

## **Passengers' Satisfaction Mediates the Relation between Service Marketing Mix and Passengers' Loyalty - A Study from the Chennai Domestic Airlines, India**

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### **Abstract**

The airline industry is one of the fastest growing trades around the globe. There is no doubt that the Indian Airline industry has revolutionized the global aviation sectors. The study aimed to analyze the association between three primary components of the air transport industry, such as Service Marketing Mix, Passenger Satisfaction and Loyalty in the Indian domestic airlines, especially in Chennai. The seven dimensions (7P's) of the Service Marketing Mix employed in this study are product, price, place, promotion, people, process and physical evidence. Around 980 questionnaires were distributed in and around the domestic airport of Chennai, India of which, a total of 817 respondents gave fully completed response and became a part of this study. Each variable of the Service marketing mix namely product, price, place, promotion, people, process & physical evidence were measured using reliably developed scales which consists of three items each whereas passenger's satisfaction and loyalty consists of four items each. Data was analyzed using exploratory factor analysis (EFA) in SPSS 20.0 statistical tool. Few hypotheses (H1-H3) were derived from the multiple regression analysis of this study: H1 shows that physical evidence, proficiency, promotion and perfection were significant on passenger's satisfaction. H2 indicates that all factored service marketing mix variables such as promptness, physical evidence, proficiency, promotion, price and perfection have significant impact on passenger's loyalty. H3 shows that the passengers' satisfactions were significant on passengers' loyalty. Finally, H4 showed that passengers' satisfaction mediates the relation between Service Marketing Mix and Passengers loyalty.

**Keywords:** Domestic airlines, Passengers Loyalty, Passenger Satisfaction, Service Marketing Mix.

### **1. Introduction**

The aviation industry has undergone rapid changes worldwide with India being one of the fastest growing and expected one among them. The main aim of this paper is "How to improve the revenue of the airline companies to survive and sustain in the current competitive scenario". Whenever a company attains the sustainability status, it means that they are on the path to success. To survive in the aviation industry, airlines companies have to maintain their service marketing mix (7P's) dimensions such as product, price, place, promotion, people, process & physical evidence and to sustain they need to satisfy their passengers as well as keep up with their loyalty. In this study, an SPSS 20.0 statistical tool has been used to analyze the relationship between three primary components of the airline industry such as service marketing mix, passenger's satisfaction & loyalty. The study also analyzed the exploratory factor analysis (EFA) model to factored 7P's dimension which consists of three items each, passengers' satisfaction consisting of four items and passengers loyalty consisting of eight items. With the factored result of all

three major components, regression test has been conducted and derived the relationship between the three primary variables. This study also explains what all are the service marketing mix variables which are correlated with passengers' satisfaction as well loyalty in Chennai domestic airlines, India. Finally, this study is analyzed as in what way passengers' satisfaction mediates the relationship between service marketing mix and passenger's loyalty.

## 2. Literature Review

The service marketing mix is the efforts made by the airline industries to correlate numerous factors, such as services design, cost, communication or promotion and providing the service (Hartono, 2010). Service marketing mix is one of the tools of marketing strategies to achieve corporate objectives and extended for services consisting of seven P's which are namely: product, price, promotion, place, people, physical evidence and process (Parasuraman, Berry & Zeithaml, 1991). A framework has been developed for in the recent years which can help executives to think all relevant factors when designing their services marketing mix. Passenger Satisfaction is one of the major processes in the airline industry and is known as a key to the success of business competition in the current competitive scenario. Passengers have significantly different hopes and the aim of air service marketing efforts in today's competitive world is to maximize passenger satisfaction. For this reason, carriers offer more products, best price, and better services than ever before. In such a highly dynamic environment, passenger loyalty has become an increasingly effective means for securing a firm's success. Passengers are the active force for commercialization and commitment to the passengers can increase the profitability of the company (Hayes, 2008). For a passenger, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future (Chu Kuo-Ming, 2009). Loyal passengers are less likely to switch to a competitor solely because of price and they even make more purchases than non-loyal passengers (Bowen & Shoemaker, 2003). Loyal passengers are also considered to be the most valuable assets of an airline industry. It is thus essential for aviation industries to sustain loyal passengers who will contribute long-term profit to the business organizations (Tseng & Yi Ming, 2007). Therefore, efficient managers should understand that the road to growth runs through passengers – not only by attracting new passengers but also holding on to the existing passengers, motivating them to spend and to recommend the products and services to the other people (Keiningham, Aksoy, Cooil & Andreassen, 2008). Passenger satisfaction is a holistic concept since it represents the emotional response after consumption and it can range from the level of satisfaction to dissatisfaction (Chen, 2008). It is possible for passengers to be loyal without being satisfied when there are only a few other options and to be highly satisfied and yet non-loyal when many alternatives are available. Airline industries should maintain a better perceptive of the relationship between passengers' satisfaction and loyalty in the real time and to assign the online marketing efforts between passenger's satisfaction initiatives and loyalty program. Thus to conclude, by satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business (Shin & Elliott, 2001).

The strengths of 7P's service marketing mix are as follows: It's more comprehensive, more detailed, more refined, has a broader perspective, including participants/people and process, with its model standardizations and signals marketing theory (Rafiq & Ahmed, 1995). Service marketing mix is a social and managerial process by which individuals and groups of peoples obtain what they required through creating, offering and exchanging products of values with each

other (Kotler& Armstrong, 2005). Based on the previous principle, a firm's success is caused by the satisfaction of passengers' needs. Achieving the highest possible level of passenger satisfaction is always a great challenge to any airline company. When passengers receive a higher standard of comfort while buying a product, this means that they will repeat the buying operation for the same product (Rust, Zahorik, &Keiningham, 1996) and will also recommend it to others (Oliver & Swan, 1989). The relationship between service marketing and passenger satisfaction is highly expressed among researchers (Zineldin&Philipson, 2007). At the same time, there is some evidence to support the contention that passenger satisfaction translates into higher than average market share growth. The Passenger Satisfaction Index studies find a positive correlation between passenger satisfaction and stock market returns (Ferrell& Hartline, 2005). The critical element in the services marketing mix influence and positively affects passenger satisfaction (Zeithaml, 1981). The feelings and perceptions have a massive impact in luring new passengers and sustaining the existing passengers. If service organizations pay more attention to their employees as well as their passengers, it will increase both employee motivation as well as passenger satisfaction. Therefore, the result of our study supported the argument that there is a positive correlation between the marketing mix and tourist satisfaction.

One of the main aims in service marketing is stimulating and enhancing brand loyalty (Keller, 2003). Along with its ability to help understand passengers' needs, service marketing strategy can also improve passenger loyalty and cost reduction. The variables that have been considered in this study are services marketing mix with seven dimensions which make the best combination as passengers' deals with services marketing. The last 3P's that is people, process and physical evidence are mainly used in service sector rather than goods which give the research stronger evidence. Also, price fairness influences price acceptance indirectly through passenger satisfaction and loyalty (Consuegra, Molina & Esteban, 2007). The literature review shown lacks research in service marketing mix with loyalty and passengers' satisfaction in domestic airlines, which plays a significant role in the success of the domestic airline industry. Many studies relating marketing mix and passengers' satisfaction were conducted in other parts of India, and none of them examined Chennai domestic airport. Thus, this shows that there is an apparent gap which the researcher has tried to fill in the current study thereby, contributing to the literature by measuring satisfaction and loyalty of passengers' in Chennai domestic airport.

### **3. Methods**

#### **3.1. Population and Sample**

Respondents involved in this study consist of Indian passengers who travel to various destinations to and from the domestic airport of Chennai. Since the focus of this study is in specific destination places in Chennai, a purposive sampling method is considered to be the most appropriate method. The reason for using the purposive sampling was that this approach practically involved the selection of the passengers who can provide reliable and fastest information from others; therefore, they were believed to be able to fulfill the research requirement.

#### **3.2. Data Collection Procedures**

Around 980 questionnaires were distributed in and around the domestic airport of Chennai, India of which, a total of 860 participants responded. Of the 860

participants, 817 respondents gave fully completed response and became a part of this study at the end of March 2016, despite many difficulties faced during data collection. For example, most respondents were busy with check-in and immigration and did not have time to answer the questionnaire, and they also complained about it as a so-called ‘interruption’ to the office of service providers.

The primary objective of this study is to analyze the correlation between service marketing mix, passengers’ loyalty through passengers' satisfaction and to use this to improve the revenue of the airline companies and to promote their strategies to survive & sustain in the current competitive scenario in the Airline Industry. In this study, the seven points Likert scale with 33 items in three major airlines variable such as service marketing mix (21), passengers satisfaction (4) & loyalty (8) that ranges from "Strongly agree" (1) to "strongly disagree" (7) is used. An example of items for marketing mix destination is provided in below mentioned Table 1.

TABLE 1: Service marketing mix (sample) example

| Promptness   | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
|--|---|---|---|---|---|---|---|
| Quick response to the passenger complaints   |   |   |   |   |   |   |   |
| Fast handling of orders placed   |   |   |   |   |   |   |   |
| Passengers problem are heard and solved with earnestness                                   |   |   |   |   |   |   |   |
| The location of this airline service counter is convenient to get through public transport |   |   |   |   |   |   |   |

## 4. Results

### 4.1. Exploratory Factor Analysis on Service Marketing Strategies

Exploratory factor analysis (EFA) was performed on service marketing mix strategies including seven dimensions namely, product, price, place, promotion, people, process and physical evidence. Three items each were used for all 7 P's of service marketing mix variables. The results of exploratory factor analysis on the service marketing mix are presented in table 2. The table shows the factor loading of 7 dimensions of service marketing mix variables were compressed into six variables with a factor value > 0.5. The explored six dimensions of this study consists of 6 P's such as Promptness with four items, Physical Evidence with five items, Proficiency with four items, Promotion with three items, Price with three items and Perfection with three items respectively. The relative explanatory power (Eigenvalues) for each dimension is 7.84, 2.19, 1.76, 1.58, 1.31 and 1.03 respectively. These dimensions cumulatively captured 74.85 percent of the variance in the data. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (MAS) for all items was 0.78 which is ranked within the acceptable level i.e. between 0.51 and 0.90. In other words, if the MAS value is above 0.50, it indicates a certain level of appropriateness (Hair et al., 2006). The Bartlett's Test of Sphericity was significant, which means that there is a sufficient number of important inter-correlations for factor analysis and the assumptions of factor analysis were met. In fact, if the KMO measure is greater than 0.60 and the Bartlett's test of Sphericity is substantial and significant then factorability is assumed (Pallant, 2007; Coakes & Steed, 2007; Tabachnick & Fidell, 2007). The Cronbach's Alpha of items is reliable. These results provide support to the discriminate convergent validity of service marketing mix. Moreover, the results also show homogeneity within the dimensions and heterogeneity between the dimensions. The results of exploratory factor analysis are shown in the below mentioned Table 2.

TABLE 2: Results of the exploratory factor analysis

| Rotated Component Matrix <sup>a</sup>              |           |      |      |      |      |      |
|--|-----------|------|------|------|------|------|
|  | Component |      |      |      |      |      |
|  | 1         | 2    | 3    | 4    | 5    | 6    |
| Process 1  | 0.84      |      |      |      |      |      |
| Process 2  | 0.83      |      |      |      |      |      |
| Process 3  | 0.78      |      |      |      |      |      |
| Place 3  | 0.57      |      |      |      |      |      |
| Physical Evidence 3                                |           | 0.72 |      |      |      |      |
| People 3   |           | 0.70 |      |      |      |      |
| Physical Evidence 2                                |           | 0.62 |      |      |      |      |
| Product 3  |           | 0.61 |      |      |      |      |
| Place 2  |           | 0.55 |      |      |      |      |
| People 1   |           |      | 0.90 |      |      |      |
| People 2   |           |      | 0.72 |      |      |      |
| Place 1  |           |      | 0.71 |      |      |      |
| Physical Evidence 1                                |           |      | 0.56 |      |      |      |
| Promotion 1  |           |      |      | 0.89 |      |      |
| Promotion 3  |           |      |      | 0.83 |      |      |
| Promotion 2  |           |      |      | 0.67 |      |      |
| Price 1  |           |      |      |      | 0.87 |      |
| Price 3  |           |      |      |      | 0.67 |      |
| Price 2  |           |      |      |      | 0.64 |      |
| Product 2  |           |      |      |      |      | 0.86 |
| Product 1  |           |      |      |      |      | 0.74 |
| Extraction Method: Principal Component Analysis.   |           |      |      |      |      |      |
| Rotation Method: Varian with Kaiser Normalization. |           |      |      |      |      |      |
| a. Rotation converged in 8 iterations.             |           |      |      |      |      |      |

The Examination of Service Marketing Mix that has more Impact on Passengers' satisfaction - to examine which component of service marketing mix has more impact on passengers' satisfaction, hypotheses were developed:

**Hypothesis1:** There is a significant and positive relationship between service marketing mix and passenger's satisfaction.

The largest beta coefficient is ( $\beta = 0.28$ ) which is the Physical Evidence. This means that this dimension makes the stronger unique contribution to explaining the dependent variable. Place has also significant value less than 0.05 (significant = 0.00). Therefore, this variable makes a significant unique contribution to the prediction of the dependent variable (passenger's satisfaction). Other variables are arranged according to stronger unique contribution as follows: Promotion 0.26beta (significant = 0.00); Proficiency 0.22beta (significant = 0.00); Price 0.02 (not significant = 0.64) and Promptness has 0.02beta (not significant = 0.70). The adjusted coefficient of determination ( $R^2$ ) indicates that 0.30 percent of the variation in the dependent variable is explained by variations in the independent variables. In other words, these dimensions can explain the change in passenger's

satisfaction. The six (6) forecaster dimensions were observed to correlate positively to the passenger's satisfaction. From the Table 1.2 below, it shows that Physical Evidence, Proficiency, Promotion and Perfection were found to be significant and supportive of the hypotheses regression whereas the Promptness and Price were not. These results reveal that variation in passenger's satisfaction was statistically explained or accounted for by the regression equation. The result shows that there was a significant relationship between service marketing mix as stated as follows: The service marketing mix =10.86, -0.02Promptness+0.39Physical Evidence +0.32Proficiency +0.42Promotion -0.03Price -0.42Perfection. The results of the multiple regression models indicate that service marketing mix strategy explained the variance in passenger's satisfaction. The multiple regression analysis results are shown in Table 3.

TABLE 3: Regression result of service marketing mix with passenger's satisfaction

| (a) Model Summary |      |          |                   |                            |
|-------------------|------|----------|-------------------|----------------------------|
| Model             | R    | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                 | 0.55 | 0.30     | 0.29              | 1.86                       |

a. Predictors: (Constant), Perfection, Promotion, Proficiency, Price, Promptness, Physical Evidence

| (b) ANOVA <sup>a</sup> |            |                |     |             |       |      |
|------------------------|------------|----------------|-----|-------------|-------|------|
| Model                  |            | Sum of Squares | Df  | Mean Square | F     | Sig. |
| 1                      | Regression | 1181.48        | 6   | 196.91      | 56.99 | 0.00 |
|                        | Residual   | 2798.87        | 810 | 3.46        |       |      |
|                        | Total      | 3980.35        | 816 |             |       |      |

a. Dependent Variable: Passengers' Satisfaction  
 b. Predictors: (Constant), Perfection, Promotion, Proficiency, Price, Promptness, Physical Evidence

| (c) Coefficients <sup>a</sup> |                   |                             |            |                           |       |      |
|-------------------------------|-------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                         |                   | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. |
|                               |                   | B                           | Std. Error | Beta                      |       |      |
| 1                             | (Constant)        | 10.86                       | 1.16       |                           | 9.36  | 0.00 |
|                               | Promptness        | -0.02                       | 0.05       | -0.02                     | -0.39 | 0.70 |
|                               | Physical Evidence | 0.39                        | 0.06       | 0.28                      | 6.76  | 0.00 |
|                               | Proficiency       | 0.32                        | 0.06       | 0.22                      | 5.22  | 0.00 |
|                               | Promotion         | 0.42                        | 0.05       | 0.26                      | 7.85  | 0.00 |
|                               | Price             | -0.03                       | 0.07       | -0.02                     | -0.47 | 0.64 |
|                               | Perfection        | -0.42                       | 0.09       | -0.15                     | -4.64 | 0.00 |

a. Dependent Variable: Passengers' Satisfaction

The Examination of Service Marketing mix that has more Impact on Passengers' Loyalty - to examine which component of service marketing mix has more impact on passenger's loyalty.

**HYPOTHESIS 2:** There is a significant and positive relationship between service marketing mix and passenger's loyalty

The largest beta coefficient is ( $\beta = 0.30$ ) which is Proficiency. This means that this dimension makes the stronger unique contribution to explaining the dependent variable. Proficiency has also significant value less than 0.05 (significant = 0.00). Therefore, this variable makes a significant unique contribution to the prediction of the mediator variable (passenger's satisfaction). Other variables are arranged according to stronger unique contribution as follows: Physical Evidence = 0.27beta (significant = 0.00); Promotion = 0.19beta (significant = 0.00); Promptness = 0.10 beta (significant = 0.00); Price = 0.08 beta (significant = 0.01) and Perfection = 0.07beta (significant = 0.01). The adjusted coefficient of determination ( $R^2$ ) indicates that 0.48 percent of the variation in the dependent variable is explained by variations in the independent variables, In other words, these dimensions can explain the change in passenger's loyalty. The Six (6) forecaster dimensions were observed to correlate positively to passenger's loyalty. From Table 4, it is shown that Proficiency, Physical Evidence, Promptness, Promotion, Price and Perfection were found to be significant and supportive of the hypotheses regression. This variation in the passenger's loyalty was statistically explained or accounted for by the regression equation. The result shows that there was a significant relationship between service marketing mix as stated as follows: The marketing mix =  $5.90 + 0.25 \text{ Promptness} + 0.76 \text{ Physical Evidence} + 0.85 \text{ Proficiency} + 0.62 \text{ Promotion} + 0.32 \text{ Price} - 0.38 \text{ Perfection}$ . The results of the multiple regression models indicated that service marketing mix strategy explained the variance in passenger's loyalty as well all the service marketing mix components are positively correlated and significant. The multiple regression analysis results are shown in Table 4.

TABLE 4: Regression result of service marketing mix with passenger's loyalty

| (a) Model Summary   |            |                |                   |                            |        |      |
|---|------------|----------------|-------------------|----------------------------|--------|------|
| Model   | R          | R Square       | Adjusted R Square | Std. Error of the Estimate |        |      |
| 1   | 0.70       | 0.48           | 0.48              | 3.15                       |        |      |
| a. Predictors: (Constant), Perfection, Promotion, Proficiency, Price, Promptness, Physical Evidence |            |                |                   |                            |        |      |
| (b) ANOVA <sup>a</sup>  |            |                |                   |                            |        |      |
| Model   |            | Sum of Squares | Df                | Mean Square                | F      | Sig. |
| 1   | Regression | 7507.60        | 6                 | 1251.27                    | 126.26 | 0.00 |
|   | Residual   | 8027.31        | 810               | 9.91                       |        |      |
|   | Total      | 15534.90       | 816               |                            |        |      |
| a. Dependent Variable: Passengers' Loyalty  |            |                |                   |                            |        |      |
| b. Predictors: (Constant), Perfection, Promotion, Proficiency, Price, Promptness, Physical Evidence |            |                |                   |                            |        |      |

| <b>(c) Coefficients<sup>a</sup></b> |                             |            |                           |       |      |  |
|-------------------------------------|-----------------------------|------------|---------------------------|-------|------|--|
| Model                               | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |  |
|                                     | B                           | Std. Error | Beta                      |       |      |  |
| 1 (Constant)                        | 5.90                        | 1.96       |                           | 3.01  | 0.00 |  |
| Promptness                          | 0.25                        | 0.09       | 0.10                      | 2.96  | 0.00 |  |
| Physical Evidence                   | 0.76                        | 0.10       | 0.27                      | 7.69  | 0.00 |  |
| Proficiency                         | 0.85                        | 0.10       | 0.30                      | 8.29  | 0.00 |  |
| Promotion                           | 0.62                        | 0.09       | 0.19                      | 6.85  | 0.00 |  |
| Price                               | 0.32                        | 0.12       | 0.08                      | 2.62  | 0.01 |  |
| Perfection                          | -0.38                       | 0.15       | -0.07                     | -2.48 | 0.01 |  |

a. Dependent Variable: Passengers' Loyalty

**HYPOTHESIS 3:** Passenger's Satisfaction is significantly and positively related to Passengers loyalty

The beta coefficient is  $\beta=0.70$ . This means that this dimension made a stronger unique contribution to explaining the dependent variable. It has significant value less than 0.05 (significant = 0.00). Therefore, this variable made a significant contribution to the prediction of the outcome variable passenger's satisfaction. The result showed that there was a significant relationship between passenger's loyalty (0.00) with  $\beta=0.70$  and passenger's satisfaction. Furthermore, this presents the variation in passenger's satisfaction which was statistically explained or accounted for by a regression equation. Thus, the general expression in the form of the regression equation is stated as  $+0.35$ . Passenger's loyalty was observed to be positively correlated to the passenger's satisfaction (the dependent variable) as indicated by the positive R-value of 0.70 in Table 5. A computed R-square value of 0.48 suggested that the variable was responsible for more than 48 percent of the variance in the passenger's satisfaction with a standard error of estimate of 1.59. The multiple regression analysis results are shown in Table 5.

TABLE 5: Regression result of passenger's satisfaction with passenger's loyalty

| <b>(a) Model Summary</b> |      |          |                   |                            |
|--------------------------|------|----------|-------------------|----------------------------|
| Model                    | R    | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                        | 0.70 | 0.48     | 0.48              | 1.59                       |

a. Predictors: (Constant), Passengers' Loyalty

| <b>(b) ANOVA<sup>a</sup></b> |            |                |     |             |        |      |
|------------------------------|------------|----------------|-----|-------------|--------|------|
| Model                        |            | Sum of Squares | Df  | Mean Square | F      | Sig. |
| 1                            | Regression | 1923.75        | 1   | 1923.75     | 762.36 | 0.00 |
|                              | Residual   | 2056.60        | 815 | 2.52        |        |      |
|                              | Total      | 3980.35        | 816 |             |        |      |

a. Dependent Variable: Passengers' Satisfaction  
 b. Predictors: (Constant), Passengers' Loyalty

| (c) Coefficients <sup>a</sup> |                     |                             |            |                           |       |      |
|-------------------------------|---------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                         |                     | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                               |                     | B                           | Std. Error | Beta                      |       |      |
| 1                             | (Constant)          | 7.78                        | 0.63       |                           | 12.41 | 0.00 |
|                               | Passengers' Loyalty | 0.35                        | 0.01       | 0.70                      | 27.61 | 0.00 |

a. Dependent Variable: Passengers' Satisfaction

**HYPOTHESIS 4:** Passenger's Satisfaction mediates the relationship between Service marketing mix and the passenger's loyalty.

According to MacKinnon et al (1995), mediation is generally present when: the Independent Variable (IV) significantly affects the Mediator Variable (MV), the IV significantly affects the Dependent Variable (DV) in the absence of the MV, the MV has a significant unique effect on the DV, and the effect of IV on the DV shrinks upon the addition of the MV to the model. The regression results showed that the independent variables and mediating variable have a positive and significant affect on Passenger's Loyalty. Table 6 provides the summary of beta value for the independent variables on Passenger's Loyalty before and after including the Passenger's Satisfaction variable in the regression analysis.

Table 6: Summary of beta value on the relationship of passenger's satisfaction between service marketing mix and passenger's loyalty

| Coefficients <sup>a</sup> |                         |                             |            |                           |       |      |
|---------------------------|-------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                         | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |                         | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)              | 5.90                        | 1.96       |                           | 3.01  | 0.00 |
|                           | Promptness              | 0.25                        | 0.09       | 0.10                      | 2.96  | 0.00 |
|                           | Physical Evidence       | 0.76                        | 0.10       | 0.27                      | 7.69  | 0.00 |
|                           | Proficiency             | 0.85                        | 0.10       | 0.30                      | 8.29  | 0.00 |
|                           | Promotion               | 0.62                        | 0.09       | 0.19                      | 6.85  | 0.00 |
|                           | Price                   | 0.32                        | 0.12       | 0.08                      | 2.62  | 0.01 |
|                           | Perfection              | -0.38                       | 0.15       | -0.07                     | -2.48 | 0.01 |
|                           | Passengers satisfaction | 0.95                        | 0.05       | 0.48                      | 19.25 | 0.00 |
| 2                         | (Constant)              | -4.40                       | 1.71       |                           | -2.57 | 0.01 |
|                           | Promptness              | 0.27                        | 0.07       | 0.11                      | 3.83  | 0.00 |
|                           | Physical Evidence       | 0.38                        | 0.08       | 0.14                      | 4.58  | 0.00 |
|                           | Proficiency             | 0.55                        | 0.08       | 0.20                      | 6.37  | 0.00 |
|                           | Promotion               | 0.22                        | 0.08       | 0.07                      | 2.85  | 0.00 |
|                           | Price                   | 0.35                        | 0.10       | 0.09                      | 3.47  | 0.00 |
|                           | Perfection              | 0.02                        | 0.13       | 0.00                      | 0.15  | 0.89 |
|                           | Passengers satisfaction | 0.95                        | 0.05       | 0.48                      | 19.25 | 0.00 |

a. Dependent Variable: Passengers loyalty

Note:

F= Full mediator,

P= Partial mediator

P<0.01.

Table 6 indicates that physical evidence & Proficiency had been a partial mediator between Passenger's Satisfaction and Passenger's Loyalty but Promptness, promotion and Product did not mediate the relationship because the beta value with Passenger's Satisfaction is more compared to beta value without Passenger's Satisfaction.

## 5. Discussion

The finding of this study indicates that the Physical Evidence, Proficiency, Promotion & Perfection have a positive and significant impact on passenger's satisfaction and loyalty. It means that passengers were satisfied by experiencing the reliable and safe infrastructure, prompt hosting services and attractive promotions, best on-board service quality and offers of the Chennai domestic airlines which increased passenger's loyalty levels.

This study clearly shows that even though passengers are not satisfied with the airline on-time services & fair fares positively significant with passengers' loyalty. This shows that passengers' loyalty accepted the fair fare from the airline companies & their promptness with their on-time services. This is because passengers' may find many options for air travel with competitive price as many business operators know that the higher price will drive the passengers to change their choice.

As per the regression analysis results shows that the passengers' loyalty dependent with passengers' satisfaction, also it's clearly stated that the passengers' loyalty positively correlated and significant with the passengers' satisfaction.

Also passengers' satisfaction partially mediates with the service marketing mix variables of Physical Evidence, Proficiency & Promotion. Finally in service marketing mix 3 variables are fully positive correlated & mediates through passengers' satisfaction and loyalty.

This study explains that the airline companies are sustaining as well as maintaining their reliable and safe infrastructure, prompt hosting services, attractive promotions & offers and providing better on-board service quality to the passengers. Even though they provide an on-time services to the passengers & fair fare passengers' are not fully satisfied on that, which may be because of getting competitive fare from one another & best on-time services. Correlation between the service marketing mix, passengers satisfaction & passengers loyalty explains that the passengers loyalty positively correlated and significant with based on the passengers' satisfaction also service marketing mix variable are correlated and positive significant on passengers' satisfaction as well loyalty.

This study measures the relationships between service marketing mix strategy, as the determinate variable of passenger's satisfaction as well as the relationship between passenger's satisfaction and passenger's loyalty. The result of this study shows that satisfaction will lead to loyalty too. The limitations of this study are lack of researchers regarding passenger's satisfaction and loyalty in the airline sectors in Asia. This study can be extended for future research in the area of cargos as well as other developing metropolitan airports in India.

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