

## Service Quality and Customer Satisfaction on Budget Airlines: Kano model approach

### Abstract

Although low-cost carrier (LCC) airlines do not provide significant service to customer, the demand and market share of LCC is constantly increasing. Services provided by LCC and the quality of their services become a competitive advantage of LCC airlines. The purpose of this research is to identify the factors that are 'must-be' dimension after being categorized into five attributes by using Kano Model. 260 responses were collected. The questionnaires include questions about the services factors in the SERVQUAL service model, basic demographic variables and respondents who have taken or not taken the Hong Kong Express before as Hong Kong Express is classified as one significant player of LCC airlines in Hong Kong. The result can give insights to Hong Kong Express to identify their service areas that needed to be improved and paid attention to increase customers' satisfaction in future.

**Keywords:** Kano model, service quality, customer satisfaction, airlines

### 1. Introduction

The market share of low-cost carrier (LCC) is constantly improving recently. Hong Kong Express Airways Limited (HK Express) carried 313,100 passengers in June 2017, which increases 36.01% for whole year. In the past 12 months, 32,676 million passengers were carried by HK Express, compared with the same period of time in last year, it has an increase of 21.65% (Wenweipo, 2017). Service quality is a main antecedent of customer satisfaction (Cronin and Taylor, 1992; Anderson and Sullivan, 1993; Brady *et al.* 2002). HK Express cannot neglect this issue as it relates to how HK Express can constantly retain customers. Any companies failed to meet customer expectation, or generated customer dissatisfied and eventually will lead to a loss of revenue (Zeithaml and Bitner, 2017). More studies mentioned that customer was satisfied if their expectations coincided with actual received outcome (or the result exceeds their expectations), or dissatisfied if the expectations did not meet (Szwarc, 2005). However, 18 regular flights cancellation of HK Express recently caused travel headaches for thousands of Hong Kong people in September 2017, which brought customer dissatisfaction and led to negative word-of-mouth of HK Express. By observing 52 reviews from Skytrax (2017) about airline reviews and rating websites, customers claimed that because their flights were cancelled, the services were incompetent and irresponsible, therefore, they said HK Express would not be recommended. Shahin and Zairi (2009) stated that Kano model could benefit on investigating customer requirement prioritization, to avoid dissatisfaction. Although Kano model is widely applied in studies relating service and customer satisfaction, it is not commonly applied in investigating the service provided by budget airline. Especially critically importance of this study is that most marketing professionals will expect lower level of quality in budgeted airlines and hotels, however, customers would not have the same expectations. So the significance of this study in applying the Kano model is to identify what the must-be factors for a budgeted airline, HK Express.

### 2. Literature Review

#### 2.1 Service quality

49 Definition of service quality was that a consumer's overall impression of the company  
50 services and its efficiency (Park *et al.*, 2004), or "as a chain of services in which the entire  
51 service delivery is divided into a series of processes" (Chen and Chang, 2005). Service  
52 quality **is** the interaction between customers and airlines, which **influences** customers'  
53 perceptions and their images (Gursoy *et al.*, 2005). Price **is** increasingly used to be a **ranking**  
54 method attracting **customers**, some airlines still try to **gain** competitive advantage by  
55 improving service quality (Jones and Sasser, 1995) and **gained competitive edge** by customer  
56 perception (Chang and Yeh, 2002).

57

## 58 **2.2 Customer satisfaction**

59 Nowadays interpretations proposed satisfaction as customer fulfillment response (David,  
60 2013), which was one of the most crucial objectives for company **aiming to have** a long-term  
61 relationship with customers (Vu and Huan, 2016). There **are** many factors **customers** would  
62 take **into** consideration before **purchasing air-ticket**, **which are** driving their expected  
63 perceived performance from airlines. And customer satisfaction **is** considered as an industrial  
64 standard performance and possible measurement criterion of excellence **of** company (Gerson,  
65 1993). Therefore, providing desirable service for customers **is** important for airlines to  
66 achieve **their** goals (Gerson, 1993) and **possibly** survive in the competition.

67

## 68 **2.3 Service quality and customer satisfaction**

69 Empirical studies by Choi *et al.* (2004); Naik *et al.* (2010); Cipovova and Demjan (2014) **and**  
70 Belas and Gabcova (2014) indicated that providing quality of service **leads** to overall  
71 customer satisfaction. Additionally, many researchers presented that **there exists a** close  
72 correlation between service quality and customer satisfaction. Hazlina *et al.* (2011) stated  
73 **that** service quality **is** essential to measure customer satisfaction, and **providing** high quality  
74 services could maintain customer satisfaction; Judging whether company **could provide**  
75 quality services or not, **one could base** on the customer's perception from getting **satisfaction**  
76 **when** consuming the services. **In addition**, higher levels of quality **leads** to higher levels of  
77 customer satisfaction (Agbor, 2011). Service quality normally **is** regarded **as a** prerequisite of  
78 customer satisfaction (Shanka, 2012). It **is** generally agreed **that** increasing **possibility** of  
79 customer satisfaction with improvement of service quality. Steven *et al.* (2012) stated this  
80 relationship **that** could help to identify optimum efficiency point for company to earn  
81 maximum profit, and **lead** to increase customer satisfaction (Behn and Riley, 1999; Sim, *et*  
82 *al.*, 2010; Snyder, 2014). Therefore, **service quality has a positive impact to customer**  
83 **satisfaction** (Gilbert and Veloutsou, 2006; Shanka, 2012; Hussain, 2016).

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## 85 **2.4 Kano Model**

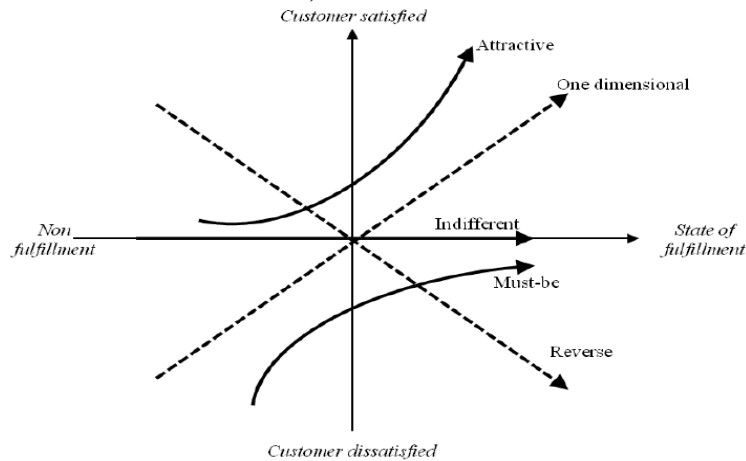
86 Kano model was developed in 1980 by Professor Noriaki Kano **and** had been widely  
87 practiced in industries as an effective tool of understanding and focusing on customer  
88 preferences, requirement prioritization, and requirement classification. There **are** five  
89 attributes suggested for defining **the importance of factors** (Brandt, 1988).

- 90 1. "Must-be" **is** the basic need expected by customers which **leads** to extreme customer  
91 dissatisfaction if they were absent or poorly satisfied.
- 92 2. "One-dimensional" **requires** better fulfillment leading to linear increment of customer  
93 satisfaction. Generated dissatisfaction when its absence.
- 94 3. "Attractive" usually unexpected by customers and could result in great satisfaction if they  
95 were available. Yet, absence would not result in passenger dissatisfaction or loss  
96 passenger.
- 97 4. "Indifferent" **is** that customers were not interested.
- 98 5. "Reverse" **is** to create dissatisfaction when existed.

99 Another attribute is the “Questionable” which is unclear whether this attribute was expected  
 100 by the customer, and is not undertaken in this study.

101  
 102 Researchers might rank individual product criterion of current product based on the five  
 103 attributes, therefore determine the importance, and established the priorities for product  
 104 development and made improvement when necessary (Kano, et al., 1984). Kano model  
 105 supports analysing given service by HK Express, in which the requirements are expected by  
 106 passengers and which services could be improved to give higher customer satisfaction and  
 107 enhance passenger experience (Hsu et al., 2007).

108  
 109 There is a two-dimensional grids as shown in Figure 1. Vertical axis (Y) stands for  
 110 satisfaction and dissatisfaction of customers, whereas horizontal axis (X) stands for  
 111 conditions being sufficient or insufficient, some factors were essential to be implied.



112  
 113 Figure 1. Kano et al., 1984

114  
 115 Questionnaire contained pairs of customer requirement questions which were used to study  
 116 customer satisfaction level towards the degree of requirement fulfillment (Löfgren and Witell,  
 117 2008). The questionnaire contained two questions for each customer requirement (Kano et al.,  
 118 1984; Berger, 1993). “Neutral”, “Must-be”, “Like” are procured in questionnaire, so to  
 119 evaluate six quality attributes of “Attractive”, “Must-be”, “One-dimensional”, “Indifferent”  
 120 “Reverse” and “Questionable”. (Shahin and Nekuie, 2011).

Customer Survey Responses		Dysfunctional Question Answer				
		1. Like	2. Must Be	3. Neutral	4. Live With	5. Dislike
Functional Question Answer	1. Like	Questionable	Attractive	Attractive	Attractive	One-Dimensional
	2. Must Be	Reverse	Indifferent	Indifferent	Indifferent	Must-Be
	3. Neutral	Reverse	Indifferent	Indifferent	Indifferent	Must-Be
	4. Live With	Reverse	Indifferent	Indifferent	Indifferent	Must-Be
	5. Dislike	Reverse	Reverse	Reverse	Reverse	One-Dimensional

121 Table 1. Kano Evaluation Table

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123 Each factor could be categorized in an evaluation table shown on Table 1 by using the result  
 124 of responses. For example, if the response of dysfunctional question was “dislike” and at  
 125 functional was “must be”, the factor would be the “must be” factor and if it was not existed,  
 126 customer would dissatisfy.

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## 128 2.5 Customers Satisfaction Coefficient

129 Berger (1993) stated that coefficient of satisfaction indicates whether the level of customer  
 130 satisfaction (CS) could be increased by meeting the requirement, or whether matching the  
 131 requirement that preventing customer from being dissatisfied. The positive CS-coefficient  
 132 has a range from 0 to 1. This value closing to 1 indicates a higher influence on customer  
 133 satisfaction whilst the value closing to 0 means lower influence on customer satisfaction. In a  
 134 similar way, if negative CS-coefficient approaches -1, the influence on customer  
 135 dissatisfaction is especially strong when it was not fulfilled. As the value near 0 implies that  
 136 the attribute does not cause negative influence if the requirement was unmet (Behdioğlu and  
 137 Çilesiz, 2016).

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139 The results of the questionnaire indicate “extent of satisfaction” (ES) and “extent of  
 140 dissatisfaction” (ED) of each factor by the following formula (Chen and Chen, 2015; Huang  
 141 et al., 2015).

142 Extent of satisfaction:  $ES = \frac{A+O}{A+O+M+I}$

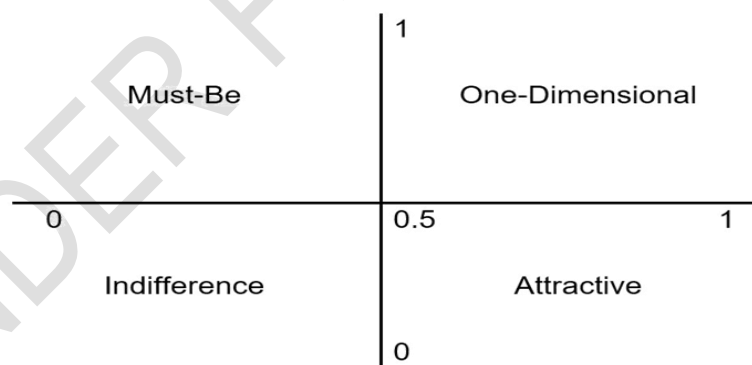
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144 Extent of dissatisfaction:  $x = \frac{M+O}{(A+O+M+I) \times (-1)}$

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146 After calculation, coordinate system could be created in which, X-coordinate is for ES and  
 147 Y-coordinate is for ED. Each quality attribute could be distributed to different quadrants of  
 148 the coordinate axis, corresponding to different Kano types (Huang, 2017) as shown in Figure  
 149 2.

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Figure 2. Coordinate System of the Kano type

154 Hwang et al. (2014) stated that Kano model and coordinate system carried five benefits for  
 155 airlines development: (1) Identifying importance of the factors that affecting customer  
 156 satisfaction and understanding customer requirements; and (2) offering valuable assistance in  
 157 trade-off situations in order to out of the difficult situation quickly; and (3) providing the  
 158 ‘must-be,’ ‘one- dimensional’ and ‘attractive’ requirements in the perceptions of different  
 159 customer segments, the model enabled to assured the satisfaction at its best; and (4)  
 160 discovering and satisfying attractive requirements to increase differentiation; and (5) using to  
 161 establish the importance of service providing factors to its customer for formulating  
 162 development strategy.

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## 2.6 Factors affecting service quality and customer satisfaction

Researches illustrated the possibilities on **integration** of SERVQUAL with Kano Model (Basfirinci and Mitra 2015; Gilbert and Wong, 2003) on airline services in **proposing 26 factors that affect** passenger expectations on airline services and those factors were grouped into seven dimensions, they were assurance, flight patterns, reliability, responsiveness, facilities, employee and empathy. **Therefore, those factors would be included in this study that affect service quality and customer satisfaction.**

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### 2.6.1 Assurance

Gilbert and Wong (2003) suggested “Employees have knowledge to answer questions” and “Safety”. Besides, Liou and Tzeng (2010) indicated the importance of airline safety customers’ choice on airlines, discussed as one of the important **factors** to airline service quality.

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### 2.6.2 Flight patterns

Convenient flight schedule **is** one of **variables categorized** to measure the service quality of airlines (Park *et al.*, 2004). There were three factors defined by Gilbert and Wong (2003), they **are** “Convenient flight schedules and enough frequencies”, “Availability of global alliance partners’ network” and “Non- stop flights to various destinations”. Besides, Tsantoulis and Palmer (2008) supported airline schedule **as** one of the primary service quality dimensions.

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### 2.6.3 Reliability

“Behaviour of employees gives confidence”, “Consistent ground/in-flight services”, “Perform service right the first time”, “Food and beverage” and “On-time departure and arrival” were categorized in reliability (Gilbert and Wong, 2003). “On-time departure and arrival”, the punctuality **is** to measure satisfaction towards on airlines **services (David, 2013; Khan and Khan, 2014)**. The American Customer Satisfaction Index (ACSI) **measures** customer satisfaction with the quality of products and services offered by both foreign and domestic firms with significant share in U.S. markets (ACSI, 2017). In “ACSI Travel Report 2017”, it indicated customer’s satisfaction towards on airlines by using 12 dimensions and one of those was “Timeliness of arrival”.

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### 2.6.4 Responsiveness

Gilbert and Wong (2003) summarized “Employees are always willing to help”, “Prompt service by employees”, “Employees handle requests/complaints promptly” and “Efficient check-in/baggage handling services” **are the** responsiveness on service quality of airlines. **In addition,** Gilbert and Wong (2003) suggested the importance of “Efficient check-in/baggage handling services” on airlines performance affecting service quality **whilst** Snyder (2014) mentioned “Fast check-in process” could enhance the service quality for satisfying customers.

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### 2.6.5 Facilities

Gilbert and Wong (2003) suggested “Availability of waiting lounges”, additionally, **other factors about facilities and services in-flight were used** in evaluation of customer satisfaction, **such as** “clean and comfortable interiors/seat”, “In-flight entertainment facilities and programmes” and “In-flight internet/email/fax/phone facilities” (David, 2013; Gilbert and Wong, 2003).

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### 2.6.6 Employee

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213 Providing sufficient training to employee ensures company to bring **responsiveness to**  
 214 **customers and show importance of customers** (Ramseook-Munhurrun *et al.*, 2010). Gilbert  
 215 and Wong (2003) suggested “Neat and tidy employees” and “Courteous employees”.  
 216 Furthermore, helpful polite employees affected customer satisfaction on airlines (ACSI,  
 217 2017).

218

219 **2.6.7 Empathy**

220 **Delivering service** with **caring and individualized attention is** vital for providing service  
 221 quality. Many studies listed this dimension to test whether airlines were dedicated on service  
 222 quality (Parasuraman *et al.*, 1985; Parasuraman *et al.*, 1988; Grönroos, 2007; Lovelock and  
 223 Wirtz, 2007). Lai and Wu (2010) suggested “The station staff is professional.”, “The traffic  
 224 hour fulfills passengers’ requirements” and “There are adequate facilities for passengers who  
 225 are physically handicapped” **are important in this dimension.**

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227 **3. Methodology**

228 **3.1 Application of Kano Model**

229 HK Express is the only Hong Kong based low-cost airline, which **has been** founded for 13  
 230 years. However, the effect of passenger expectation on service perception and satisfaction  
 231 had not been fully investigated (Park *et al.*, 2004). Therefore, achieving better understanding  
 232 on **customers**, Kano model would be used to **analyse** the 29 factors derived from the above 7  
 233 dimensions to determine passenger satisfaction and dissatisfaction.

234

235 **3.2 Sampling method and sample size**

236 Questionnaire was used to collect primary data. According to William, Berry, Jon and Mitch  
 237 (2013), **a sample size of** 260 responses are valid for further statistical analysis. Convenience  
 238 sampling approach was used for higher response rate. Totally 260 valid responses were  
 239 collected through face-to-face and online platform from mid-February to early March in  
 240 2018 in Hong Kong.

241

242 **3.3 Questionnaire design**

243 The questionnaire composed of two parts. Part one is about **the** respondents’ perception on  
 244 the air services. All questions were set based on the Kano model to design functional and  
 245 dysfunctional sides. **The** seven dimensions were referred from Lo and Wang (2016), Zhan  
 246 (2015), Gilbert and Wong (2003) **in designing** the questions. The questionnaires are shown in  
 247 Table 2 below.

248

Dimensions	Factors	Descriptions
Empathy	M1	The air ticket fare is reasonable.
	M2	The baggage fee is reasonable.
	M3	The meal cost is reasonable.
	M4	The cost of using recreational facilities is reasonable.
	M5	The fare of seat selection is reasonable.
	M6	The fee of a change is reasonable.
	M7	The fare of provided travel packages with global alliance

		partners' network is reasonable.
	M8	Provide variety duty free product.
Flight patterns	M9	The traffic hour is good for passengers.
	M10	The scheduled flight is sufficient to meet passengers' requirements.
	M11	Various destinations for selection.
	M12	The transfer scheduled is convenient for passengers.
Assurance	M13	Airline staff can fully understand and answer customers' questions.
	M14	Airline provides safe flight.
Facilities	M15	Airline's official website provides sufficient information.
	M16	Airline provides magazines and newspapers for in-flight service.
	M17	Airline can provide easy-to-book website platform.
Reliability	M18	Airline can provide on-time departure and arrival.
	M19	Airline can provide consistent ground/in-flight services.
	M20	Airline can perform service right the first time.
	M21	Airline can provide paid food and beverage service.
Employee	M22	Staff with professional knowledge.
	M23	Staff can proactively provide services to passengers.
	M24	Staff can handle complaints timely.
	M25	Staff can handle unexpected situation well.
Responsiveness	M26	Staff can respond to and resolve passengers' problems instantly.
	M27	Staff can handle passengers' complaint and emergency situation.
	M28	Staff with good-attitude to handle baggage that does not meet the requirement.
	M29	Airline is good at handling damaged baggage.

Table 2. Measurement items in Questionnaires

251 Part two is the demographic information of the respondents that include age, occupation,  
 252 education background and the experience of taking low cost **airline**.

253  
 254 Based on **the** studies by Matzler and Hinterhuber (1998), there were five options for each  
 255 functional and dysfunctional questions: “I like it that way”, “It must be that way”, “I am  
 256 neutral”, “I can live with it”, “I dislike it that way” and the meaning of each option is shown  
 257 in Table 3.

Scale	Meanings of scale
I like it that way.	When an element is sufficient, you feel “like.”
It must be that way.	When an element is sufficient; you feel “must be.”
I am neutral.	When an element is sufficient or not, you feel “neutral.”
I can live with it that way.	When an element is sufficient; you feel “live with.”
I dislike it that way.	When an element is sufficient, you feel “dislike.”

259 Table 3. Meaning of the option of choices

260  
 261 An example of one measurement item is shown in Table 4.

The air ticket fare is reasonable.	If Hong Kong Express Airways Limited <b>DOES providing</b> the following service.					If Hong Kong Express Airways Limited <b>DOES NOT providing</b> the following service.				
	I dislike it that way.	I can live with it.	I am neutral.	It must be that way.	I like it that way.	I dislike it that way.	I can live with it.	I am neutral.	It must be that way.	I like it that way.

263 Table 4. Kano Two-dimensional sample questions

## 264 265 4. Analysis of Results and Discussion

### 266 267 4.1 Descriptive analysis

268 Table 5 shows the analysis of **the** demographics of the respondents in which 103 males  
 269 (30.62%) and 157 females (60.38%). The majority of respondents were between 21 and 30  
 270 years old (47.69%), the group with the highest number was students (37.69%), while  
 271 professional/manager/administrative and white-collar commerce was **the second** and **the third**  
 272 respectively. Nearly half (46.54%) of the respondents had degree or above. The majority of  
 273 the respondents had experience on taking budgeted airlines (76.92%) **whilst** about 84%  
 274 respondents had traveled with HK Express.



Variable	Category	No.	Percentage
Gender	Male	103	30.62%
	Female	157	60.38%
Age	Age 20 or under	22	8.46%
	Age 21-30	124	47.69%
	Age 31-40	46	17.69%
	Age 41-50	48	18.46%
	Age 50 or above	20	7.69%

Table 5. Demographic analysis results

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#### 4.2 Kano model analysis

279 While evaluating the results of the survey, a 5-point scale was used: “1 =I dislike it that  
280 way.”, “2 = I can live with it that way.”, “3 = I am neutral.”, “4 = It must be that way.” and  
281 “5 = I like it that way.” for the options chosen by the respondents. Then the highest  
282 percentage among the totals of each of these categories for a given requirement was picked  
283 as the category for the requirement. Finally, the list of quality requirements was identified.

284

285 As shown in Table 1, the Kano model has 6 classifications of quality attributes, they are  
286 attractive quality (A), must-be quality (M), one-dimensional quality (O), indifferent quality  
287 (I), reverse (R) and questionable (Q) quality, based on the results of functional and  
288 dysfunctional responses towards each item. The results in Table 6 show that there was only  
289 one factor of attractive quality (M17), three factors of must-be quality (M1, M13, M22),  
290 eight factors of one-dimensional quality (M14, M18, M24, M25, M26, M27, M28, M29) and  
291 seventeen factors of indifferent quality (M2, M3, M4, M5, M6, M7, M8, M9, M10, M11,  
292 M12, M15, M16, M19, M20, M21 and M23).

293

Dimensions	Factors	M(%)	O(%)	A(%)	I(%)	R(%)	Q(%)	Cl.
Empathy	M1	<b>28.8</b>	25.0	15.4	28.1	0.4	2.3	<b>M</b>
	M2	25.0	10.4	7.7	<b>45.4</b>	8.1	3.5	<b>I</b>
	M3	18.5	7.7	9.6	<b>50.4</b>	8.8	5.0	<b>I</b>
	M4	10.4	5.4	10.0	<b>61.5</b>	6.9	5.8	<b>I</b>
	M5	15	7.7	7.3	<b>52.3</b>	11.9	5.8	<b>I</b>
	M6	19.6	7.7	7.3	<b>50.8</b>	8.1	6.5	<b>I</b>
	M7	8.5	9.6	20.4	<b>55</b>	4.2	2.3	<b>I</b>
	M8	7.3	9.2	18.5	<b>58.8</b>	4.6	1.5	<b>I</b>
Flight patterns	M9	7.7	23.1	31.2	<b>32.3</b>	1.2	4.6	<b>I</b>
	M10	9.2	28.5	28.1	<b>30.8</b>	0.4	3.1	<b>I</b>
	M11	7.7	20.0	30.8	<b>37.7</b>	0.4	3.5	<b>I</b>
	M12	10.8	24.6	23.5	<b>36.5</b>	1.2	3.5	<b>I</b>
Assurance	M13	<b>31.5</b>	25.8	13.5	25.0	1.2	3.1	<b>M</b>
	M14	32.3	<b>41.9</b>	3.8	18.5	0.4	3.1	<b>O</b>
Facilities	M15	15	16.5	23.1	<b>41.9</b>	1.5	1.9	<b>I</b>
	M16	9.2	6.5	20.4	<b>61.2</b>	1.2	1.5	<b>I</b>

	M17	8.8	21.9	<b>33.8</b>	31.9	1.5	1.9	<b>A</b>
Reliability	M18	19.2	<b>36.9</b>	16.5	25.0	0.8	1.5	<b>O</b>
	M19	17.7	21.9	18.8	<b>38.8</b>	0.8	1.9	<b>I</b>
	M20	17.7	27.3	16.2	<b>35.8</b>	1.5	1.5	<b>I</b>
	M21	6.5	6.9	11.9	<b>61.5</b>	11.2	1.9	<b>I</b>
Employee	M22	<b>31.5</b>	24.2	16.2	24.6	1.2	2.3	<b>M</b>
	M23	18.1	20.8	26.5	<b>32.7</b>	0.0	1.9	<b>I</b>
	M24	20.4	<b>34.6</b>	16.9	25.0	0.4	2.7	<b>O</b>
	M25	19.2	<b>31.2</b>	21.2	25.4	1.5	1.5	<b>O</b>
Responsiveness	M26	19.2	<b>32.3</b>	16.9	27.7	0.8	3.1	<b>O</b>
	M27	16.2	<b>31.5</b>	20.4	28.5	1.5	1.9	<b>O</b>
	M28	18.1	<b>32.3</b>	18.1	29.2	0.4	1.9	<b>O</b>
	M29	22.7	<b>38.5</b>	10.4	24.2	0.8	3.5	<b>O</b>

Table 6. Kano model analysis for classification

#### 4.2.1 Must-be factors

According to the findings shown in Table 6, there were three “must-be factors” identified, they were “The air ticket fare is reasonable”, “Airline staff can fully understand and answer customers’ questions” and “Staff with professional knowledge”.

Firstly, HK Express is renowned as budgeted airline in Hong Kong, there is no doubt that customers will take “price” as one of concerning aspects to evaluate their choices (Barceló and Santesteban, 2017). It might be the reason on high competitive environment of airline industry, there are numerous airline companies for choosing, tourists are willing to spend more during their travel instead of ticket fare.

Besides, staff performance also is an aspect which can influence customer satisfaction towards airline. Therefore, “Airline staff can fully understand and answer customers’ questions” and “Staff with professional knowledge” are integrated in employee aspect for analysis of HK Express. Customers will concern employee performance of HK Express, such as their professionalism, service perceived, and whether the employees could provide expected feedback to customers or not. If must-be factor was absent, customers would generate dissatisfaction which might not be surprising that customers are dissatisfied on HK Express because of immediate cancellation and delay issues recently which leads to customers for baring a risk of delay and sudden changes of their trip. Hence, it might be easily to generate customers’ dissatisfaction.

The results imply two significant issues, the service level by employees and guarantee service offered. As most companies providing budgeted services usually expect the customers can tolerate limited service. The result found here states that it is not true. No matter what price level offer, high level of service is a must factor to satisfy customers. Of course, guaranteed service but finally cancelled is definitely dissatisfying customers at all. Management needs to treat this issue and try their best not to let this cancellation of service happen.

#### 4.2.2 One-dimensional factors

One-dimensional factors are defined as “‘more is better’ but could also be ‘faster is better’ or ‘easier is better’” (Shahin and Zairi, 2009), to achieve and maintain better service quality to customers. It is also called performance factor that creates satisfaction when it exists but generates dissatisfaction when it is absent.

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332 From Table 6, there was difference between the results of this study and other research. For  
333 example, airline safety was a must-be factor for customers in the finding by Basfirinci and  
334 Mitra (2015) whilst it is a one-dimensional factor in this study. It might be due to high safety  
335 standard of airlines in Hong Kong, therefore safety would not be the major concern on  
336 choosing airlines by customers. Additionally, HK Express recently receives the award “Top  
337 10 Safest Low-Cost Airlines” in 2018, which also gives customers confidence on safety.

338  
339 Besides, on-time departure is also a one-dimensional factor for customers in this study,  
340 which shares the same result found by Basfirinci and Mitra (2015) for USA interviewees.  
341 Even though HK Express is well known for its cheap tickets, at the same time it experiences  
342 delay and sudden cancellation issues, which brought negative goodwill for HK Express.  
343 Therefore, HK Express is suggested to pay certain attention on punctuality issue for better  
344 customer satisfaction.

345  
346 Moreover, the “Attitude of staffs to deal with customers” is always delighted on customer  
347 satisfaction. For example, the questions from M24 to M29 focus on the performance of  
348 employees, which show that the most influential factors that affecting customer satisfaction  
349 are related to the interaction between staff and customers. These one-dimensional factors are  
350 similar with other research (Lo and Wang, 2016; Bing and Hsu, 2007). Bing and Hsu (2007)  
351 suggested 52 aspects to examine the factors on influencing satisfaction on airline industry,  
352 while their results share the similarity with this research, such as “Staff can handle  
353 complaints timely” and “Staff can handle unexpected situation well”, these two factors were  
354 also placed as one-dimensional factor in the finding by Bing and Hsu (2007). Besides, the  
355 other four one-dimensional factors found in this study, “The staff can respond to and resolve  
356 passengers’ problems instantly”, “The staff can handle passengers’ complaint and emergency  
357 situation”, “The staff with good-attitude to handle baggage that do not meet the requirement”  
358 and “Airline is good at handling damaged baggage” are also illustrated as one-dimensional  
359 factors in the finding by Lo and Wang (2016). Lo and Wang (2016) also commented the  
360 significance of interaction between staff and customers to enhance customer satisfaction.

361  
362 It further proves the importance of interaction between customers and staff. The interaction is  
363 not only just what the server serves the customers, but also how the server serves. Whether  
364 the customers think that the servers are caring about them and how the server solve  
365 unexpected situation, like sudden problems and complains.

#### 366 367 **4.2.3 Attractive factors**

368 Attractive quality is the requirements beyond customers’ expectation. Kano (1984) referred  
369 this as “surprising quality”. Their absence does not dissatisfy customers, but their presence  
370 delights customers. An attractive quality had emotion associated with it as customers get  
371 more than they are expecting. This type of quality was known as “wow” quality (Breyfogle  
372 *et al.*, 2001).

373  
374 Table 6 shows that there was only one attractive attribute found, which is “Airline can  
375 provide easy-to-book website platform”. The factor is about whether HK Express had good  
376 ticketing reservation system for customers. “The system offers easy-to-book feature” means  
377 the searching and booking processes which are simple and user-friendly for customers.  
378 Customers do not need to read any instructions in all stages of air ticket reservation.

379

380 To satisfy customers by providing services more than customers' expectation is very critical.  
 381 Although it is practically not easier, management needs to aware of this attractive factor and  
 382 provides frequent promotion that over the customers' expectation, such as very special price  
 383 of tickets.

384  
 385 **4.2.4 Indifferent factors**

386 Factors in this category means that customers are indifferent to these requirements.  
 387 Customers usually do not care whether these factors are fulfilled or not (Dehdari and Jafari,  
 388 2013). Therefore, further analysis will not be developed on these factors.

389  
 390 **4.2.5 Questionable factors**

391 As mentioned above that the questionable factors were not considered in this study, however,  
 392 those kinds of questions were included in the questionnaires for control purpose. The results  
 393 of questionable shown in Table 6 proves the assumption of this study as their values all are  
 394 the lowest in each of the items in each dimension of service quality.

395  
 396 **4.3 Importance of factors categorized by Kano model between those who have taken**  
 397 **HK Express before and those who have taken other low cost airline**

398  
 399 Table 7 shows that "Staff could handle unexpected situation well" is a one-dimensional  
 400 factor for respondents who have taken HK Express before, but it was an attractive factor for  
 401 respondents who have not taken HK Express. Respondents have taken HK Express thought  
 402 that "Sufficient scheduled flight" and "Staff can handle passengers' complaint and  
 403 emergency situation" were indifferent factors. On the contrast, respondents have not taken  
 404 HK Express indicated that these were one-dimensional factors. Respondents in this group  
 405 generated different opinions and expectations towards HK Express services and quality of  
 406 staff. Respondents who have taken HK Express might think that insufficient scheduled  
 407 flights and limited capability of staff were reasonable because they know they were having  
 408 services of low-cost carriers. However, those who have not taken HK Express would be  
 409 delighted if HK Express offered such attributes.

410

<b>Taken HK Express</b>	<b>M1</b>	<b>M22</b>	<b>M13</b>	<b>M14</b>	<b>M18</b>	<b>M24</b>	<b>M26</b>	<b>M28</b>
<b>Yes</b>	M	M	M	O	O	O	O	O
<b>No</b>	M	M	M/O*	O	O	O	O	O
<b>Taken HK Express</b>	<b>M29</b>	<b>M25</b>	<b>M10</b>	<b>M27</b>	<b>M9</b>	<b>M12</b>	<b>M17</b>	
<b>Yes</b>	O	O	I	I	I	I	I	
<b>No</b>	O	A	O	O	A	A	A	

411 \*Same score for the two categories

412 Table 7. Factors categorized by Kano mode between those who have taken HK Express  
 413 before and those who have other LCC

414

415 Those factors, "Good traffic hour", "Convenient transfer schedule" and "Easy-to-book  
 416 website platform" are indifferent factors as found above, therefore, respondents who have  
 417 taken HK Express might not consider these factors as attractive factors. "Staff can handle  
 418 unexpected situation well" is a one-dimensional factor for respondents who have taken HK  
 419 Express but is an attractive factor for others. It might be due to their past experience and  
 420 expectation towards the staff of HK Express on handling unexpected situation for those who  
 421 have taken the HK Express before.

422

423 “The reasonable air ticket fare” and “Staff with professional knowledge” are two must-be  
 424 factors. Customers classifies HK Express as a LCC, as a result, their first consideration  
 425 would be on “The air ticket fare is reasonable or not”. It was unacceptable if the fares  
 426 became comparable with those of full-serviced airlines.

427  
 428 There are one-dimensional factors that all respondents agreed with, including M14, M18,  
 429 M24, M26, M28 and M29. Hence, the respondents would not take “Safe flight” as majority  
 430 aspect to decide. The “On-time departure and arrival” would directly influence their  
 431 perception on HK Express, because airlines are expected to strive on punctuality. “Staff  
 432 could handle complaints timely”, “Respond to and resolve passengers’ problems instantly”  
 433 and “Airline is good at handling damaged baggage” are factors that direct interaction were  
 434 built between customers and airline staff. Thus, customer’s perception towards HK Express  
 435 might influence by their interaction with staff.

436

437 **4.4 The coefficient of satisfaction**

438 Table 8 shows the requirements that lead to satisfaction/dissatisfaction and coefficient of  
 439 satisfaction and dissatisfaction.

440

Dimensions	Factors	Extent of satisfaction	Extent of dissatisfaction
Empathy	M1	<b>0.42</b>	<b>-0.55</b>
	M2	0.20	-0.40
	M3	0.20	-0.30
	M4	0.18	-0.18
	M5	0.18	-0.28
	M6	0.18	-0.32
	M7	0.32	-0.19
	M8	0.30	-0.18
Flight patterns	M9	0.28	-0.33
	M10	<b>0.59</b>	-0.39
	M11	0.53	-0.29
	M12	0.50	-0.37
Assurance	M13	0.41	-0.60
	M14	0.47	<b>-0.77</b>
Facilities	M15	0.41	<b>-0.33</b>
	M16	0.28	-0.16
	M17	<b>0.58</b>	-0.32
Reliability	M18	<b>0.55</b>	<b>-0.57</b>
	M19	0.42	-0.41
	M20	0.45	-0.46
	M21	0.22	-0.15
Employee	M22	0.42	<b>-0.58</b>
	M23	0.48	-0.40
	M24	0.53	-0.57
	M25	<b>0.54</b>	-0.52
Responsiveness	M26	0.51	-0.54
	M27	<b>0.54</b>	-0.49
	M28	0.52	-0.52
	M29	0.51	<b>-0.64</b>

Table 8. The coefficient of satisfaction and dissatisfaction

After calculating the results of ES and ED, each factor is assigned into the two axis in a coordinate system with the questionnaire results. The minus sign in front of the CS-coefficient of customer dissatisfaction is to emphasize its negative influence (Sauerwein *et al.*, 1996) that shown on Figure 3. The average of the X and Y axes are both equal to 0.41.

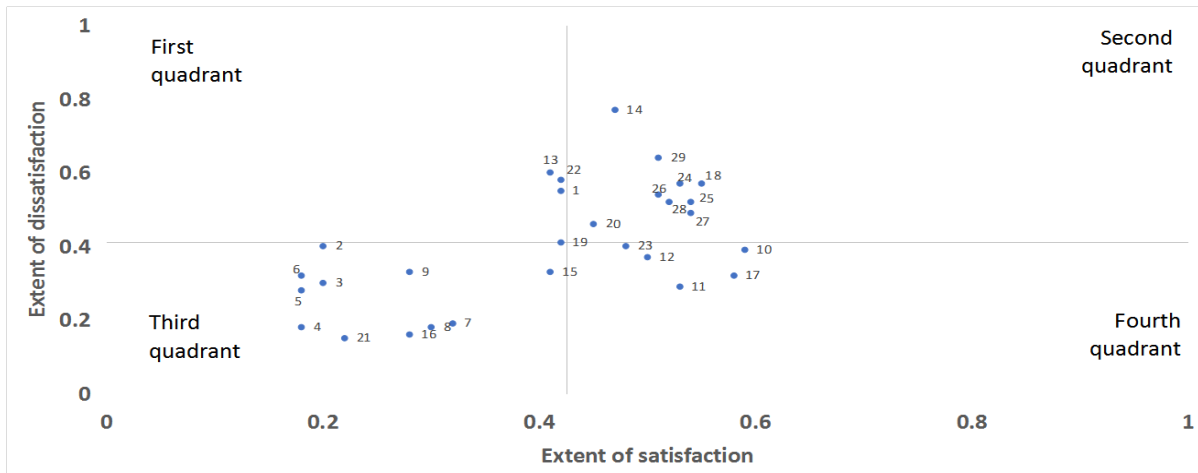


Figure 3. Coordinate System

The coefficients found validate the effectiveness of the Kano method. According to the interpretation of the importance performing as shown in Figure 3 which graphically presents on a grid that divided into four quadrants, the interpretations of these four quadrants are as followings (Hsu *et al.*, 2007):

Quadrant I

The items located in quadrant I on behavior of higher ES and ED coefficients, which are perceived to increase lower extent of satisfaction, but decrease higher dissatisfaction when it is accomplished.

There are three items (M1, M13 and M22) placed in quadrant I. Because of a very little influence on satisfaction by meeting these items, so there is no strong recommendations to improve these items in this area as they are more conservative to decrease dissatisfaction.

Quadrant II

The items located in Quadrant II on behavior of higher ES and ED coefficients, which are to increase higher satisfaction and decrease higher dissatisfaction when those are fulfilled.

In this study, there are nine items (M14, M18, M20, M24, M25, M26, M27, M28, and M29) located in Quadrant II. It is suggested that those items in this area should be considered as higher priority if HK Express would like to make an improvement of service quality.

Quadrant III

The items located in Quadrant III that represent the factors with low ES and low ED.

In this study, ten items (M2, M3, M4, M5, M6, M7, M8, M9, M16 and M21) are identified in Quadrant III. These items in this area have lower level of attention. It is recommended that

478 those factors do not need to be improved when HK Express **does not have much time** and  
479 capital to cater these items.

480

#### 481 Quadrant IV

482 The items located in Quadrant IV **represent** that meeting these factors leads to higher  
483 satisfaction, even if they were not fulfilled, customers would not feel dissatisfied.

484

485 In this research, Quadrant IV included 5 items (M10, M11, M12, M17 and M23). When HK  
486 Express making the marketing strategies, including the items in this area would enable HK  
487 Express to enhance customer satisfaction significantly, for example, providing sufficient  
488 flights to various destinations for customer to choose.

489

### 490 **5. Limitations and Recommendations**

491 This research uses online and offline ways to collect respondents' perception, however there  
492 **are** some limitations as this research only considers about customer's view but not provider's  
493 view. By anglicizing the **differences** between provider and customer would help provider  
494 adjust operational strategies and policies. Besides, due to time constraints, some of the  
495 groups had smaller sample size that might limit the insight of this study, for example, in the  
496 age between 31 and 40 and between 41 and 50. Furthermore, one limitation of **using** the  
497 Kano model **is** that it did not take sufficient account of the degree of importance attached to  
498 certain quality elements. For future studies, other models could be used to evaluate the  
499 degree of importance of the quality elements in supplementing the Kano model.

500

### 501 **6. Conclusion**

502 After defining the objective and factors, the study of the level of importance on different  
503 factors by using Kano model **towards** HK Express were quoted from different literature  
504 reviews, and **this** study **integrates** SERVQUAL service model with Kano model. This  
505 research collected data with quantitative questionnaire by adopting functional and  
506 dysfunctional questions to categorize factors into 6 categories. 29 factors were evaluated in  
507 this research, "The air ticket fare is reasonable.", "Airline staff can fully understand and  
508 answer customers' questions." and "Staff with professional knowledge." **are** identified as  
509 must-be factors, which customers would dissatisfy if HK Express did not provide these  
510 services. **Thus, HK Express should constantly improve their service by their staff even  
511 though they are budgeted airline. It is important business strategy that lower price does not  
512 implies providing lower level of service. HK Express needs to provide more training to their  
513 staff in offering high quality of service.**

514

515 Furthermore, "Airline provides safe flight.", "Airline can provide on-time departure and  
516 arrival.", "Staff can handle complaints timely.", "Staff can handle unexpected situation  
517 well.", "The staff can respond to and resolve passengers' problems instantly.", "The staff can  
518 handle passengers' complaint and emergency situation.", "The staff with good-attitude to  
519 handle baggage that do not meet the requirement.", "Airline is good at handling damaged  
520 baggage." **are** one-dimensional factors. The customers would be more satisfied when HK  
521 Express could fulfill all those elements, but it was not necessary. **However, just recalling the  
522 descriptions above, training to employees in providing qualified service is being a must in  
523 contemporary keen competitive environment.** Besides, one attractive factor **is found** which is  
524 "Airline can provide easy-to-book website platform." It concerns whether HK Express **has** a  
525 good **and user friendly online** ticketing reservation system that customers could search and  
526 book air tickets at anytime and anywhere. **It is not surprising as more tourists, especially with**

527 lower budget in their trips, will book all services through online booking environment, so it is  
528 necessary for HK Express to enhance service in this channel.  
529

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