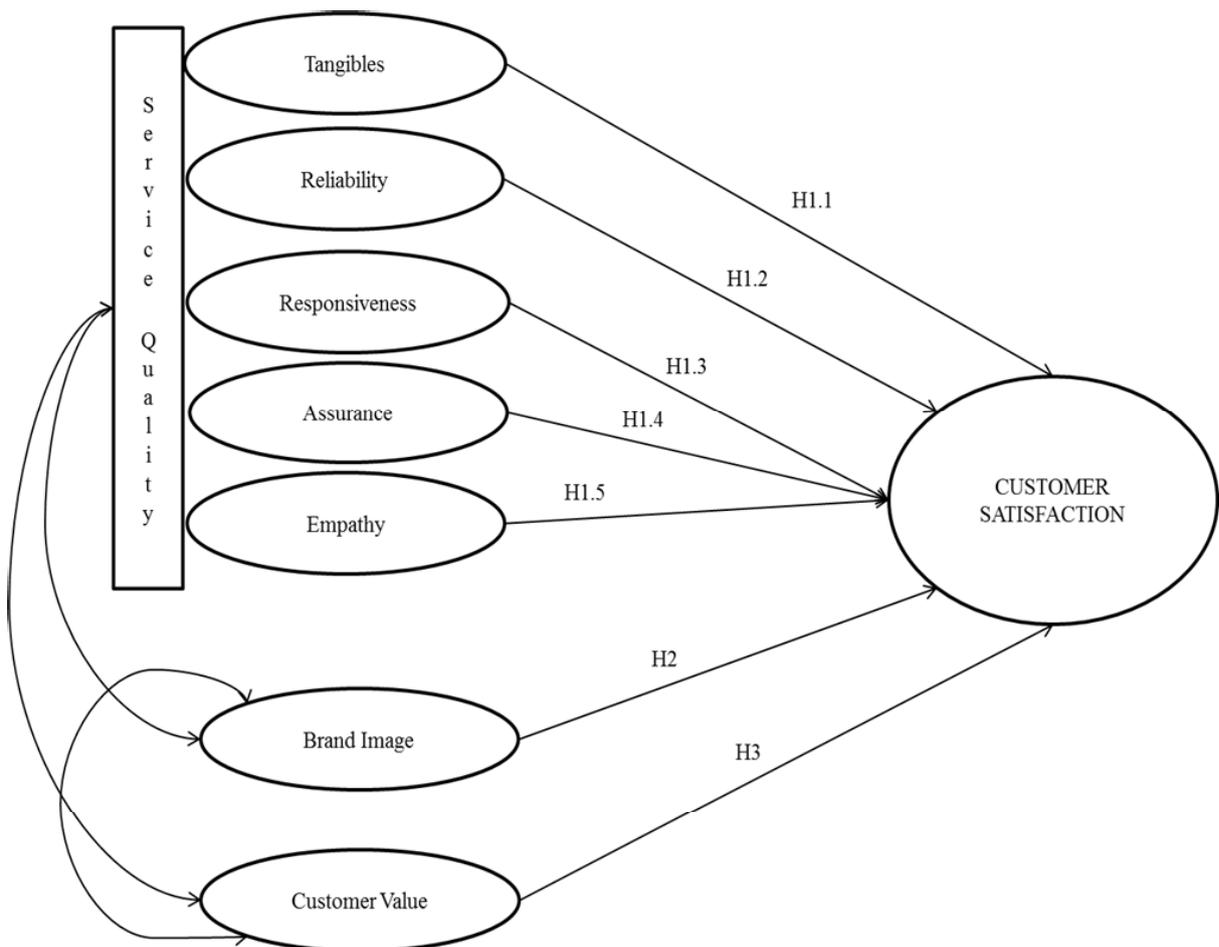
Thus it is hypothesized that:

H₃: Customer value has a significant and positive effect on customer satisfaction

2.3 Conceptualization frame work of customer satisfaction in Botswana

In light of the reviewed literature, Figure 4 below illustrates the link between the selected customer satisfaction drivers, service quality, brand image and customer value and customer satisfaction.

Figure 4: Proposed Conceptual Model



2.4 Summary

Previous research relating to customer satisfaction suggested that customer satisfaction is positively related to competitiveness and profitability. Past studies have revealed several benefits of customer satisfaction including human capital, advertising and promotional efficiency, and customer loyalty. However customer satisfaction is largely influenced by several drivers, including service quality, employee performance, monetary price, company image, innovativeness of service, product reliability and customer value. Nonetheless there are three which are found to have most effect on customer satisfaction in the airline industry; service quality, brand image and customer value. The hypotheses of this study are based on these three drivers (service quality, brand image and customer value) of customer satisfaction. The previous studies suggested a positive significant relationship between customer satisfaction and service quality, brand image, and customer value. When service quality, brand image and customer value increases, customer satisfaction also increases and the reverse is true. Despite the fact that satisfaction can be simultaneously affected by the chosen three drivers, most previous studies focused on individual drivers. This research has taken the direction of study in which service quality, brand image and customer value are studied simultaneously in relation to customer satisfaction in order to maximise the benefits of customer satisfaction. It has been shown that customer satisfaction in Botswana is generally low and differs from one industry to the other.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This section describes how the current study was conducted; it states how the data was collected and provides reasons for the method used for collection of data. It also demonstrates how data was analysed and how limitations of the used method were ameliorated.

3.2 Research Philosophy and Design

Positivist and interpretivist are two major research philosophies that are commonly adopted in consumer research. These two philosophies are sometimes referred to as specific and antipositivist respectively (Galliers, 1991, Mckeown, 2006). Positivists believe that reality is stable and can be observed and described from an objective stand-point independent from the studied phenomena (Kerlinger & Lee, 2000; Levin 1988; Mertens, 2010). This philosophy assumes that things can be studied as hard facts and the relationship between these facts can be established as scientific laws (Smith, 1998). Positivism is based upon values of reason, focusing purely on facts gathered through direct observation and experience measured empirically using quantitative methods (Easterby-Smith, Thorpe & Jackson, 2008; Eriksson & Kovalainen, 2008; Hatch & Cunliffe, 2006; Saunders, Lewis & Thornhill, 2007)

In contrary, interpretivism stipulates that the world and reality are not objective and exterior to the researcher, but are socially constructed and given meaning by people (Kerlinger & Lee, 2000; Levin 1988; Mertens, 2010). Only through subjective interpretation of and intervention

in reality can reality be understood (Mckeon, 2006). Interpretivism emphasises on the researcher working alongside others as they make sense of, draw meaning and create their realities in order to understand their points of view (Hatch & Cunliffe, 2006). The philosophy is concerned with trying to understand and explain why people have different experiences, in filtering in people's thoughts and feelings to drive the truth.

Considering the objectives of this study that seeks to investigate the relationships between drivers of customer satisfaction and customer satisfaction, the positivistic philosophy is more appropriate. Consistent with the key emphasis of positivism quantitative research design was selected as more suitable for this study. Quantitative research often entails a form of cross sectional design. The use of quantitative questions is important as they provide precise measures, and they are easily analysed. They are suitable for a large number of people since they take less time to be completed (Hair, Wolfinbarger, Ortinau & Bush, 2008). One question was left open ended for customers to express or press on their views which might have not been covered by the quantitative part of the questionnaire.

3.3 Sampling

Determining sample size for consumer research study requires considering several factors such as time frame, scope of the research, research objectives, degree of accuracy, knowledge of the target population and statistical analysis needs (Hair *et al.*, 2008). The population of this study was considered to be passengers who travel with Air Botswana for a period of one year as stipulated on Table 2. Due to difficulty in determining the specific list of passengers, a non-probability sampling design known as convenience sampling was adopted. Table 3 presents

general Air Passenger traffic domestic and international and it also covers other flights, while Table 2 shows Air Botswana Passenger statistics which were considered in determining the sample size of this study as Air Botswana passengers were used for the survey.

Table 2: Air Botswana Revenue Passenger Statistics

YEAR	PASSENGER NUMBERS	% CHANGES
2006/2007	214754	7.2
2007/2008	225616	5.1
2008/2009	253747	12.5
2009/2010	242517	-4.4
2010/2011	281562	16.1
2011/2012	291972	3.7
2012/2013	279306	-4.3
2013/2014	255941	-8.4

Source: Air Botswana Revenue Passenger statistics

Table 3: Air Passenger traffic

YEAR	PASSENGER NUMBERS
2011	788461
2012	764977
2013	783651
2014	568901

Source: Botswana Transport and Infrastructure statistics

NB: 2014 passenger numbers does not include the last quarter of the year 2014

According to Krijcie & Morgan, (1970) for a population size of 255,941, the sample size is 384.

The formula used to determine the sample size is as follows;

$$s = \frac{X^2 NP(1 - P)}{d^2(N - 1) + X^2 P(1 - P)}$$

s = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Krejcie & Morgan, (1970) further suggested that when the population size increases, the sample size also increases. For example $N = 75000$, $s = 382$, and for $N = 1000000$, $s = 384$ (Krejcie & Morgan, 1970).

Therefore for this study, since $N = 255\,941$ (Air Botswana, 2014), then $s = 384$. Nonetheless 900 questionnaires were distributed, 33% (297) were returned either unanswered or spoilt, leaving 703 well completed. Studies previously done in the airline industry have dealt with sample sizes of about 270 (Archana & Subha, 2012), 303 (Namukasa, 2013), 324 (De Meyer *et*

al., 2011) and 353 (Martey & Frempong, 2014). This validates the actual sample size of 703 respondents for this study.

3.4 Data Collection

The objectives of this research are mainly based on investigating relationships between customer satisfaction and its drivers. Data for this study was collected by way of a survey method among customers at Air Botswana in the form of a structured questionnaire. A survey method is quantitative in nature and is based on collecting information from a sample of the population such that the results are representative of the whole population within a certain degree of error. A survey method that utilizes a structured questionnaire has its advantages and disadvantages. Its main advantage is that if the population is sampled appropriately, data collected can be generalized to an entire population and tremendous volume of information can be collected in short period of time (Hair et al., 2008).

However, this method does not offer a comprehensive understanding of respondents' perspective which is usually common when in-depth interviews or focus groups are used. Another disadvantage of this method worth noticing is that it requires some statistical knowledge, sampling and other specialised skills to process and interpret results. The use of good data analysis programs such as SPSS was employed to minimise human errors (Hair et al., 2008).

The structured questionnaires were hand distributed to passengers' on-board Air Botswana flights to complete the questionnaires in person and submit before they disembark at their

intended destination. This was done with the help of flight attendants on-board in that particular time. In particular, two methods were used to administer the surveys. Firstly, passengers on board were asked to complete the questionnaires and leave them with Flight attendants. This approach was commonly used in both long and short flights but was more effective in long flights because there was ample time for passengers to complete the questionnaires and hand them back to attendants in that particular flight upon completion. Secondly passengers who check in early for their flights and have flown with the airline before were given the opportunity to complete the survey questions while they wait for their flight to board. In total, nine hundred (900) questionnaires were distributed. Seven hundred and three (703) were complete questionnaires and deemed usable in the current study.

To ensure the anonymity of the respondents the questionnaires were given to respondents with envelopes for when they hand them back. As a way of encouraging passengers to complete the questionnaires, a pen was provided with each questionnaire but a request made for them to be returned with the complete questionnaires for use by other respondents.

Prior to collecting data, a letter seeking permission to use Air Botswana as a context and to collect data from Air Botswana passengers checked in and on-board Air Botswana flights was sent to the relevant authorities at Air Botswana and permission granted. Data collection was done from mid-May to mid-July. This period falls within the high season thus leveraged the data collection. In these eight weeks, both domestic and international flights were covered.

3.4. 1 Questionnaire structure

Prior to structuring the questionnaire, permission was first sought from authorities at Air Botswana to permit that the study be conducted with the airline (Appendix 2). The cover page of the questionnaire was an introduction letter from the University of Botswana which also explained the purpose of the questionnaire.

The items contained in the structured questionnaire were adopted from previous studies on this topic. This assisted in construct development as these items have already been tested and used before. In particular, twenty two (22) items used to measure service quality were adopted from Aydin & Yildirim, (2012) and Ishaq (2011), originally developed by Parasuraman *et al.*, 1998. Even though these items were used, the research is mainly based on the perceptions only as opposed to perceptions and expectations. The approach of eliminating the expectation battery has been used successfully by several researchers mainly because of the ambiguity of the meaning of expectation battery (Teas, 1993). Teas, (1993) suggested that a substantial proportion of the variance in the expectation part of the scale results from respondents interpreting the question being asked differently, rather than to actual variance in their attitudes. Additionally, Carman (1990), have remarked on the practical difficulties involved in administering both expectation and perception batteries. Several studies have employed the five dimension scale and did not administer the expectation part of the model at all. It also has been reported that administering both perception and expectation leads to boredom and confusion for respondents which may jeopardise the quality of the data obtained (Bouman & van der Wiele, 1992; Coulthard, 2004). In addition, some studies have shown that in most instances expectations exceed perceptions (Smith, 1995), also, the gap scores (P - E) and the averaging of scores across dimensions, cannot be justified due to the instability of the dimension structures (Van Dyke, Kappelman & Prybutok, 1997). It is for these stipulated reasons that the current study concentrated on the perceptions only. The ten items used in measuring brand image were

adopted from Makgosa & Molefhi, (2012) and Cretu & Brodie, (2005) while six items measuring customer value were adopted from Makgosa, (2009) and Ishaq, (2011).

The items used were rated on an interval scale to demonstrate absolute differences between individual perceptions. A five point Likert scale was used to measure service quality, brand image and customer value. The five points were coded as follows; 1 = “strongly disagree”, 2 = “agree”, 3 = “neutral”, 4 = “agree” and 5 = “strongly agree”. Concerning customer satisfaction, passengers were asked a single question that involved rating their level of satisfaction on a 5 point Likert scale, coded as 1 = “completely dissatisfied”, 2 = “dissatisfied”, 3 = “moderate”, 4 = “satisfied” and 5 = “completely satisfied”. To get insight on passenger demographics, eight questions were presented in the questionnaire which required the customer to give information about them. Passengers were also asked to rank the factors they perceive important when making a choice of which airline to travel with. Five factors were presented to them for ranking using a 5-point scale, 1 being the most influential and 5 being the least influential. At the end of the questionnaire, passengers were asked to right any comment, to express themselves concerning anything that had to do with Air Botswana.

3.5 Data analysis

The collected data was analysed using statistical package for social science (SPSS) software version 22 which is widely used to analyse quantitative data. The data was initially explored using descriptive statistical tool for frequencies. This was done to ensure that the data is clean of errors that might have occurred during data input or any omissions. Upon ensuring they were no data entry problems, frequencies were performed on demographic variables to facilitate the

description of the sample. This was followed by Inter-Item correlation and reliability analyses which were performed to find the reliability of items used to measure service quality, brand image and customer value. Means were computed to facilitate the analysis of perceptions of the sample on variables of interest in the study.

To test the hypotheses, stepwise linear regression was performed with overall satisfaction/dissatisfaction as a dependent variable and service quality, brand image and customer value as independent variables. Taking into account multiple dimensions which were used to measure service quality, brand image and customer value, the means representing each concept were used in the analysis of the independent item values.

3.6 Summary

The study method adapted for the current study takes a positivist standpoint and the research method is quantitative. The main data collection instrument was questionnaires. Both primary and secondary data was used in this study. Questionnaires were administered on-board Air Botswana flights and out of the 900 questionnaires distributed, 703 were usable and used for analysis in this study. The questionnaires were distributed using convenience sampling procedure and the data was analysed using statistical package for social science (SPSS) version 22.

CHAPTER 4

DATA ANALYSIS & FINDINGS

4.1 Introduction

This chapter presents the findings of the survey that was conducted on the impact of service quality, brand image and customer value on customer satisfaction using Air Botswana as context. A total of 703 usable responses were analysed using various test statistics from the IBM statistical package for social sciences (SPSS) version 22. The first statistical analysis that was performed was the Frequency analysis for the demographic profiles of passengers; secondly, Inter-Item correlations with Cronbach's alpha were used to determine the dimensionality and reliability of the items that measure various concepts. Thirdly, Pearson correlation analysis was also performed to measure the extent to which service quality, brand image and customer value are correlated. In so far as the testing of the hypotheses was concerned, Stepwise linear regression analysis was performed. Lastly, for facilitating strategic marketing perspective, K-means cluster analysis was used to identify specific segments of passengers who use Air Botswana.

4.2 Profile of the sample using demographic characteristics

Table 4 provides the demographic characteristics of the passengers that were surveyed. The demographic characteristics that were used for classifications were gender, age, marital status, education, occupation and income. Clearly, more male respondents (62.3%) participated in the study as compared to females (37.6%). The majority of respondents also fall in two age categories between 30 and 49 years with a combined percentage of 55.3%. In the sample, just

over half 59% respondents are married. Concerning education, most respondents are highly educated having attained postgraduate 58.7%. Out of the 703, 45.8% receive a monthly income of P30, 000 and above, which was followed by those who earn between P10, 000 and P19, 999. These findings correspond to the general passenger population.

Table 4: Demographics of the Sample

Demographic characteristics	N = 703	% of Surveyed Passengers
	Frequency	
Gender		
Female	264	37.6
Male	438	62.3
Missing	1	.1
Total	703	100.0
Age		
18 – 29	116	16.5
30 – 39	209	29.7
40 – 49	179	25.5
50 – 59	122	17.4
60 and above	62	8.8
Missing	2	2.1
Total	703	100.0
Marital Status		
Married	415	59.0
Single	242	34.4
Divorced	37	5.3
Other	9	1.3
Total	703	100.0
Education		
Primary	4	.6
Secondary	51	7.3
Undergraduate	194	27.6
Postgraduate	413	58.7
Other	41	5.8
Total	703	100.0
Occupation		
Managers	75	10.7
Engineers	56	8.0
Directors	37	5.3
Accountants	30	4.3
Consultants	22	3.1
Medical Professionals	19	2.7
Lawyers	19	2.7
Self-employed	19	2.7
Public Servants	17	2.4
Others	409	58.1
Total	703	100.0
Monthly Income		
Less than P9,999	76	10.8
P10,000 – P19,999	150	21.3
P20,000 – P29,999	134	19.1
P30,000 and above	322	45.8
Missing	21	3
Total	703	100.0

4.3 Profile of the sample using flying related factors

In order to gain more insights into the profile sample of passengers who use Air Botswana, additional factors such as citizenship, frequency of travel and purpose were included in the survey as presented in Table 5.

The findings show that there is a fair distribution of the sample in terms of citizenship as almost half of the respondents are citizens of Botswana (49%) while 51% are non-citizens. It is also noticeable that most respondents were on regional flights (61.2%) as compared to 21% who were on domestic flights. A majority of the respondents fly more than three times a year in general (72.1%), while 53.6% fly Air Botswana more than three times a year. Business travellers dominated the sample with 56.8% while 21.3% were those travelling on personal reasons. This distribution presents an advantage to the research as responses from domestic flights will provide insight on the level of satisfaction for customers travelling on routes that Air Botswana operates solo while a large part of the sample that were on regional flights will help provide information about customers satisfaction levels between destinations where Air Botswana experiences competition.

Table 5: Flying-Related factors describing the Sample

Additional characteristics	N = 703	
	Frequency	% of surveyed Passengers
Citizenship		
Citizen	343	48.9
Non-Citizen	359	51.1
Missing	1	.1
Total	703	100.0
Flight		
Domestic	145	20.6
Regional	430	61.2
Missing	128	18.2
Total	703	100.0
Purpose of trip		
Business	399	56.8
Personal	199	28.3
Educational	35	5.0
Medical	10	1.4
Other	60	8.5
Total	703	100.0
Frequency of flying Air Botswana		
Less than once a year	126	17.9
Once a year	74	10.5
Twice a year	78	11.1
Three times a year	48	6.8
More than three times a year	377	53.6
Total	703	100.0
Frequency of flying generally		
Less than once a year	27	3.8
Once a year	41	5.8
Twice a year	68	9.7
Three times a year	60	8.5
More than three times a year	507	72.1
Total	703	100.0

4.4 Factors for choosing an Airline to travel with

Results on factors that influence the decision to choose a particular airline presented in Table 6 shows that flight time (mean = 2.27), price (mean = 2.53) and exact time (mean = 2.81) are the most influencing factors when passengers make a decision of which airline to travel with. In

particular about 62.3% of respondents indicated that flight time is influential and as for price and exact time, 54.4% and 41.6% considered these attributes as most influential factors when choosing which airline to use. However, flight services and employee attracted relatively lower percentages and ranking as attributes that are influential in the decision to choose a particular airline.

Table 6: Factors influencing airline choice

AIRLINE CHOICE INFLUENCING FACTORS (N = 450)	MOST INFLUENTIAL (%)	INFLUENTIAL (%)	NEUTRAL (%)	NOT INFLUENTIAL (%)	LEAST INFLUENTIAL (%)	MEAN (SD)	RANK
Price	32.4	22.0	20.9	9.6	15.1	2.53 (1.41)	2
Flight services	17.3	16.0	22.7	33.8	10.2	3.04 (1.27)	4
Flight time	29.6	32.7	23.3	10.4	4.0	2.27 (1.11)	1
Employee	3.1	5.8	7.6	20.3	63.3	4.35 (1.05)	5
Exact time	17.8	23.8	25.8	25.3	7.3	2.81 (1.21)	3

4.5 Dimensionality and Reliability

Inter-item correlation with Cronbach's alpha coefficients were used in determining the dimensionality and reliability of key concepts measured in this study including service quality, brand image and customer value.

4.5.1 Service quality

The Cronbach's alpha scores of the service quality dimensions are as follows: Tangibles ($\alpha =$

.68), Reliability ($\alpha = .89$), Responsiveness ($\alpha = .90$), Assurance ($\alpha = 0.84$), and Empathy ($\alpha = 0.83$). The service quality dimensions yielded acceptable reliability scores because the items used to measure service quality in this study have been used and tested by other scholars before. An assessment of Cronbach's alpha coefficients reflected that there was no need to delete any items, as any item deleting for all the five dimensions (tangibles, reliability, responsiveness, assurance and empathy) would have reduced their reliability. Generally, the reliabilities for dimensions (tangibles, reliability, responsiveness, assurance and empathy) were very high except for tangibles. The Cronbach's alpha coefficients range from .68 to .90 indicating a reasonable level to reliability as proposed by Lee Cronbach (Kline, 2000). Further findings of inter item correlation and reliability of the five service quality dimensions are in Table 7.

The corrected-item to total correlation for reliability dimensions were between .62 and .81. Items selected to measure responsiveness showed dependence on each other as the corrected item to total correlation ranged between .72 and .82. Similarly, the four items used to measure assurance showed correlation among each other with corrected item to total correlations ranging between .67 and .72. Lastly, items used to measure empathy, indicated dependency on each other with corrected item to total correlation ranging between .45 and .75.

This indicates that the items used to measure the five dimensions of service quality, do complement each other as far as the responses are concerned and therefore can be used together in measuring passengers' perceptions on service quality.

Table 7: Dimensionality and Reliability of Service quality

N = 703 STATEMENTS	CORRECTED ITEM TO TOTAL CORRELATION	CRONBACH'S ALPHA IF ITEM DELETED	CRONBACH'S ALPHA
TANGIBLES			
Air Botswana has modern looking aircrafts that appeals to me.	.51	.58	.68
Air Botswana has appealing offices and check-in counters.	.50	.59	
Employees for Air Botswana are presentable.	.52	.60	
The airline documents (magazines, advertisements, etc) associated with its services is visually appealing to me.	.35	.69	
RELIABILITY			
Air Botswana fulfils its promises on time.	.76	.86	.89
Air Botswana solves customer's problems sincerely.	.70	.87	
Air Botswana performs the service right the first time.	.81	.85	
Air Botswana provides services at the promised time.	.79	.85	
Air Botswana insists on error free records.	.62	.89	
RESPONSIVENESS			
Employees for Air Botswana communicate clearly when services will be performed.	.72	.90	.90
Employees for Air Botswana give prompt service to customers.	.81	.86	
Employees for Air Botswana are always willing to help customers.	.82	.86	
Employees for Air Botswana are quick to respond to customer's requests and enquiries.	.78	.90	
ASSUARANCE			
The behaviour of employees for Air Botswana instils confidence in me.	.72	.78	.84
I feel safe dealing with Air Botswana.	.68	.81	
Employees for Air Botswana are consistently courteous to me.	.66	.81	
Employees for Air Botswana always have knowledge to answer my questions.	.67	.81	
EMPATHY			
I am given individual attention.	.65	.79	.83
Air Botswana operating hours are convenient for me.	.45	.85	
Air Botswana employees always assist me with a happy face	.63	.80	
Employees for Air Botswana always seem to have my best interests at heart.	.75	.76	
Air Botswana understands my specific needs.	.69	.78	

4.5.2 Brand image

Table 8, shows that brand image recorded a high level of reliability at ($\alpha = .93$). Even though for Brand image ten statements were used to get information from passengers about Air Botswana as a brand, the findings of Inter-item correlations indicated that brand image is a uni-dimensional concept. In particular, corrected item to total correlation for the ten, ranged between .65 and .81 showing consistency. A further assessment of the Alpha coefficients reflected that there was no need to delete any item as to improve reliability.

Table 8: Dimensionality and Reliability of Brand image

N = 703 STATEMENTS	CORRECTED ITEM TO TOTAL CORRELATION	CRONBACH'S ALPHA IF ITEM DELETED	CRONBACH'S ALPHA
I consider Air Botswana to be a leading brand.	.74	.93	.93
Using Air Botswana is a social status symbol.	.65	.93	
Air Botswana has a good reputation.	.71	.93	
Air Botswana is highly recommended by people I know.	.70	.93	
I will travel on Air Botswana again in future.	.70	.93	
I would recommend Air Botswana to other people.	.80	.92	
I consider myself to be loyal to Air Botswana.	.71	.93	
I would prefer Air Botswana over its competitors despite same features.	.79	.93	
I would prefer Air Botswana even if there is another airline as good as it.	.78	.93	
If I have to choose among Airline brands, Air Botswana is definitely my choice.	.81	.92	

4.5.3 Customer Value

The coefficient of Cronbach's Alpha of .93 was achieved, demonstrating that the six items measuring customer value are reliable. An assessment of the Cronbach's Alpha shows that there was no need for item deletion to improve reliability. The items used in this test also attested to be consistent with the averaged behaviour of others as shown by the corrected item to total correlation of each item ranging between $\alpha = .70$ and $\alpha = .85$. This indicates that customer value is a uni-dimensional concept.

Table 9: Dimensionality and Reliability of Customer value

N = 703	CORRECTED ITEM TO TOTAL CORRELATION	CRONBACH'S ALPHA IF ITEM DELETED	CRONBACH'S ALPHA
STATEMENTS			
Compared to price we pay in the airline industry, I get reasonable price when flying with Air Botswana.	.70	.93	.93
Compared to the quality we get in the airline industry, I pay a reasonable price at Air Botswana.	.82	.91	
Air Botswana delivers superior net value.	.83	.91	
Air Botswana delivers what I want and expect.	.78	.91	
Considering the price I pay and what Air Botswana delivers, overall, I receive good value for money.	.85	.91	
Overall, Air Botswana provides better value than its competitors.	.76	.92	

4.6 Customer Perceptions about Key concepts of Interest in this study

4.6.1 Customer Satisfaction

The findings in Table 10 show that, about half of the sample, 54.6% was either completely satisfied or satisfied with Air Botswana. This means that the sample comprises of a proportional number of those satisfied and dissatisfied with Air Botswana. Nonetheless, in average respondents were moderately satisfied with Air Botswana with a mean and standard deviation of 3.40 (1.30). The satisfaction is therefore interpreted to be moderate.

Table 10: Customer Satisfaction perceptions

CUSTOMER SATISFACTION	FREQUENCY	% OF PASSENGERS	MEAN (SD)
COMPLETELY DISSATISFIED	29	4.1	3.4 (1.03)
DISSATISFIED	122	17.4	
NEITHER DISSATISFIED OR SATISFIED	168	23.9	
SATISFIED	306	43.5	
COMPLETELY SATISFIED	78	11.1	
TOTAL	703	100.0	

4.6.2 Service quality

Table 11, reveals that respondents perceive tangibles at Air Botswana as moderate (mean = 3.37). In other words, passengers do not perceive anything extraordinary or attractive about tangibles such as aircrafts, offices, check in counters and ticket sales points at Air Botswana. However, passengers perceive employees to be presentable (mean = 4.08). In fact, aircrafts attracted the lowest perceptions (mean = 2.73).

Most of the items measuring of reliability achieved rating ranging from 2.88 to 3.22. Thus passengers showed negative perceptions of Air Botswana having the ability to fulfil promises and provide services at a promised time. Responsiveness, assurance, and empathy achieved means that were slightly higher than the neutral point with the highest perception recorded for responsiveness at 3.63. Passengers perceive employees of Air Botswana to be courteous. The other dimensions grand means were 3.37 for tangibles, 3.05 for reliability, 3.61 for assurance and finally 3.41 for empathy. This shows that respondents perceive the level of service quality at Air Botswana to be moderate.

Table 11: Service quality perceptions N = 703

SERVICE QUALITY	STRONGLY DISAGREE (%)	DISAGREE (%)	NEUTRAL (%)	AGREE (%)	STRONGLY AGREE (%)	MEAN (SD)	GRAND MEAN (SD)
TANGIBLES							
Air Botswana has modern looking aircrafts that appeals to me.	11.9	31.9	30.3	22.9	3.0	2.73 (1.04)	3.37 (.66)
Air Botswana has appealing offices and check-in counters.	4.1	17.9	36.8	34.7	6.4	3.21 (.95)	
Employees for Air Botswana are presentable.	0.3	2.3	14.4	55.6	27.5	4.08 (.73)	
The airline documents (magazines, advertisements, etc) associated with its services is visually appealing to me.	2.8	12.1	31.9	39.8	13.4	3.49 (.97)	
RELIABILITY							
Air Botswana fulfils its promises on time.	15.5	22.8	29.6	22.5	9.7	2.88 (1.20)	3.05 (.89)
Air Botswana solves customer's problems sincerely.	6.7	11.1	44.2	29.6	8.4	3.22 (.98)	
Air Botswana performs the service right the first time.	8.4	18.1	35.6	30.3	7.7	3.11 (1.06)	
Air Botswana provides services at the promised time.	12.5	23.2	31.4	25.2	7.7	2.92 (1.14)	
Air Botswana insists on error free records.	6.3	11.0	54.6	20.8	7.4	3.12 (.92)	
RESPONSIVENESS							
Employees for Air Botswana communicate clearly when services will be performed.	4.8	12.4	24.0	44.5	14.2	3.51 (1.04)	3.63 (.85)
Employees for Air Botswana give prompt service to customers.	2.8	9.0	27.0	44.5	16.6	3.63 (.96)	
Employees for Air Botswana are always willing to help customers.	2.0	6.0	24.8	46.4	20.9	3.78 (.91)	
Employees for Air Botswana are quick to respond to customer's requests and enquiries.	2.4	9.2	31.3	40.8	16.2	3.59 (.95)	
ASSUARANCE							
The behaviour of employees for Air Botswana instils confidence in me.	2.3	8.1	28.3	45.4	15.9	3.65 (.92)	3.61 (.77)
I feel safe dealing with Air Botswana.	4.7	12.4	29.3	38.0	15.6	3.48 (1.05)	
Employees for Air Botswana are consistently courteous to me.	1.6	4.8	25.5	47.4	20.8	3.81 (.87)	
Employees for Air Botswana always have knowledge to answer my questions.	1.8	8.3	38.5	38.7	12.7	3.52 (.88)	
EMPATHY							
I am given individual attention.	3.4	11.5	37.0	36.7	11.2	3.41 (.95)	3.41 (.75)
Air Botswana operating hours are convenient for me.	9.1	12.8	32.1	35.8	10.1	3.25 (1.09)	
Air Botswana employees always assist me with a happy face	2.4	7.8	23.3	45.4	21.1	3.74 (.95)	
Employees for Air Botswana always seem to have my best interests at heart.	2.4	11.2	37.3	35.3	13.7	3.47 (.95)	
Air Botswana understands my specific needs.	5.0	13.2	50.2	23.9	7.7	3.16 (.92)	

4.6.3 Brand image

Table 12, shows that customers perceive the brand image of Air Botswana to be moderate (mean = 3.03). In particular, passengers do not perceive Air Botswana as a leading brand (mean = 2.73) as only 23% of the respondents answered in the affirmative. Customers do not perceive using Air Botswana as a social symbol (2.76) with a good percentage of 78 customers disagreeing with the statement. An overwhelming proportion of respondents also do not perceive Air Botswana as an Airline of choice (78%) and also not recommendable (76%), nonetheless, 71% perceive that they would prefer Air Botswana even if there is another airline as good as it. 65% of the passengers affirm that they will travel on Air Botswana again in the near future. Despite that, a lot of customers do not agree that Air Botswana is a definite choice among other brands (2.77), with 78% of the sample responding negatively.

Table 12: Brand Image perceptions

BRAND IMAGE	STRONGLY DISAGREE (%)	DISAGREE (%)	NEUTRAL (%)	AGREE (%)	STRONGLY AGREE (%)	MEAN (SD)	GRAND MEAN
I consider Air Botswana to be a leading brand.	13.2	28.9	35.0	17.2	5.7	2.73 (1.07)	3.03 (.85)
Using Air Botswana is a social status symbol.	12.1	28.9	35.6	17.5	6.0	2.76 (1.07)	
Air Botswana has a good reputation.	12.7	22.2	38.7	20.2	6.1	2.85 (1.08)	
Air Botswana is highly recommended by people I know.	14.5	24.6	36.7	17.9	6.3	2.77 (1.10)	
I will travel on Air Botswana again in future.	3.3	3.6	27.7	46.2	19.2	3.75 (.92)	
I would recommend Air Botswana to other people.	6.3	9.8	34.1	34.4	15.4	3.43 (1.06)	
I consider myself to be loyal to Air Botswana.	6.1	13.5	37.6	28.4	14.4	3.32 (1.07)	
I would prefer Air Botswana over its competitors despite same features.	10.7	19.6	36.7	21.9	11.1	3.03 (1.13)	
I would prefer Air Botswana even if there is another airline as good as it.	11.9	21.6	37.8	17.8	10.8	2.94 (1.14)	
If I have to choose among Airline brands, Air Botswana is definitely my choice.	14.2	26.5	36.7	13.7	9.0	2.77 (1.13)	

4.6.4 Customer value

The findings in Table 13 indicate a 2.94 grand mean, which means customers have low perceptions concerning the value they get from Air Botswana. In particular, passengers did not perceive Air Botswana to deliver superior net value and to deliver what they want or expect as 78% and 68% respectively did not affirm to these items. In addition a lowest mean of 2.69 was recorded, for better value against competitors. This was explained by a big portion of respondents (84%) who responded negatively when asked if Air Botswana provides better value than its competitors.

Table 13: Customer value perceptions

CUSTOMER VALUE	STRONGLY DISAGREE (%)	DISAGREE (%)	NEUTRAL (%)	AGREE (%)	STRONGLY AGREE (%)	MEAN (SD)	GRAND MEAN
Compared to price we pay in the airline industry, I get reasonable price when flying with Air Botswana.	9.4	16.5	35.3	31.2	7.7	3.11 (1.07)	2.94 (.88)
Compared to the quality we get in the airline industry, I pay a reasonable price at Air Botswana.	9.1	18.8	39.3	27.3	5.5	3.01 (1.02)	
Air Botswana delivers superior net value.	9.1	22.0	47.1	18.1	3.7	2.85 (.95)	
Air Botswana delivers what I want and expect.	9.7	21.1	37.1	27.3	4.8	2.97 (1.03)	
Considering the price I pay and what Air Botswana delivers, overall, I receive good value for money.	9.4	20.1	36.0	27.6	6.8	3.03 (1.07)	
Overall, Air Botswana provides better value than its competitors.	13.9	24.3	45.9	10.4	5.4	2.69 (1.01)	

In addition to the quantitative questions which provided the previous results, passengers were also given an opportunity to express themselves qualitatively by adding a comment at the end of the questionnaire (see Appendix 1). The analysis of these comments revealed that customers expressed themselves in details as they singled out points covered by the quantitative part of the questionnaire, nonetheless more than 65% of participants have more to complain about than to compliment Air Botswana for. They highlighted several issues including the following:

- a) Air Botswana equipment isn't efficient, its old, and lacks modern look
- b) The fares are too high, more especially for local flights

- c) There are frequent lengthy delays, cancellation and diversions of flights
- d) Handling of baggage – the baggage is normally delayed
- e) The most concern was lack of communication from Air Botswana (at times of delay, responding to queries or attending to passengers on a normal day)

The above are contents of service quality, customer value and even brand image as stipulated in the questionnaire but passengers felt the need to elaborate on them.

4.7 Hypotheses testing

4.7.1 Correlations analysis

Before hypotheses were tested, the correlations between the key independent variables were assessed using Pearson's Product-Moment correlations. Table 14 is an output of SPSS and provides correlation matrix among seven variables, five dimensions of service quality, brand image and customer value. Statistical significance and co-variation is observed in this matrix. A positive correlation is found among all pairs of variables.

Table 14: Correlation coefficients for service quality dimensions, image and value.

CORRELATIONS								
		Tangibles	Reliability	Responsiveness	Assurance	Empathy	Image	Value
Tangibles	Pearson Correlation	1						
	Sig. (2-tailed)							
Reliability	Pearson Correlation	.569**	1					
	Sig. (2-tailed)	.000						
Responsiveness	Pearson Correlation	.546**	.691**	1				
	Sig. (2-tailed)	.000	.000					
Assurance	Pearson Correlation	.611**	.674**	.804**	1			
	Sig. (2-tailed)	.000	.000	.000				
Empathy	Pearson Correlation	.599**	.657**	.723**	.785**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
Image	Pearson Correlation	.653**	.653**	.598**	.668**	.671**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
Value	Pearson Correlation	.543**	.641**	.562**	.629**	.633**	.704**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

** Correlation is significant at the 0.01 level (2-tailed).

4.7.2 Regression analysis

To test the hypotheses, $H_{1.1} - H_{1.5}$, H_2 and H_3 stepwise linear regression analysis was performed with overall satisfaction/dissatisfaction as a dependent variable and service quality dimensions, brand image and customer value as independent variables. As multiple dimensions were used to measure service quality dimensions, brand image and customer value, the means of representing each concept/dimension were used in this analysis instead of independent items values. As depicted in Table 15 the model has high predictive power. For reliability, empathy, image and value, 61.3%. This means 61.3% variance in customer satisfaction can be explained by reliability, empathy, image and value.

A test of hypotheses $H_{1.1} - H_{1.5}$ on the effects of service quality dimensions on customer satisfaction show that $H_{1.2}$ and $H_{1.5}$ were supported while $H_{1.1}$, $H_{1.3}$ and $H_{1.4}$ were not. This means that, not all the dimensions of service quality have a significant effect on customer satisfaction at Air Botswana. The two dimensions with a significant effect are reliability and empathy. Both reliability and empathy achieved positive coefficients, ($H_{1.2}$: $\beta = .336$, $t = 8.33$, $p < 0.01$) and ($H_{1.5}$: $\beta = .152$, $t = 3.17$, $p < 0.01$) respectively. This means among the five dimensions of service quality, reliability and empathy have a significant and positive effect on customer satisfaction.

The research model also proposes that in addition to service quality dimensions, brand image and customer value also have a direct, positive relation with customer satisfaction. The hypothesis test results show that both brand image and customer value have positive impact on customer satisfaction, they both achieved positive coefficients, (H_2 : $\beta = .279$, $t = 6.20$, $p < 0.01$) and (H_3 : $\beta = .318$, $t = 7.58$, $p < 0.01$) respectively. Therefore H_2 and H_3 are supported, meaning that brand image and customer value, both have a significant and positive effect on customer satisfaction.

Service quality

$H_{1.2}$: Reliability is directly proportional to satisfaction, supported.

$H_{1.5}$: Empathy has a significant positive effect on customer satisfaction is supported

$H_{1.1}$: Tangibles has a significant positive effect on customer satisfaction – not supported

H_{1.3}: Responsiveness at Air Botswana has a significant positive effect on customer satisfaction – not supported

H_{1.4}: Assurance has a significant positive effect on customer satisfaction at Air Botswana – not supported

Brand Image

H₂: Brand image has a significant positive effect on customer satisfaction is supported

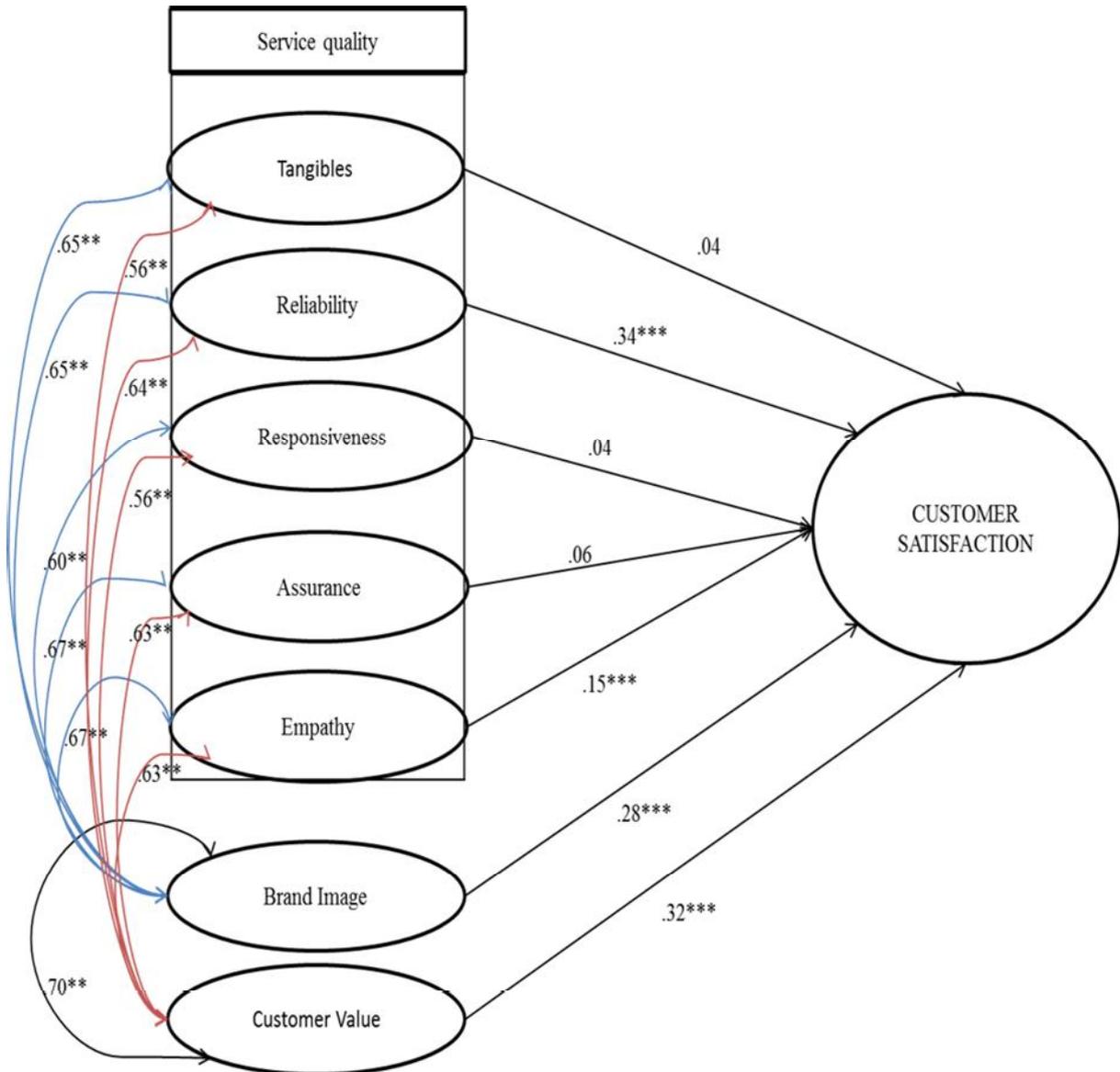
Customer Value

H₃: The higher the customers value the high customer satisfaction in Air Botswana is supported.

Table 15: Regression analysis between overall satisfaction and the selected drivers

Model A				
	Un-Standardized beta	t	Significance	R ²
SATISFACTION				
(constant)	.077	.68	.497	.613
Value	.318	7.58	.000	
Reliability	.336	8.33	.000	
Image	.279	6.20	.000	
Empathy	.152	3.17	.002	
Tangibles	.035	1.08	.281	
Responsiveness	.035	.947	.344	
Assurance	.063	1.51	.131	

Figure 5: Structural Model with Parameters



*** Significant at (P< 0.001)

** Correlation significant at the 0.01 level

To add additional insight into the predictors of customer satisfaction, demographics and additional characteristics were combined with service quality, brand image and customer value to explore their effects on customer satisfaction, the results of the hypotheses tests, Stepwise linear regression was once again performed.

The results in Table 16 show that only income ($\beta = .049$, $t = 2.085$, $p < 0.01$) and frequency of flying Air Botswana ($\beta = .132$, $t = 2.680$, $p < 0.01$) have positive effect on customer satisfaction adding to reliability, empathy, image and value which also showed positive impact on customer satisfaction again in this new analysis. The remaining predictors do not have relation to customer satisfaction.

Table 16: Regression analysis between overall satisfaction, the selected drivers and other factors

Model B				
	Unstandardized Beta	t	Significance	R ²
SATISFACTION				
(Constant)	.300	1.806	.071	.633
Value	.288	6.600	.000	
Reliability	.309	7.435	.000	
Image	.321	6.781	.000	
Your frequency of flying with Air Botswana:	-.071	-4.295	.000	
Empathy	.132	2.680	.008	
Your Monthly Income before taxes	.049	2.085	.037	
Tangibles	.043	1.300	.194	
Responsiveness	.048	1.250	.212	
Assurance	.059	1.399	.162	
Gender	.001	.053	.958	
Age	.024	.909	.364	
Citizen or Non-Citizen of Botswana	.042	1.486	.138	
Marital Status	.038	1.535	.125	
The highest level of education you received:	-.002	-.063	.950	
Purpose of this particular trip:	-.008	-.296	.767	

4.8 Customer factor grouping

To further add value and facilitate managerial decisions, groups of passengers' types at Air Botswana were explored based on the key concepts used in the study. Clusters were developed using the selected customer satisfaction drivers and these clusters were then mapped against the means and standard deviation of attributes, demographics, satisfaction and frequency of flying to best determine the customer satisfaction strategy mix. The cluster analysis revealed a five-group classification of customer satisfaction strategy mixes.

Table 17 illustrates the outcome of SPSS, K-means of customer satisfaction drivers and the clusters were labelled as follows:

Assurance conscious consumers: the first group and one of the largest among the five groups, characterises 23% of the passengers in the sample. For these passengers, their main concern is assurance from Air Botswana. They care more about being assured than about brand image, value or reliability.

Responsiveness conscious consumers: they represent 13% of the total passenger sample. This group is more concerned about the Air Botswana's ability to respond to their needs, wants and demands. Their least concern is customer value.

Non-conscious consumers: this category (14% of the total sample) is quite distinctive. It displays a low concern of all the customer satisfaction drivers by customers, more especially reliability, customer value and brand image. Passengers belonging to this group will accept any service Air Botswana has to offer.

Highly conscious consumers: The fourth group, which characterizes 16% of the sample, is subsequently the most conscious group among the five strategy mixes. Passengers who belong

to this group will require almost all the drivers of customer satisfaction to meet their expectation in order to be satisfied.

Service quality conscious consumers: the final and largest group, 34% of the sample, represents passengers whose satisfaction is more influenced by the service quality received. Even though passengers belonging to this group are concerned with value and image, their main interest is on service quality.

Table 17: Customer grouping – Cluster relationships

	FACTOR GROUPS				
	1	2	3	4	5
	n = 165	n = 94	n = 97	n = 109	n = 238
Customer satisfaction drivers	Assurance conscious consumers	Responsiveness conscious consumers	Non-conscious consumers	Highly conscious consumers	Service quality conscious consumers
Tangibles	3.18	2.84	2.71	4.16	3.60
Reliability	2.84	2.60	1.72	4.16	3.40
Responsiveness	3.26	3.62	2.23	4.63	4.00
Assurance	3.34	3.31	2.44	4.58	3.71
Empathy	3.13	3.15	2.30	4.38	3.71
Customer value	2.89	1.98	1.84	3.94	3.35
Brand image	2.96	2.24	1.91	4.15	3.34

Table 18 presents insights on the above strategy mixes. It shows the composition of the strategy mixes in details, characterizing them by an associated vector of means scores for each of the

attributes, demographics, satisfaction and flying frequency. This assists in highlighting the areas of improvement for strategic management purposes.

The *Assurance conscious consumers* are more likely to be time sensitive and least concerned with Air Botswana employees. They pay attention to the price as compared to flight services. The people in this group are most likely to be males, just above the age of forty, with a monthly income of more than BWP20, 000 but less than BWP29, 999 and are graduates. They fly at least three times a year in general and twice with Air Botswana. Their satisfaction is moderate.

The *Responsiveness conscious consumers*' highest ranking factor that influences travel is flight time and is more concerned with exact flight time and price. This group's least factor of influence is employee followed by flight services. The people in this group are mostly males, aged just below forty with a monthly income of just about BWP20, 000. These frequent flyers have low customer satisfaction.

The *Non-conscious consumers* are least concerned with the flight services and employees than all the other groups but more concerned with the exact time. This group ranks third as far as price is concerned. People found in this group are predominantly males, almost forty years of age and are graduates who earn above BWP20, 000 monthly. They are the most frequent flyers and highest earning but yet the least satisfied among all the groups.

The *Highly conscious consumers*: among the five groups, it is the highest ranking group concerning all attributes. 16% of the total sample makes this group of the time conscious people. The people who belong to this group are mostly males above forty years. They are the least travellers among the five groups. This group is the least earning with a monthly salary of less than BWP20, 000 and are the most satisfied with Air Botswana.

Service quality conscious consumers are the most price sensitive group among the five. They are also time conscious and consider Air Botswana employees to be the least influencing factor when deciding which airline to travel with.

Table 18: Customer satisfaction influence per factor group

Attributes	FACTOR GROUPS				
	Assurance conscious consumers	Responsiveness conscious consumers	Non-conscious consumers	Highly conscious consumers	Service quality conscious consumers
Price	2.65 (1.46)	2.51 (1.44)	2.59 (1.34)	2.60 (1.52)	2.40 (1.37)
Flight services	3.13 (1.22)	2.84 (1.22)	3.02 (1.32)	2.92 (1.25)	3.10 (1.30)
Flight time	2.24 (1.13)	2.27 (.92)	2.38 (1.23)	2.23 (1.19)	2.25 (1.11)
Employee	4.17 (1.25)	4.59 (.77)	4.33 (.98)	4.26 (1.10)	4.39 (1.00)
Exact time	2.77 (1.21)	2.75 (1.23)	2.66 (1.30)	2.96 (1.11)	2.87 (1.67)
Demographics					
Gender	1.38 (.49)	1.28 (.45)	1.43 (.50)	1.46 (.50)	1.35 (.48)
Age	42.54 (12.71)	38.62 (9.69)	39.49 (10.66)	42.62 (13.45)	42.86 (13.56)
Income	3.16 (.97)	2.89 (1.08)	3.20 (1.02)	2.73 (1.19)	3.07 (1.06)
Education	3.62 (.74)	3.68 (.61)	3.68 (0.62)	3.58 (.86)	3.59 (.74)
Satisfaction	3.25 (.70)	2.56 (.78)	2.02 (.75)	4.35 (.75)	3.96 (.52)
Frequency of travel by Air Botswana	3.56 (1.69)	4.28 (1.19)	4.51 (1.10)	3.27 (1.62)	3.36 (1.68)
Frequency of travel in general	4.48 (1.01)	4.61 (.88)	4.79 (.71)	3.98 (1.35)	4.27 (1.21)

4.9 Summary of the findings

The hypotheses proposed that three drivers (service quality, brand image and customer value), simultaneously influence customer satisfaction at Air Botswana. The analysis has shown coefficients from brand image and customer value in relation to customer satisfaction are significant. However for service quality dimensions (Tangibles, Reliability, Assurance, Empathy and Responsiveness), only two of the five showed positive significant coefficients, reliability and empathy. Air Botswana was found to have an equal proportion of satisfied and dissatisfied customers who were grouped in five different segments including, Assurance conscious consumers, Responsiveness conscious consumers, Non-conscious consumers, Highly conscious consumers, and Service quality conscious consumers.

CHAPTER 5

DISCUSSION, CONCLUSIONS & RECOMMENDATIONS

5.1 Introduction

This chapter is aimed at demonstrating the extent at which the investigations have provided answers to the initial objectives in this thesis. The intention was to investigate the impact of service quality, brand image and customer value on customer satisfaction. The findings are therefore discussed, conclusions drawn and recommendations presented.

5.2 Discussions

5.2.1 Customer Satisfaction

The descriptive analysis results revealed that the perceptions on the level of customer satisfaction at Air Botswana are only moderate. These results imply that Air Botswana hosts proportionally a mixture of satisfied and dissatisfied customers. Taking into consideration the competition that Air Botswana is currently and will continuously experience (Baatweng, 2014; Air Botswana, 2014) and the fact that it has over the years been running at a loss, this level of satisfaction is not encouraging for the airline. It clearly suggests that the airline needs to make some improvements.

These findings correspond to the findings of customer satisfaction that have been reported in other industries within the country. For instance, the level of satisfaction in the banking industry has been found to be high (KPMG, 2013), whereas in the public sector it was found to

be very low (Sebusang & Moeti, 2005). Now, this research findings, suggest the satisfaction of a parastatal, Air Botswana, to rank between the commercial banks and the public sector levels of customer satisfaction.

The satisfaction at Air Botswana is also low compared to other airlines. In their study on service quality and passenger satisfaction on Indian Airlines, Archana & Subha, (2012) concluded that passengers are satisfied with all the nine airlines which were being studied. Kenya Airways annual report suggests that the airline has been able to satisfy customers in various aspects for several years which explain the good performance by the airline (Kenya Airways Limited, 2014). South African Airways has also been selected the best airline Africa that offers excellent service by customers for the ninth time consecutively on Skytrax (Skytrax, 2014; SAA, 2013). Even though South African Airways and Kenya Airways are listed on the world's top 100 airlines of 2013, they still look up to the industry giants like Emirates and British Airways which are currently on position one and twenty eight respectively (Skytrax, 2013). A major part of their success as airlines operating in a competitive market is mostly contributed to by the ability to satisfy customers (Skytrax, 2013).

The moderate satisfaction at Air Botswana is not enough to improve performance and competitiveness, therefore massive improvements are required. From the theoretical perspective, this study adds a positive contribution by confirming the relationships involved in customer satisfaction and customer satisfaction drivers.

5.2.2 Service quality and Customer Satisfaction

Findings on the impact of service quality on customer satisfaction have demonstrated that reliability and empathy are the only two dimensions of service quality that appear to have a significant and positive effect on customer satisfaction at Air Botswana. These results mean that majority of customers are satisfied when Air Botswana is reliable and shows empathy. However, these dimensions attracted the lowest rating implying that customers perceive Air Botswana to be performing poorly in terms of reliability and empathy. Tangibles, responsiveness and assurance showed no impact on customer satisfaction at Air Botswana.

These results are consistent with previous studies (Archana & Subha, 2012; Kim, Kim & Lee, 2011; Martey & Frempong, 2014; Mazzeo, 2003; Namukasa, 2013) that have reflected that service quality have positive significant influence on customer satisfaction.

5.2.3 Brand Image and Customer Satisfaction

The results from the regression analysis reveal that there is a highly positive relationship between brand image and customer satisfaction. This implies that the more Air Botswana as a brand keeps improving its image to be more attractive and appealing, the more satisfied customers get. This ensures repeated purchase, customer recommendations and retained customers thus increasing competitiveness while becoming profitable. These findings are supported by Ismail, Hu *et al.*, 2009 who concluded that there is a positive relationship between brand image and customer satisfaction. Other findings aligned to this paper's findings are from F. Lai *et al.*, 2009. However, perceptions about brand image suggested that with the current situation at Air Botswana, customers' perception about the airline brand image is low. This

implies that Air Botswana is perceived to be performing unsatisfactorily in terms of brand image thus failing to satisfy customers as far as brand image is concerned.

5.2.4 Customer Value and Customer Satisfaction

This study had also hypothesised that the higher the customer value, the higher the customer satisfaction. The findings of the study indicate a very positive significant relationship between customer value and customer satisfaction. This implies that, when customers find value on an offering, in particular services from Air Botswana, their satisfaction is elevated, meaning that they will be bound to repeat purchase, (F. Lai *et al*, 2009) and thus helping Air Botswana gain competitiveness and increase company performance. These results are supported by Ismail, Abdullah, & Parasuraman, 2009 who revealed positive relationship between passenger value and customer satisfaction. Nonetheless, the findings have also suggested a very low customer value among Air Botswana customers, which partly explains the reduced passenger figures (Air Botswana, 2014). This also implies that Air Botswana is perceived to be performing poorly as far as customer value is concerned, therefore failing to enjoy the benefits that come with satisfying customers through customer value.

5.2.5 Additional characteristics that drive Customer Satisfaction

Further analysis has also revealed that the frequency of flying with Air Botswana and the monthly income before taxes for customers tend to also have a significant and positive effect on customer satisfaction. This implies that customers who earn more than average are the frequent consumers of Air Botswana services. Customers who fly regularly expect to see changes with time. The satisfaction is well based on the continuous use of the airline services.

The more disappointing the airline becomes, customers recognise and explore alternatives thus deepening competition and losing profits.

5.2.6 Factor groups analysis of Airline services

The study results of the K-means, revealed five groups' classifications of customers based on customer satisfaction drivers. Each of the five groups has its own level of satisfaction. The information concerning these groups is useful to the commercial department, in particular marketing division as they present a chance of focussed strategies influenced by the customers themselves. All the five segments have rated the attribute of time to be the most influential factor than others.

In addition to time, the assurance conscious consumers are satisfied by flight services, and an improvement on this factor will appeal to them and increase their satisfaction. These customers are valuable to the company as they fly more than two times with Air Botswana in a year. A distinguishing factor that influences travel for the Responsiveness conscious consumers in addition to time is price. They are frequent flyers but have a low satisfaction level.

Interestingly the Non-conscious consumers are the most frequent flyers yet the least satisfied. Highly conscious consumers are the most satisfied with the airline but comprise the lowest number of travellers. It can be suggested that they do not have a lot of experience with Air Botswana and their perceptions are based on a single or two encounters with the airline. Even though service quality conscious group is highly price sensitive, they also are concerned with all service quality dimensions.

5.3 Contributions of the study

The current study does not only coincide with other studies by suggesting a positive relationship among service quality, brand image and customer value as prerequisites of customer satisfaction but also highlights several contributions to the marketing research.

5.3.1 Contribution to theory/knowledge

This study provides acceptable evidence that service quality, brand image and customer value are important drivers of customer satisfaction. It provides marketers with a better understanding of the simultaneous effect that service quality, brand image and customer value have on customer satisfaction as well as processes of enhancing them to maximise their benefits. It is appreciated that the airline industry is dynamic, having achieved the objective of this study provides base information and new avenues of research as far as the airline industry is concerned. This study provides more integrative, and more coordinated perspective of how simultaneously service quality, brand image and customer value affects customer satisfaction. It gives more depth and greater understanding as opposed to studying the drivers' relationship with customer satisfaction independently.

This study also provides insight on the use of the selected drivers as segmentation basis which translate directly into marketing strategies. These drivers integrated, they provide more insight on specific segments which can be used in marketing strategies.

5.3.2 Contribution to methodology

The survey was conducted at a time when information providers were in the act of consuming services or products in question. This brings about valuable responses as customers do not struggle recalling the prior experiences. It also reduces the chances of many uncompleted questionnaires.

5.3.3 Contribution to marketing strategy

The current study will benefit the airlines marketers, particularly of the context, Air Botswana. It highlights the areas of services which need to be improved in order to maximise the outcomes of customer satisfaction which encourages competitiveness and profitability. Based on the findings of this research and the reviewed literature, for Air Botswana to become competitive and profitable, improvements need to be made.

5.3.4 Contribution to other stakeholders

One of the problems identified and was part of this research's justifications was that the government, through the Ministry of Transport losses a lot of money in funding Air Botswana. The airline's self-sufficiency will be a relief to the government and a positive effect on the economy of the country. Satisfying a customer is every employee's role in the airline industry. Therefore, all employees of Air Botswana need the information within this paper in order to effectively assess improvements needed in their sections to contribute to realising the goal of satisfying a customer. This study also serves as a communication tool to the customers thus assuring them that the airline industry has their interest at heart and has not given up in trying to serve them better.

5.4 Recommendations

In light of the findings, it is suggested that the following recommendations be considered:

Coordination of service quality, brand image and customer value as well as their improvement and incorporation in a well-integrated strategy supports the heightening of customer satisfaction which leads to repeated purchase and attraction of new customers thus improving competitiveness and profitability. In particular;

Air Botswana flights should always be on time and passenger baggage not misplaced or lost but delivered on time. This will eliminate customer inconvenience and elevate their satisfaction. The airline should offer the most affordable and competitive fares to attract passengers and to encourage the use of air transportation in Botswana. Offer a variety of fares which includes promotional fares for year calendar holidays. Eliminate the idea of taking advantage on the fact that there are several routes were Air Botswana is the only service provider.

Staff training is essential. Every employee in the airline works towards the benefit of the passenger, but there are those who work directly or face to face with the passengers, frontline employees such as reservations agents, check in or grounds services personnel, interline officers and flight crew. It is recommended that they be trained in customer relations. They should also be trained to be more responsive and emphatic to customers. Proper execution of customer care skills brings about empathy, assurance, reliability, value and enhances good image. Employees should have what it takes to exhibit empathy at all times; at reservations, before boarding, on-board and post flight. They should also inspire trust and confidence in the

passengers. The airline should fulfil all its promises dependably and accurately in order to gain clients trust.

The airline industry spreads across the world and many airlines passed through the same stage or position Air Botswana finds itself in currently. Even the best in the industry have started somewhere. This calls for benchmarking. Measuring Air Botswana standards against the standards of the giants of the industry will surface improvement areas and encourage ways of improvement.

Communication is an important tool in business. Air Botswana should engage innovative ways to increase and issue proper communication with customers/passengers. It is wise to be proactive communication wise; passengers should be updated about flight status (including delays, cancellations and diversion), their baggage, safety issues and anything to do with their travel than if they demanded explanations.

Long haul flights are part of the airlines vision. To realise this vision, Air Botswana should seek an opportunity to grow business. Botswana's economy and political stability have been reported to be in a desirable state and it also serves as a tourism attraction area. There is need for a thorough survey and building of strategies to begin long haul flights to serve a wider market thus improving the image of the airline which will add to customer satisfaction at the same time improving revenue. Well strategized and implemented code sharing and interlining agreements with well-established airlines can help elevate the services and enhance the airline image. Join Alliances to appeal to a wider market range.

Having established that passengers' highly ranked influencing factors for the choice of travel are flight time, price and exact time, it is recommended that the three factors be should be improved by finding proper adjustments that will be appealing to customers. Consider capacity sharing/ outsourcing to cater for delays and win passenger trust so that they are retained. The airline should be innovative, engage in massive cost cutting, repositioning (new routes/adding/removing), segmentation (no more one size for all), new technologies (wireless network applications, self-check in kiosks) – for increased speed and reliability (Franke, 2007). This will improve on customer satisfaction thus helping the company to become profitable and competitive.

Grouping of passengers according to their influential factors should be considered in developing strategies for improving customer satisfaction tailored for specific groups of passengers. It has been observed that service quality conscious passengers dominate other groups. Nonetheless, improving on one segment affects positively the other segments as well. Marketers should consider enhancing the responsiveness and assurance to customers by being more communicative and considerate towards customer needs. This will help win responsiveness conscious customers and assurance conscious customers while helping on satisfying service quality conscious customers. Highly conscious customers are satisfied by collective factors and therefore further effort is required to improve service quality, brand image and customer value. Air Botswana needs a new look all together and new procedures of executing new and effective strategies.

5.5 Study limitations and future research directions

The current study offers insights about Airline industry in Botswana and investigations on relationships between customer satisfaction and selected drivers and provides clear understanding of the importance of customer satisfaction on profitability and competition. Nevertheless, it is acknowledged that there were limitations in conducting this study, which can be used to improve future studies. Firstly one airline was used as the main context of the study since the main objective was testing relationships between customer satisfaction and selected drivers. Using more than one airline to conduct a comparative study would have been complex. However, future studies could consider using all airlines operating within the same market using this study as base knowledge. Secondly, airlines compete at route levels but this study considered all the routes that Air Botswana operates since the study was more based on relationships, to intensify the study findings; future research could narrow the survey to specific sectors or routes. Thirdly, there were schedule and procedure disruptions for people who work at operations, mostly inflight services because the survey was done on-board the flights. Lastly the study was conducted in Botswana; there is a possibility of problems relating to cross-national or cultural research.

However, customers concerned in the study are the same customers who travel with other airlines when not travelling with Air Botswana or travelling to destinations where Air Botswana does not provide services to. Given the nature of the industry, disruptions are quite common and employees are equipped with knowledge and skills of handling them. The current study results converge with previous studies and therefore there is no reason why relationships assessed in Botswana sample should differ to findings concerning the same issue in other countries.

5.6 Conclusions

This study's purpose was to investigate the extent at which service quality, brand image and customer value influences the satisfaction of customers at Air Botswana. Based on the findings of this research, it is concluded that, there is a positive significant relationship between the predictor variables, service quality, brand image, and customer value and the independent variable, customer satisfaction. It is therefore important to note that customer satisfaction is contributed to by several drivers working simultaneously. Nonetheless, not all service quality dimensions affect Air Botswana customer satisfaction.

It is also concluded that customer satisfaction is moderate at Air Botswana with high chances of degrading rather than elevating as two drivers, brand image and customer value perceptions, are low. Evidence from the study shows that customer satisfaction at Air Botswana contributes to the lack of competitiveness and the persistent unprofitability of the airline, therefore performance improvement in all the three drivers of customer satisfaction, is crucial in order to increase customer satisfaction as customers expect more than what is currently offered. Air Botswana believes that its attention to customer service is what sets it apart from its competitors and it is also a distinguishing factor that will take the airline successfully into the future, with a commitment to providing value for customers and stakeholders by providing reliable air transport and related services. However, the findings reveal differently. The literature reviewed is aligned to the findings of this research and supports four hypotheses out of the seven. According to previous studies, when customers perceive the service quality of a company to be high, with high customer value, they become satisfied. Satisfied customers tend to repeat purchase, stay loyal to a brand and also recommend it ultimately contributing to profitability and competitiveness. This study makes a contribution to the existing theories

pertaining to customer satisfaction, service quality, brand image and customer value by confirming relationships that exists between them.

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APPENDICES

Appendix 1: Questionnaire



University of Botswana

FACULTY OF BUSINESS

Private Bag 00701 • Gaborone • Botswana
Telephone: (267) 3554060 • Fax: (267) 3185102
E-mail: Makgosa@mopipi.ub.bw • Telex: 2429 BD

June 18, 2014

Dear Respondent,

A MASTERS DISSERTATION RESEARCH A SURVEY OF CUSTOMER SATISFACTION IN THE AIRLINE INDUSTRY

Please, find attached a survey, which constitutes a significant part of a Masters in Business Administration (MBA) degree with the University of Botswana. This project is conducted by one of my MBA student, *Milton Madikwe*. He is expected to complete his field work within the next two months after which he will proceed with data analysis and the write up of his dissertation.

Your assistance by completing the survey will be greatly appreciated. Your participation will remain anonymous and confidentiality is absolutely guaranteed.

Please, do not hesitate to contact me should you have any questions or comments on any aspect of this survey.

Best Regards

A handwritten signature in black ink that reads "Rinagosa".

Rina Makgosa, PhD
Associate Professor of Marketing,

17 June 2014

Dear Respondent,

A SURVEY OF CUSTOMER SATISFACTION IN THE AIRLINE INDUSTRY

My name is Milton Oarabile Madikwe; I am currently pursuing Masters in Business Administration (MBA) degree with the University of Botswana. I am conducting a survey as a significant requirement for the fulfilment of the Masters in Business Administration degree. The purpose of the research is to examine the impact of service quality, brand image and customer value on customer satisfaction in the airline industry. This survey focuses on those who use or have used Air Botswana. Data for this study is collected by a way of two pages questionnaire and I therefore kindly request for your assistance to respond to this questionnaire which will take approximately 15 minutes of your time. All the information provided on the survey will be treated with utmost confidentiality and your participation will remain strictly anonymous.

If you have any questions with regard to any aspect of this survey, please contact either myself (mmadikwe@hotmail.com; 73949494) or my supervisor Prof. R. Makgosa (Makgosa@mopipi.ub.bw; 3554060). I thank you for your time and wish you a pleasant flight

Best Regards
Milton Oarabile Madikwe
(00267 73949494)

Q1: Please circle the number that best represents your perceptions concerning the experience you have with Air Botswana (Please respond to all the statements).

SERVICE QUALITY	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Air Botswana has modern looking aircrafts that appeals to me.	1	2	3	4	5
2. Air Botswana has good offices and check-in counters.	1	2	3	4	5
3. Employees for Air Botswana are presentable.	1	2	3	4	5
4. The airline documents (magazines, advertisements, etc) associated with its services is visually appealing to me.	1	2	3	4	5
5. Air Botswana fulfils its promises on time.	1	2	3	4	5
6. Air Botswana solves customer's problems sincerely.	1	2	3	4	5
7. Air Botswana performs the service right the first time.	1	2	3	4	5
8. Air Botswana provides services at the promised time.	1	2	3	4	5
9. Air Botswana insists on error free records.	1	2	3	4	5
10. Employees for Air Botswana communicate clearly when services will be performed.	1	2	3	4	5
11. Employees for Air Botswana give prompt service to customers.	1	2	3	4	5
12. Employees for Air Botswana are always willing to help customers.	1	2	3	4	5
13. Employees for Air Botswana are never too busy to respond to customer's requests	1	2	3	4	5
14. The behaviour of employees for Air Botswana instils confidence in me.	1	2	3	4	5
15. I feel safe dealing with Air Botswana.	1	2	3	4	5
16. Employees for Air Botswana are consistently courteous to me.	1	2	3	4	5
17. Employees for Air Botswana always have knowledge to answers to my questions.	1	2	3	4	5
18. I am given individual attention.	1	2	3	4	5
19. Air Botswana operating hours are convenient for me.	1	2	3	4	5
20. Air Botswana employees always assist me with a happy face	1	2	3	4	5
21. Employees for Air Botswana always seem to have my best interests at heart.	1	2	3	4	5
22. Air Botswana understands my specific needs.	1	2	3	4	5

Q2: Please circle the number that best describes your viewpoint concerning the image of Air Botswana (please, respond to all the statements).

BRAND IMAGE	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1. I consider Air Botswana to be a leading brand.	1	2	3	4	5
2. Using Air Botswana is a social status symbol.	1	2	3	4	5
3. Air Botswana has a good reputation.	1	2	3	4	5
4. Air Botswana is highly recommended by people I know.	1	2	3	4	5
5. I will travel on Air Botswana again in future.	1	2	3	4	5
6. I would recommend Air Botswana to other people.	1	2	3	4	5
7. I consider myself to be loyal to Air Botswana.	1	2	3	4	5
8. I would prefer Air Botswana over its competitors despite same features.	1	2	3	4	5
9. I would prefer Air Botswana even if there is another airline as good as it.	1	2	3	4	5
10. If I have to choose among Airline brands, Air Botswana is definitely my choice.	1	2	3	4	5

Q3: Please circle the number that best describes your viewpoint concerning the net benefits associated with flying with Air Botswana (*please, respond to all the statements*).

CUSTOMER VALUE	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Compared to price we pay in the airline industry, I got reasonable price when flying with Air Botswana.	1	2	3	4	5
2. Compared to the quality we get in the airline industry, I paid a reasonable price at Air Botswana.	1	2	3	4	5
3. Air Botswana delivered superior net value.	1	2	3	4	5
4. Air Botswana delivered what I wanted and expected.	1	2	3	4	5
5. Considering the price I paid and what Air Botswana delivered, overall, I receive good value for money.	1	2	3	4	5
6. Overall, Air Botswana provides better value than its competitors.	1	2	3	4	5

Q4. Overall, how satisfied or dissatisfied are you with the service you get from Air Botswana?

- Completely Dissatisfied Dissatisfied Neither Dissatisfied or Satisfied
 Satisfied Completely Satisfied

Q5. DEMOGRAPHICS PLEASE TICK AS APPLICABLE

1. Gender

- Male Female

2. Age _____

3. Citizen of Botswana or Non-Citizen

4. Flight number: BP _____

5. Marital Status

- Married Single Divorced Other please state _____

6. The highest level of education you received:

- Primary Secondary Undergraduate Postgraduate Other (Please specify) _____

7. Your occupation: _____

8. Your Monthly Income before taxes

- Less than P9, 999 P10, 000-P19, 999 P20, 000 and P29, 999 P30, 000 and above

Q6. TRAVEL

1. Purpose of this particular trip:

- Business Personal Educational Medical Other (please specify) _____

2. Please rank the factor in the order to which they influence your decision to choose which airline to travel with (write the number on the line provided. (1 being the most influential and 5 being the least influential)

__ Price __ Flight services __ Flight time __ Employee __ Exact time

3. Your frequency of flying with Air Botswana:

Less than once a year Once a year Twice a year Three times a year More than three times a year

4. Your flying frequency in general:

Less than once a year Once a year Twice a year Three times a year More than three times a year

5. Any comment you will like to share

THANK YOU VERY MUCH FOR YOUR TIME AND EFFORT, IT IS GREATLY APPRECIATED.

Appendix 2: Permission letter to study Air Botswana



AIR BOTSWANA

Going Your Way

HEAD OFFICE: Sir Seretse Khama Airport, P.O. Box 92, Gaborone, Botswana, Tel: +267 368 8400 Fax: +27 395 2960

HUMAN RESOURCES DIVISION
website: www.airbotswana.co.bw

Ref: P/F

21st January 2014

Mr. Milton Madikwe
C/o Air Botswana
P.O.Box 92
GABORONE

Dear Mr. Madikwe

RE: PART TIME STUDIES AND RESEARCH PROJECT ON AIRBOTSWANA

Your letter on the above subject refers.

Please be advised that management has acceded to your request to study and to also carry out the research about Air Botswana for your dissertation.

You are therefore advised to familiarize yourself with Air Botswana Training policy.

I would like to take this opportunity to wish you all the best in your studies.

Yours sincerely

Thapelo Sephuma

TRAINING AND DEVELOPMENT MANAGER



VAT REG. NO C00425101111



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