

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND**

The Airline business plays a vital role in world business due to the fact that it connects the world in one area with another area. We could not deny that the airline business has a clear relationship with economics. (Wikipedia: 2006) The growing world economic crisis limits travel both for business and pleasure purposes which reduces airline profit. At the same time, airlines make the world economy rise and spreads the wealth. The airline business develops in accordance with the world context. This includes the new airline business model, which is a low cost airline. This type of airline offers generally low fares in exchange for eliminating many traditional passenger services (wikipedia,Budget Airline, 2006), such as snacks served on board or travel kits. The birth of a new type of airline separates the airline business model into two types; Conventional and Low Cost airlines.

In Thailand, Nok Air was founded in 2004 under the aegis of Thai Airways international as a fighting brand in a low cost market. It succeeded in building the brand as a young and energetic carrier among Thai people. However, when the world faced an oil price crisis in early 2008, low cost airlines and even conventional airlines from all over the world suffer from heavy losses. As a consequence, Nok Air focuses more on the service it provides because the quality of service leads to customer satisfaction. According to Wikipedia (Service, 2008) service delivery was claimed to be a tool to create benefits by giving customer facilities they prefer. Although the ground services provided by each airline are mostly under the same principle, we are unable to ignore ground service as the biggest customer touch point. For Nok Air, the main service location is Don Muang Airport. There are more than 65 flights which depart daily from the airport to 6 destinations throughout the country. They serve approximately 6000 customers per day (Nok Air,2008). The airline employs 200 staff to operate its domestic flights which occupies 10 ticketing and reservation booths in Don Muang Airport.

Hence, the researcher is interested in studying customer satisfaction with ground services provided by Nok Air. This research would benefit the company to deliver

services with the best quality to match customer expectations and increase the level of customer satisfaction. When the level of customer satisfaction increases, customers tend to make repurchases and become loyal customers which will finally bring an airline profit.

## **1.2 STATEMENT OF THE PROBLEM**

In order to keep pace in the low cost airline business, Nok Air needs to consider completing customer expectations as well as fulfilling customer requirements. In order to do that this research was designed to focus on customer satisfaction with the aims of answering the following questions;

1.2.1 Are customers of Nok Air satisfied or not satisfied with the ground service provided by Nok Air at Don Muang Airport?

1.2.2 To what extent has customer satisfaction with Nok Air ground services been provided at Don Muang Airport?

1.2.3 What factors contribute to their satisfaction or dissatisfaction with the ground services provided at Don Muang Airport?

1.2.4 What are their suggestions on improving their satisfaction?

## **1.3 OBJECTIVES OF THE STUDY**

This study consists of three main objectives as follows

### **Main Objective**

To find out whether the customers are satisfied or not satisfied with Nok Air ground services provided at Don Muang Airport

### **Sub-Objectives**

1. To measure the extent of customer satisfaction with the ground services provided at Don Muang Airport

2. To identify the factors that contribute to customer satisfaction or dissatisfaction with the ground services provided at Don Muang Airport

3. To seek their suggestions for service improvement

#### **1.4 DEFINITION OF TERMS**

The definitions of the terms of this study are as follows:

**Satisfaction** refers to the feeling that a person has when using the ground service of Nok Air at Don Muang Airport.

**Customers** are people travel with Nok Air and receive Nok Air ground services at Don Muang Airport at the time this research was conducted.

**Service** is the process of dealing with the customer at Don Muang airport by Nok Air ground staff.

**Location** means service booths, contact office of Nok Air, Reservation and ticket Booths and Check In counters at Don Muang airport only

**Staff** refers to employees of Nok Air who perform their duties at Nok Air customer touch points at Don Muang Airport.

#### **1.5 SCOPE OF THE STUDY**

This study mainly focuses on customer satisfaction with ground service provided by Nok Air at Don Muang airport excluding the on board services, Call Center service and other services provided by Nok Air at other stations. The subjects of this research were people of different genders, ages, income and destinations. The researcher studied on customer satisfaction in only 3 aspects; location, staff and service. The location in this study means the contact office of Nok Air at Don Muang Airport, Reservation Booths and Check In counter at Don Muang airport only.

#### **1.6 SIGNIFICANCE OF THE STUDY**

This research will be beneficial to many groups of people related to the airline business and customer experience improvement:

6.1 This research will help to understand the level of customer satisfaction with ground services of Nok Air provided at Don Muang airport.

6.2 Relevant parties will be able to realize the customers' opinions about the weak points or problems of ground service of Nok Air that customers have noticed and would like to make suggestions for improvement.

### 6.3 Nok Airline

Since the customer satisfaction research at Nok Air at Don Muang Airport has not been conducted before, this research will directly benefit Nok Air's management team in order to optimize the results to improve its services provided at Don Muang airport

### 6.4 The Airport of Thailand Public Company Limited. (AOT)

Since a part of this research was conducted to investigate customer satisfaction with the location of Nok Air at Don Muang airport, most of the areas are the property of AOT. As a landlord, the result of this report would also benefit and help AOT to improve its service quality.

### 6.5 Other Researchers

Other researchers can create additional studies of Customer Satisfaction relevant to airline services. Other dimensions could be studied in order to find other findings under the customer satisfaction field.

## **1.7 ORGANIZATION OF THE STUDY**

The study of customer satisfaction with the Ground Service of Nok Air at Donmuang Airport in this paper is divided into five chapters.

*Chapter 1* includes the introduction and background of low cost airlines, statement of the problems, objective of the study, the definitions of terms, the scope and the significance of the study, and the organization of the study.

*Chapter 2* describes related theories, review of literature related to airline service and customer satisfaction measurement.

*Chapter 3* describes research methodology, data collection, research procedures and data analysis method.

*Chapter 4* provides the research findings in the form of frequency, percentage and mean. The information is presented in tables with explanations.

*Chapter 5* provides a summary of the study, discusses and concludes the research results, recommendations for future study are also included.