



**A STUDY OF SERVICE QUALITY OF AIRASIA**

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## **ABSTRACT**

The research related to service quality and customer satisfaction in the airline industry has been growing interest because the delivery of high service quality is essential for airlines' survival and competitiveness. This study was limited in the context of Air Asia's airlines services for domestic passengers. This study was carried out to identify service quality of air Asia. SERVPERF, the performance component of the Service Quality Scale (SERVQUAL), has been adopted to identify service quality of Air Asia as perceived by passengers. The analysis by using frequency test was found that passengers perceived Service Quality of Air Asia is more on Assurance dimension and Reliability Dimension. This study also had identified factors influencing passengers to fly with Air Asia is on Low Fare Rate factor. Finally, from the analysis, there were a few aspects need to be improve had suggested in this study.

# CHAPTER 1: INTRODUCTION

## 1.1 Background of the Study

Service Quality in a Service Industry is hard to determine. It is because service is not like a product that we can touch, tasted, smell and own. Service is something intangible, perishability, Inseparability and Variability. Therefore the quality of service needs to be improving from time to time. The effort of preparing this study is to investigate the Service Quality perceive from Air Asia's passengers. Before we go any further on this study, lets me briefly introduce you the history and vision of Air Asia.

Air Asia was established in 1993 and started operations on 18 November 1996. It was originally founded by Government-own conglomerate DRB-Hicom. On December 2002 2001, the heavily indebted airline was purchased by former Time Warner executive, Tony Fernandes's company Tune Air Sdn Bhd. for token of sum one ringgit. Air Asia is the first airlines in the region that offered promotional fares as low as RM 1(US\$0.27) and unassigned seats, besides that Air Asia also the first who implement fully ticket-less travel.

### 1.1.1 Air Asia Vision

To continue to be the lowest cost short-haul airline in every market in Asia, delivering strong organic growth through offering the lowest airfares at a profit.

## CHAPTER 2 : LITERATURE REVIEW

### 2.1 Service

The concept of service comes from business literature. Many scholars offered various definitions of service. For example, Ramaswamy (1996) described as “the business transactions that take place between a donor (service provider) and receiver (customer) in order to produce an outcome that satisfies the customer” (p.3). Zeithamal & Bitner (1996) defined service as “ deeds, processes, and performances” (p.5). Gronross(1990) pointed out that, a service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and or systems of service provider, which are provided as solutions to customer problems (p.27).

Yong (2000) reviewed these definitions of service and pointed out that the following features of service are noteworthy in order to better understand the concept. First, service is a performance. It happens through the interaction between consumers and service providers (Deighton, 1992; Gronroos, 1990; Ramaswany, 1996; Sasser, Olsen, & Wyckoff, 1978; Zeithamal & Britner, 1996). Second other factors such as physical resources or environments play an important medium role in the process of service production and consumption( American Marketing Association, 1960; Collier, 1994); Gronross, 1990). Third, service is needed by consumers to provide certain functions such as problem solving (Gronross, 1990; Ramaswamy, 1996). These four points put together lead to the conclusion that, “a service, combined with goods products is