

# CUSTOMER AIRLINES' EXPECTATION AND SATISFACTION ON CARGO GROUND SERVICE: A CASE STUDY OF CARGO GROUND SERVICE IN THAILAND

Kangwarn Phothong\* & Korawin Kungwola\*\*

\*Faculty of International College, Suan Sunandha Rajabhat University, Bangkok, Thailand,

E-Mail: Kangwarn.ph@ssru.ac.th, Korawin.ku@ssru.ac.th

## ABSTRACT

This research aims to study customer airlines' expectation and satisfaction on the cargo ground handling services served by Thai airways international public company limited. The objective of this research are to find the customer airlines' level of expectation and satisfaction toward the cargo ground handling services and to explore the preference factors that customer airlines use to evaluate on their carrier selection. The sample group selected 20 percent of 65 contractor customer airlines with Thai airways cargo ground handling services.

Most of customer airlines operate to and from Bangkok international airport more than ten flights a week, which can count as 90% and the rest 10% are the customer airlines which operate less than ten and five flights a week respectively. The respondents mostly work as station managers and have the authorities to hire the cargo ground handling services as well as to make decision in terms of management of the airlines which they are authorized.

The research result revealed that overall level of expectation and satisfaction are high for, facilities, prices, safety, environment and service in turn. The factors that foster the customer airlines station managers in choosing Thai airways international public company limited for cargo ground handling services are divided into three significant factors. The first one is Thai airways warehouse itself has completely and enough facilities which can serve when the customer airlines request. The second is that the price per annual is reasonable for their businesses and the last one is the overall of environment and services, such as the articulation in every jobs, the cooperation between both contractors, and safety following the customer airlines' regulations, IATA, IOSA, TSA and so on.

The suggestion for those who interest in conducting this type of research should have connection with the authorities in many ways as well as the channels of communication and interaction between organizations must be apparent.

**Keywords:** cargo ground handling services, customer airlines, factors

## INTRODUCTION

It is reported that in the present day the aviation industry supports tourism and international business by providing the world's only rapid worldwide transportation network. Airlines transported 2.8 billion passengers and 47.6 million metric tons of air cargo in 2011, connecting the world's cities with 36,000 routes. By providing these services, the aviation industry plays an important role in enabling economic growth and providing various economic and social benefits. The international Air Transport Association (IATA) commissioned Oxford Economics to estimate the economic and social benefits of aviation in over 80 countries worldwide over the last three years. The connections made between countries and the cities and markets produce an important infrastructure asset that facilitates activities that enhance a nation's productivity. More specifically, air transport enables foreign direct investment business cluster development, specialization, and other spillover effects.

The aviation industry directly generates employment and economic activity across several areas, including the operation of airlines and ground-based infrastructure.

Benefits of air transport connectivity: IATA developed a connectivity indicator to measure the degree of integration a nation has within the global air transport network. The connectivity indicator reflects the number and economic importance of the destinations served from a country's major airports, as well as the frequency of service and the number of onward connections available through each country's aviation network.

The development of the aviation industry over recent decades has led to an improvement in this connectivity. As a consequence, air transport passengers and cargo have reaped several benefits, including reduction in travel time, increased availability and frequency of services, improved scheduling, and better overall quality of service (including improved reliability and punctuality). Moreover improvements in connectivity have also resulted in a gradual drop in air travel costs. The cost of air transport services, in real terms, has fallen by around 1 percent per year over the past 40 years. Air transport has become more affordable when compared with other modes of travel; its relative cost has fallen by an estimated 2.5 percent per year since the 1990s. These developments have contributed to the rapid expansion in passenger and air freight volumes over the past 40 years. Air transport has also steadily become more competitive relative to other modes of transport.

By giving domestic-based businesses greater access to foreign markets, air transport connectivity supports and simultaneously increases competition and choice in the home market from foreign-based producers. This in turn encourages firms to specialize in areas where they possess a comparative advantage, allowing for opportunities to exploit economies of scale, which reduces production costs and ultimately benefits domestic consumers.

According to the 9<sup>th</sup> ASEAN Summit, A meeting on 7 October 2003 on Bali, Indonesia, the leaders of the member nations signed a declaration known as the Bali Concord II in which they agree to pursue closer economic integration by 2020. Following the declaration, an ASEAN Community would be set upon three pillars, the first is political and security cooperation, the second is economic cooperation, and the last is socio-cultural cooperation; For the purpose of ensuring durable peace, stability and shared prosperity in the region. The plan envisaged a region with a population of 500 million and annual trade of US\$720 billion. Also a free trade area would be established in the region by 2020. ASEAN's leaders also discussed setting up a security community alongside the economic one, though without any formal military alliance.

During the same meeting, the People's Republic of China and ASEAN have also agreed to work faster toward a mutual trade agreement, which will create the world's most populous market, with 1.7 billion consumers. Japan also signed an agreement pledging to reduce tariff and non-tariff barriers with ASEAN members. From that meeting, the ASEAN's leaders agreed to gather the eleven important group of merchandises and services by assigning the Road map of each country in each type and Thailand has been assigned to manipulate in terms of tourism and air transportation Myanmar's responsibility is about agricultural and fishery goods, Indonesia's responsibility is wooden product and vehicle production, rubber and textile for Malaysia, electronics product for Philippines, and Singapore for IT. (Thai Federation on Logistics (2011) cited in Kankaew 2012)

At first of Thai airways international public company limited, in 1960, it had launched first flight to Hong Kong and initiated transporting cargos just only 700 tons in the first year and in the next year a number of cargos had increased to 2,000 tons. In 1971 Thai airways had opened a new warehouse and had signed the contracts with 28 customer airlines and eventually evolved to the leader airline in South East Asia, Asia, and in the world. From the previous decades, Thai airways had planned to operate and provided the varieties of services in order to serve the customer needs. Due to the state enterprise company, the operation was sometimes obstructed by the policy and the budget from the Government.

When china has opened its country to the world since 30 years and an establishment of airlines in China including an emerging of low cost airline in Asia, this aroused the competition in airline business in Asia not only for the best services but also the prices which instigated all airlines in this world to adapt

themselves in order to survive in airline industries. 'Thai airways' did not hesitate to adjust itself; so that, the customers would at first choose its service.

In previous decades, the world economic had increased, Especially, when the concept of 'globalization' had risen, the trade agreement, the new innovation, and free trade agreement had encouraged trade all around the world, Thai airways was also an airline affected by these factors. A number of cargos exported to many countries had continuously increased. As a result, Thai airways, one of two cargo ground handling companies which provide cargo ground handling service, also continuously had signed the contracts with the new customer airlines; hence, it was necessary for Thai airways to provide the best service for its customers. It was not only services which 'Thai airways' had to serve to them but also manipulation, collaboration with other organizations which related to its business.

When a number of cargos exported from across Thailand and imported to Thailand as well as transited cargos from other country needed a space to be prepared for loading in the warehouse, Thai airways sometimes confronted with the complaint of the customer airlines about the problems they had met due to the high demand of the space in the warehouse for preparing cargos sending to the oversea. There were many times which caused the customer airlines disappointment and changed their choices to use another company service; therefore, 'Thai airways' unavoidably had changed its policy about how to maintain its customers as long as possible. The first plan was to expand the cargo warehouse to the south combining with the old warehouse and set the high technologies such as the computer which could be connected to other airlines in the whole world, the rapid services, an on time performance strategy, the facilities, and the professional staff, As the consequence of changing, this could increase the customer airlines to be 47 airlines using Thai airways cargo ground handling services.

The second plan was that in the year 2000, before the open skies policy of ASEAN in 2002, Thai airways had to migrate to the new airport in which the new Thai cargo warehouse itself has 90,000 square meters which is more space than the old one about one-third. With the huge space, the new warehouse capacity was divided into 4 parts which are Express Cargo Zone, Customer airline Zone, Thai Cargo & Alliance Zone, and Perishable Center. Form the four parts mentioned above, they were also divided into imported, exported, transited sectors themselves. Each sector is responsible according to the job description that the administration has assigned. Most of their structures are almost the same, but varies in deep details. With the complicate of the detail of the jobs and its scope including many divisions have to be cooperated, this is sometimes making Thai airways lack of quality even it tries to collaborate with all customer airlines. The problems mentioned before, are deliberately solved and discussed in every month; however the new problems and the previous problems are always occurred.

In trying to solve the problems happened to the customers, Thai airways had brought the ISO 9001-2000 which focus on effective service and customers' satisfaction. In order to make it success and reach the goal effectively, Thai airways had set the main target and re-arrange the procedure as follow: 1. Reduce mishandled shipment, 2. Cargo is not the cause of delay, 3. Cargo must be transported after the space confirmed. 3. Deliver cargo as soon as possible after documentation completed. 4. The imported cargo must be rapidly delivered to consignee.

From the strategies above, it can pace to the goal that the administration had plan, yet during continuously following the plan, Thai airways, a big organization, still obtained the complaint from the customer airlines about the irregularities of the services and the operations. That because a big organization has a lot of Departments, Divisions. Some functions lack of coordination, solving problem skill which could make irregularities frequently occurred.

With the big in its size of organization, Thai airways devoted every effort to increase the level of customer airlines' satisfactions and expectation even it had to spend a lot of money to conduct and foster this policy. Monthly and annual meeting could gather the problems that its customers had faced and brought to present to the administration in order to intrinsic plan for the next step. By monthly gathering the irregularities information from itself reports and from the customer airlines, this could concretely reduce the irregularities and led to the next plans in developing and increasing the level of customer airlines' expectation and satisfaction.

Continuously, the problems have been occurred by not surveying the customer airlines' responds before; hence, in order the set the standard to Thai airways products, the plan is set by the administration. The administration has, every time of the monthly, yearly meeting, gathered the needs, irregularities, and the expectation that customer airlines has asked to Thai airways cargo ground handling for scrutinizing and the administration has concluded that it has to be questionnaire which could survey the customer airlines' expectation and satisfaction. The result received from them could be the best tool for Thai airways to solve the problems, provide the best services, and so forth.

In order to get the vivid result, the administration has classified topic which is the most needs, expectation, and satisfaction of the customer airlines toward each division. Bring the result from questionnaires to conclude, present to the authorizer to issue the new regulation for all functions to take action.

## METHODOLOGY

The researcher has assigned the questionnaires to gather the information from the customer airlines about the expectation and then satisfaction in facilities, price, safety, staff, environment of the warehouse and the service. By the details of facilities have been classified into all facilities in the warehouse that support all activities of the cargos and for the price which customer airlines have paid for all the charges in cargo activities. Safety tells about the procedure and the rule and regulation in the warehouse covered by international security organization, such as TSA, IATA, and so on. Environment of the warehouse and the service represent the neatness, the space allocated for the operation, the sanitization in the workplace, the service including all resources provided for customer airlines, such as cooperation, and staffs' attendance.

20 percent of 65 customer airline representatives will be randomized which are about 13 airlines. The first six from 1 to 6 is the most frequency flying in and out Thailand; in addition, a deep interview will be used to gather deep information and some aspects that they want to criticize and suggest to Thai airways cargo ground handling.

### *Sub-Section 1*

Gather all data received from the questionnaire and sum the score of each topic; for example, in expectation, there are four topics, facilities, price, safety, and environment of the warehouse and service. Those are scored from the customer airlines from the level 1, 2, 3, and 4. Sum all scores and insert the scores of each topic into the table assigned to have 5 boxes including the total box. After all scores are inserted already, calculate them into percentage. Each topic is given the score from 4(excellence), 3(good), 2(fairly), and 1(poor) respectively. The results received from each topic are brought to be calculated into percentage and compared among them. The total of each topic percentage will be summed and calculated into final percentage again.

### *Sub-Section 2*

Bring the final percentage of all topics into the last analyzed percentage, and show it in the form of pie graph of the expectation and satisfaction and compare the detail or percentage of each topic in the expectation and satisfaction in addition compare the whole percentage of both expectation and satisfaction.

## RESULTS

From the table 1 it tells about an expectation in facilities, price, safety, and environment and service. The result showed that for the facilities, with the 77 percent in excellence and 33 percent in good level while other levels are no result. All 13 customer airlines hope to obtain the completion of the facilities so that they can advocate all activities needed for cargos. For the price, the customer airlines have leveled 69 percent in excellence following by 31 percent in good and the result varies from facilities 8 percent which mean the customer airlines hope to meet the lower price than ever. They don't expect for environment in the warehouse and the service in which its result is the level at fairly the most.

**Table 1**

**The score of expectation in facilities, price, safety, and environment of the warehouse and service**

The number of 13 customer airlines	Expectation																
	Facilities				Price				Safety				Environment and service				
Score	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Airline 1				✓				✓				✓				✓	
Airline 2				✓				✓				✓				✓	
Airline 3			✓					✓				✓				✓	
Airline 4				✓			✓				✓					✓	
Airline 5				✓				✓				✓				✓	
Airline 6				✓				✓				✓				✓	
Airline 7				✓			✓					✓		✓			
Airline 8			✓				✓					✓				✓	
Airline 9				✓				✓				✓		✓			
Airline 10				✓			✓					✓				✓	
Airline 11			✓					✓				✓		✓			
Airline 12				✓				✓				✓		✓			
Airline 13				✓				✓				✓		✓			
<b>Total</b>			<b>3</b>	<b>10</b>			<b>4</b>	<b>9</b>				<b>5</b>	<b>8</b>		<b>5</b>	<b>4</b>	<b>4</b>
<b>Percentage</b>			<b>23</b>	<b>77</b>			<b>31</b>	<b>69</b>				<b>38</b>	<b>62</b>		<b>38</b>	<b>31</b>	<b>31</b>

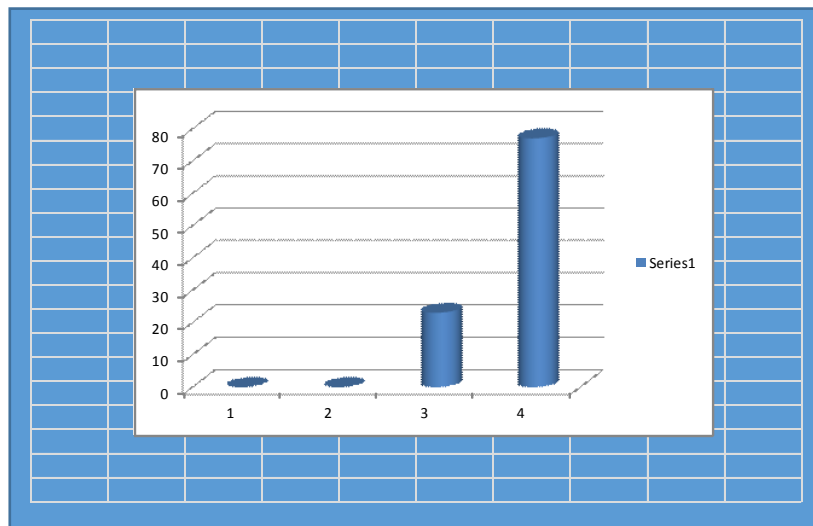
From table 2, it represents the *satisfaction* of the customer airlines in facilities, price, safety, and environment of the warehouse and service. At the outset of the first topic, it showed 77 percent that the customer airlines satisfied in excellence level with the facilities provided by Thai airways cargo ground handling service that because its completion of facilities which can immediately serve to the customer airlines whenever they need. For the price, they satisfied with the present price around 38 percent in excellence level and 38 percent in good level; however, it is observed that the first 3 airlines still need to get a lower price by 23 percent. Safety is implied by the 62 percent of fairly level in which the Thai airways should pay extremely attention to the safety and it is worried with the last one 'environment in the warehouse and service' due to the 1 level given by 4 airlines (31 percent) and the 2 level given by 7 airlines (54 percent). This is the cue that the topic of environment and service need to be improved first.

**Table 2**  
**The score of satisfaction in facilities, price, safety, and environment of the warehouse and service**

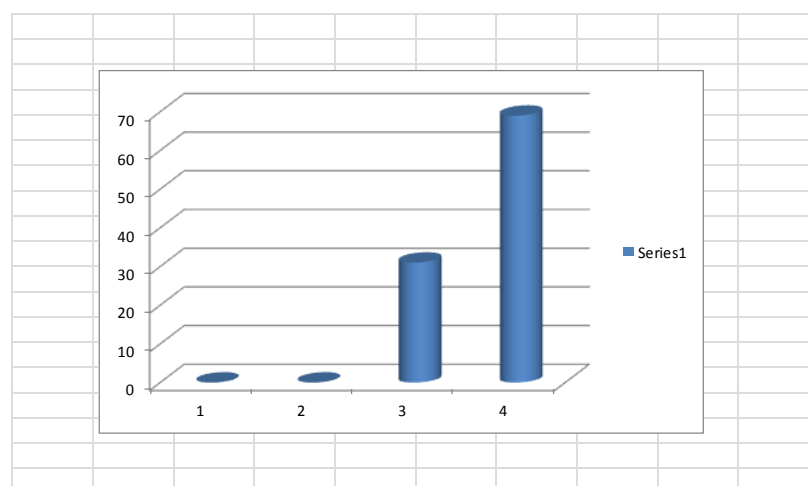
The number of 13 customer airlines	Satisfaction															
	Facilities				Price				Safety				Environment and service			
score	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Airline 1				✓		✓				✓			✓			
Airline 2				✓		✓				✓			✓			
Airline 3				✓		✓				✓				✓		
Airline 4				✓			✓				✓			✓		
Airline 5				✓				✓		✓				✓		

<b>Airline 6</b>				✓				✓			✓			✓		
<b>Airline 7</b>				✓			✓				✓			✓		
<b>Airline 8</b>			✓					✓			✓			✓		
<b>Airline 9</b>				✓			✓			✓				✓		
<b>Airline 10</b>				✓			✓			✓				✓		
<b>Airline 11</b>			✓				✓			✓			✓			
<b>Airline 12</b>			✓					✓		✓			✓			
<b>Airline 13</b>			✓					✓		✓					✓	
<b>Total</b>			<b>4</b>	<b>9</b>		<b>3</b>	<b>5</b>	<b>5</b>		<b>8</b>	<b>5</b>		<b>4</b>	<b>7</b>	<b>1</b>	<b>1</b>
<b>Percentage</b>			<b>31</b>	<b>69</b>		<b>23</b>	<b>38.5</b>	<b>38.5</b>		<b>62</b>	<b>38</b>		<b>31</b>	<b>54</b>	<b>7.5</b>	<b>7.5</b>

Graph 1 shows the expectation in facilities.



Graph 2 shows the satisfaction in facilities



### CONCLUSION AND FUTURE WORK

In sum, it is seen that the competition must start within the organization first. Most of new companies in modern era have paid attention to competition in the organization in order to lay the foundation of

responsibility to their staff. This could not only lead the staff to meet their success but also drive the organization to grow in the businesses world. From the new era of technology and globalization, there are emergences of theories concerning about the new ways in administration.

The airline businesses in the present day have very high competition in both passengers and cargo. Especially, an emergence of low cost airlines in Asia has mushroomed and triggered the competition. Thailand itself has a lot of new airlines fly into as well as establish in it. It is inevitable that Thai airways must join in this competition. How to compete with premium airlines is difficult for Thai airways; however, how to compete with the new low cost airlines is more difficult. Although the administration tried to use the previous strategies and the new strategies to fight with its rival, it is not enough to stand in the high competition. An adjustment in all parts of the organization needs to be done. Even 'Thai airways' is one in two choices of cargo ground handling service in Thailand, and it is bigger than its competitor, it cannot underestimate its rival. Because of the professional CEO whom is hired from the oversea, this makes the rival rapidly grow in the previous years.

'Thai airways' does not hesitate to study inside its organization parallel with the strategies assigned by the administration. In addition, it tries to advance all divisions which must have been solved and added the resources so that those could support and serve its customers. Employ rigorous business planning. Advocate for focus and discipline. Really commit to competing.

The result from this research could help Thai airways cargo handling service in providing, manipulating future plan, improving coordination between itself and customer airlines also this information could be the fundamental of the research about cargo service administration in the future.

#### ACKNOWLEDGEMENTS

I would like to express my sincere thanks to Suan Sunandha Rajabhat University for invaluable help throughout this research.

#### REFERENCES

- [1] Retrieved from JULIE PEROVIC; International Air Transport Association (IATA), (2013), The Economic Benefits of Aviation and Performance in the Travel & Tourism Competitiveness Index *World Economic Forum*, Vol. 1, No. 1, Pp. 57-61.
- [2] Kankaew (2012), Passenger's expectation and satisfaction on airlines delivering services: A case study of full services airline in Thailand: *Suan Sunandha Rajabhat University, Bangkok, Thailand*
- [3] [www3.weforum.org/docs/TTCR/2013/TTCR\\_Chapter\\_1.4\\_2013.pdf](http://www3.weforum.org/docs/TTCR/2013/TTCR_Chapter_1.4_2013.pdf),
- [4] <http://weforum.org/search?query=airline+industries>
- [5] Retrieved from ASEAN: ONE VISION ONE IDENTITY ONE COMMUNITY; Dec, 26 2017 [http://asean.org/?static\\_post=the-ninth-asean-summit](http://asean.org/?static_post=the-ninth-asean-summit)
- [6] <http://th.wikipedia.org/wiki/Thai> airways history
- [7] Retrieved from Zuckerman AM; competitive strategy a new era. NCBI <https://www.ncbi.nlm.nih.gov/pubmed/18018789>