

## Effect of Poor Supply Chain on the Customer Satisfaction. Survey of Flight Delays in Pakistan

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### Abstract

*Recent business development in the airline industry has increased the competition. They are focusing more and more on the customer satisfaction, that the customer or passenger remains with them instead of using another airline. It is important to survive in the business is that the organization focus on the customer satisfaction.*

*Effective supply chain needs the high level of coordination, communication and information sharing. Without proper information and coordination no one can imagine the required results in the supply chain. The study shows how the poor supply chain can effect on the customer satisfaction. Survey and questioning method used in this research from the customers who were affected from the delay flights. Research also open the ways how this supply chain process can be improve and give the better results in order to achieve the customer satisfaction.*

**Key words.** Supply chain management, airline industry, survey

### Introduction

World has become global these days and customers wants more and more with the companies and organizations. To create the value customers, business philosophy is the key factor which shows the ability and sense of responsibility in order to gain the best customer satisfaction (Gronoos, 1990; Parasuraman et al., 1988). Service quality and the importance of customer satisfaction are the pillars of every successful business (Gronoos, 1990; Parasuraman et al., 1988). Customer satisfaction indicates the future of business (Kotler, 1999). customer satisfaction metrics gives the path to understand and value the real needs of customer; it also gives the information about the customer (Forozia, Zadeh, & Gilani, 2013). Maintaining and achieving the customer satisfaction are the biggest challenges which the industry is facing these days (Yen-Lun Su, 2004).

Customer satisfaction and the service quality are the key factors to obtain the competitive advantage and the customer attention. The outcome of customer perception and value received from the service quality is the customer satisfaction (Blanchard & Galloway, 1994; Heskett et al., 1990; Zeithaml et al., 1990). Much research have been done on the customer satisfaction and a lot is under progress but still there are many factors which are unrevealed (Amirreza Forozia, Mohammad Sadeghi Zadeh and Mahnaz Hemmati Noedoust Gilani).

Pakistan airline industry is facing the challenges these days on both sides internally and externally, it is under progress industry because of the weak infrastructure. Many airlines are operating these days in Pakistan; some are caring about the customer satisfaction and some ignoring it completely, despite the fact that this will create a lot of problems in future and create the loss to the business. Airline service in Pakistan is always considered very expensive though out the time but the services which these airlines are providing inside and outside the aircrafts are not satisfactory.

Airline customer's satisfaction has become very important in recent years (David Mc. A Baker 2013). The competition which the airlines are causing, boost the need of the customer satisfaction. And now all over the world airlines are paying more and more attention to the customer satisfaction, offering their customers different packages and services (Miller, 1993).

Airlines all over the world offer their customers the quality services, but in Pakistan the situation is different. People purchase expensive tickets and the service they received does not match with the international standards, and in case of delay especially in weather delays the services are poor. This research reveals some points how the customer satisfaction can be improved in the airline industry of Pakistan.

For a successful business Effective supply chain is considered the key factor now days. Organisations

working hard in order to make the supply chain process more organize and comfortable for service industry. Supply chain process in other words is a procedure, which starts from the raw material and ends on the final stage when the thing or service reaches to the final or developed stage. Customer satisfaction, operation, finance and distribution all includes in this process (Chopra & Meindl, 2004).

Effective supply chain increased the customer satisfaction level in today's business and efficient supply chain helps to boost the business, it helps to cut the cost of distribution and it increase the customer satisfaction and service quality (Bauld & McGuiness, 2010).

Supply chain effect on the customer service and satisfaction .If this chain is working properly then customer will be satisfied but if the supply chain process in business is poor then this will effect on the service and the satisfaction of the customer .In airline industry of Pakistan customer feels that there is lack of information, communication and guidance from the staff to the customers, this cause anxiety and impatience.

To improve the supply chain performance leaders should improve the communication with in the organization (Chen, Daugherty, & Roath, 2008).

Lack of concentration from the employee is also the reason of ineffective supply chain especially in under developing countries. Employee behavior supports the goals of the organization (Bass, 1985).

## **Literature review**

The output of every process is customer satisfaction. Customer satisfaction and the performance have the direct link, which evaluates the effectiveness of the supply chain process. (Gerald Reiner 2004).

Customer satisfaction is the response and it also shows the success of the business. The level of pleasure and fulfillment indicated the satisfaction itself in the business or process.

Main objective of supply chain is to gain the best customer satisfaction and the effort during the process of supply chain in order to gain the best service and customer satisfaction (Gandolfo Dominici). Karthik (2006).

Effective supply chain process and the effective information sharing plays vital role in selective supply chain process (Zhou and Benton). Important foundation in order to improve the efficiency of the supply chain process is the measurement of supply chain performance (Gunasekaran et al., 2004; Kuwaiti & Kay, 2000).

In airline industry high quality service is essential for the customers. Planning is the key role in order to survive in the airline industry (De Jager, 2012).

To provide a product or service that continuously meets customer's expectations is the most effective way to gain the customer satisfaction

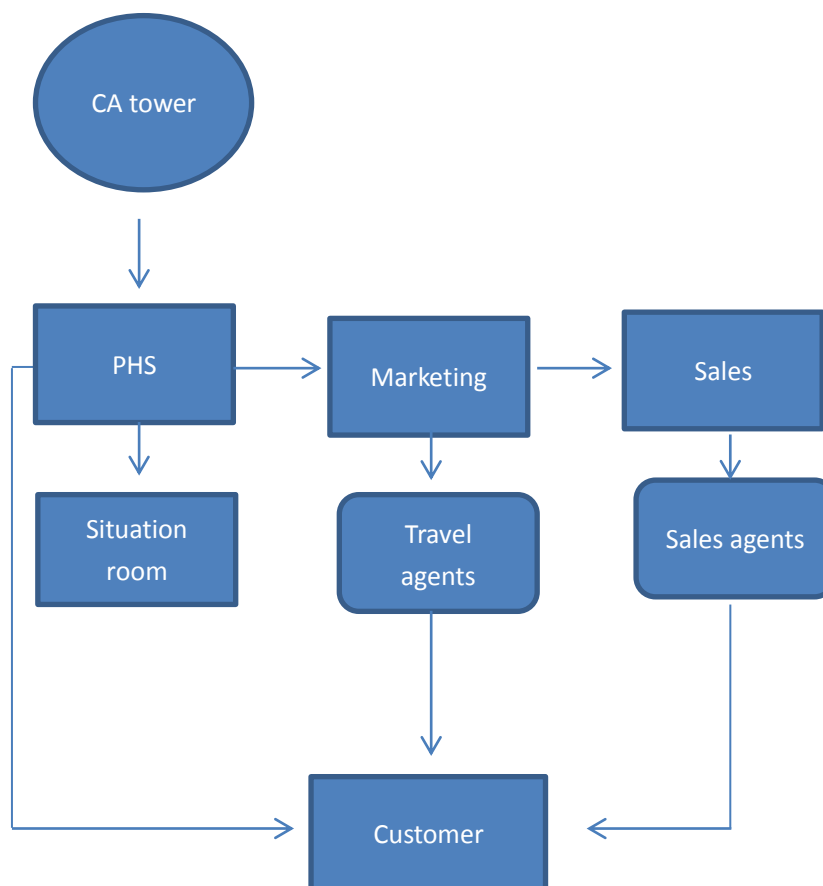
Park (2007), and Atalik (2007). Delivering good quality service should be prior condition in today's business environment ( Namukasa (2013)

## **Operational Supply chain process of Airlines in Pakistan**

Every domestic and international airline in Pakistan is working under the same process and ignoring the customer satisfaction. Supply chain process working is different in every department even within the same organization. This research will show the supply chain process in weather delay. what are the faults and how they should be improve to get the best results and customer satisfaction.

In weather delay usually PHS (Passenger handling services) department mainly represents the airline, department takes the weather details from the civil aviation control tower and then gives it to other departments. The flow of information in the Pakistan airlines is not fast and we cannot say that it touches the international standards. Department heads hesitate to take action and decisions and rely on the head offices; this is due to incompetency and ineffective supply chain process. Most of the time PHS (passenger handling services) failed to give the proper information to their customers in delay flight. Call centers are not positively active they are in most cases third party agents so they cannot give the proper information.

Figure 1 shows the supply chain process flow. PHS (passenger handling services) takes the weather information from the civil aviation control tower then passes it to the situation room, marketing and the sales. Situation room further takes the decision and they take hours and hours to decide, and customer suffers in this situation. PHS (passenger handling services) is responsible in front of the passengers but mostly they themselves do not have the proper information. None of these departments have a link with the call center or with the website of the airline.



**Figure 1 current model of operation or information flow in airline**

## Methodology

The primary objective of this research is to identify the points which are responsible for the poor supply chain and in results customer satisfaction effects. Survey and questionnaire methodology is adopted which are conducted from the passengers on different locations and timings. The survey includes both domestic and international flights to maintain the broader view for the readers. This survey is conducted at the different airports of the Pakistan like Quaid-e-Azam International Airport Karachi, Allama Iqbal international airport Lahore, and Benazir international airport Islamabad. Three major international airlines customers included in the research that is Pakistan international Airline, Shaheen international Airlines, and Air blue.

## Results and Findings

Survey and questionnaire results have been shown in percentages. Results and findings shows that

supply chain and information flow is very slow in airlines of Pakistan. Airlines do not take action on time and do not bother whether passengers are informed about delay or not. People do not have many options in airlines so they have to select among these airline.

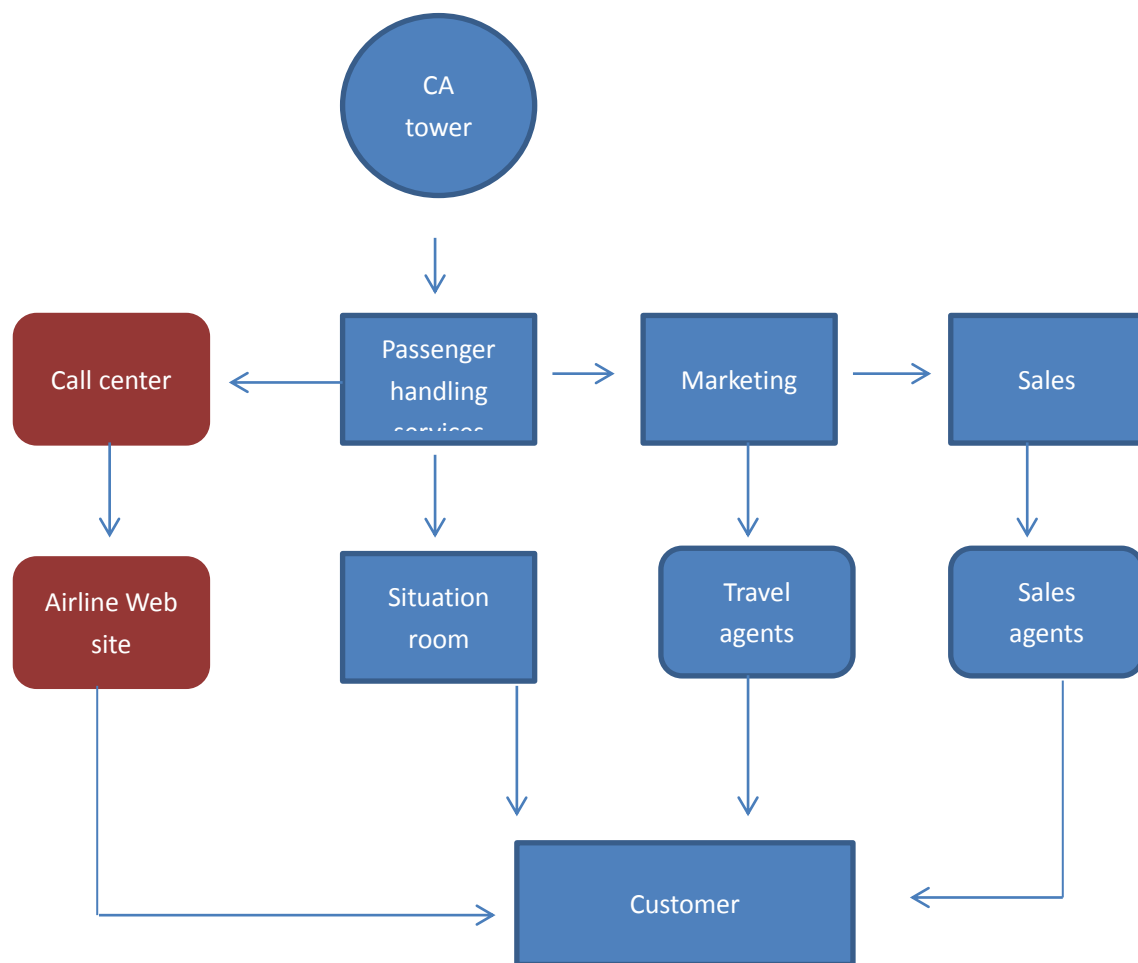
### Survey from passengers on different locations and timing

Research conducted from 200 customers or passengers and then percentage calculated from the results. Mostly customers were not informed about the delay and those who were informed, they were informed very late. Some people said that when they were informed they were at the airport or on the way to airport. Flight inquiry also does not inform properly because they themselves do not have the proper information they rely on the passenger services department. Airlines staff are not cooperative and they do not give the satisfactory answer in most of the cases. If flight is delay more than two hours then the airline will offer you some services like food or beverages. Airline takes approximately five to six hours to decide in case of cancelation. Airlines in Pakistan should adopt the modern instruments for the weather forecasting. Customer should not suffer in delay because in this way airlines are wasting customers valuable time and giving them anxiety and frustration.

### According to this research

Questions	YES	NO
Did airline inform about the delay?	19%	81%
If yes then how many hours before flight (before 2 hours)?	15%	85%
Did travel agent inform you about delay?	2%	98%
You were at airport or on the way?	14%	86%
Did you call the inquiry to know the status of the flight?	66%	34%
Did the staff guide you properly?	2.5%	97.5%
Airline offer you any services?	60%	40%
In case of cancelation how much time airline took to decide (5 to 6 hours)?	64.5%	35.5%
Information on the website is up to date?	0%	100%
Are you satisfied with the services of airlines in Pakistan?	2.5%	97.5%
Airline, airport staff cooperative?	6%	94%

Table 1 Survey Questionnaire Database

**Suggested model****Figure 2 suggested model of operations or information flow**

In figure 2 the suggested model has shown. Customer can only be satisfied if the information flow will be rapid and accurate. Call centers should be positively active and this should be under the PHS (passenger handling services) direct. And airline website should be under the cell center. Call centers are the best source of information flow, but if they have the proper and accurate information.

**Conclusion**

From the passenger point of view flight time is prime important because customers buy expensive tickets and travel by air only to save time .But in delays they have to face the inconvenience. And in case of cancelation they have to re plan the trip or business meeting .some practical steps should be done from the airlines to make their customers satisfied and happy with their services. The third party service providers ('situated agents' by Palmer (2008)) affect the service quality and the satisfaction of the customers. As the results show that the poor supply chain network of airlines are responsible for the dissatisfaction of the customers. It can be improved by adopting the suggested model .Satisfaction level of customers in Pakistan is very low mostly people are not satisfied from the airline services. To conclude these results will be helpful

for the airlines to improve the supply chain process and the customer satisfaction. For the survival and the profitability airlines should meet the customers' expectations and needs. And this customer satisfaction can only be achieved by improving the effectiveness of the supply chain process of the airlines.



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