

## CHAPTER ONE

### 1.0 Introduction

It is believed that the goal of every organization is to meet the needs and the requirements of its stakeholders. Meeting the needs and the requirements of the stakeholders will not only ensure the survival of the organization but also flourish it. Customer is presumed to be one of the most important stakeholders in any organization because without him, organizations are not likely to succeed. Travel trade in Nigeria contributes 6.8% of Nigeria's GDP, INR 2,178.1 Billion to the country's GDP, USD 18.13 Billion in foreign exchange earnings, 3.6 % growth is foreign tourists from May 2015, 39.5 million jobs, 7.7% of its total employment. Total travel agents in Nigeria: 20,000 (approx) doing monthly business.

### 1.1 Background of the Study

The success of airlines depends majorly on the ability to identify customers' wants and needs, and factor it in the quality service that would meet customers' satisfaction. Air transport is the transportation of passengers and cargo by aircraft and helicopters.

Thus, it is a transport mode for the movement or carriage by air of persons or goods using airplanes and helicopters (Don-Beliner 1996). The airline industry is a major player in the world economy as it contributes significantly to the leisure/tourism and is a key element of international business (Tiernan, Rhodes & Waguespack, 2008), with global airline revenues exceeding \$12.9 billion as at 2006 (IATA, 2007).

The aviation industry in Nigeria is a major player in the economy owing to its substantial contribution to ease of movement within the country especially in the face of infrastructural decay (poor and insecure road transport system) in the recent years. Nigerian Airways was established in October, 1958 as a joint venture between the Nigerian government's lines and the British Overseas Airways Corporation (BOAC) while the Nigerian Airways took over the operation of domestic flights from the disbanded West African Airways Corporation (WAAC) which had been operating commercial aircraft within the country since 1946 (Filani, 1983). In 1963, the Nigerian Federal Government bought out the other shareholders and the Nigerian government became the sole-owner of Nigeria Airways. The airline has monopoly for providing domestic air services in Nigeria and also the national flag carrier for international services. According to Filani (1983), in 1976, within Nigeria several charter companies joined the Nigeria Airways to operate additional flight in small aircraft from Lagos to the main economic centres in the Southern and Northern parts of the country. The Nigerian government realizing the role of air transport in the Nation's development made significant attempts to develop the country's aviation industry. The most massive was the 1975-1980 airport development programme in which the Murtala Mohammed airport complex was about N240 million (Filani, 1983). Six other airports in Kano, Ilorin, Kaduna, Sokoto, Port Harcourt and Maiduguri were developed to accommodate large aircrafts. Apart from these airports development programme the Federal government also intensifies manpower development in the aviation industry. But due to the efficiency of the sector, the aviation industry was liberalized to allow private owners to compete favourably in the business.

Port Harcourt International Airport (IATA: PHC, ICAO: DNPO) is an international airport located in Omagwa, a suburb of Port Harcourt city in Rivers State, Nigeria. The airport consists of a single terminal with separate facilities for international and domestic flights. In 2009, the airport served 1,081,587 passengers, making it the third busiest airport in Nigeria.

This lead increase of number of operators and perceived frequent flyers in the industry which does the perceived service value and quality often reflect the customers' level of satisfaction with the airline and show intention to repatronize the service (FMA, 2012).

According to Nigerian Airport Authority (FMA, 2012), from visiting family and friends to shipping high value products, 8.3 million passengers and 181,000 tonnes of freight travelled to, from and within Nigeria; domestically, more than 66,800 flights make over 75 million seats available to passengers, destined to 18 airports as at years 2011 and 2012.

Since success of airlines in Nigeria will be its ability to identify customers' wants and needs, gather them up and then come up with quality service that would meet customers' satisfaction it is important that researches on assessing the determinant of choice of airline should be continuous as this will assist all the stakeholders survive in their strive to suppress competition by attempting to bridge the existing gap between customers' service expectations and the quality of service offered by them to fly within Nigeria.

In Nigeria, the value of consumer benefit varies because of how often they fly, and the value a passenger attach to additional flight will in general fall. This is consonance to the law of diminishing returns which states that affirming that to continue after a certain level of performance has been reached, will result in a decline in effectiveness (Case, Karl & Fair Ray (1999).

## 1.2 Statement of the Study

Since, the success of airlines depends majorly on customers' whereby, without them an organization cease to exist, it is therefore, importance to identify their wants and needs, and factor it in the quality of service to be rendered to the customers. A major problem to the aviation industry in general (Nigeria) is the cost of flight, the route that are available and the durability of the aircraft in terms of the life span of the aircraft in use.

Hence, this study examines if the Nigerian Passengers that fly within Nigeria get the value of the expected fare paid for the flight, fully satisfied with the services delivered or the air fare exceeds the perceived value gotten from the flight and with the less value or satisfaction gotten through air transport.

The quality of service the customers perceived most time are not the quality of service the customer gets at the end.

Quality of service do not match to the cost of service.

## 1.3 Objectives of the Study

The objective of the study is therefore to:

- 1) Investigate the service delivery of Rivers state Aviation industry if it meets the customers satisfactory and value
- 2) To identify customer's perceived value and needs, his satisfactory level.
- 3) Examine how the passengers' socio-economic status affects choice of airline.
- 4) Analyze the impact of perceived value on customer satisfaction in Nigeria Aviation Industry.
- 5) Analyze the impact of service quality on customer satisfaction in Nigeria Aviation Industry.

## 1.4 Research Question(s)

This research addresses the following questions related to services provided by airline travel agents in Rivers state:

- a) Which service quality dimensions are the best predictors of overall service quality in terms of satisfaction in the service sector?
- b) Do customers perceive value influences their satisfaction level on the choice of airline

### 1.5 Research Hypothesis

Consequently the proposed hypothesis of the study is;

H01: There is no significant relationship between service quality and satisfaction of air travelers in Nigeria.

H1: There is significant relationship between service quality and satisfaction of air travelers in Nigeria.

H02: There is no significant relationship between perceived value and air travelers' satisfaction in Nigeria.

H2: There is no significant relationship between perceived value and air travelers' satisfaction in Nigeria.

H03: Socio economic attribute of airline travelers do not influence the choice of airline.

H3: Socio economic attribute of airline travelers does influence the choice of airline.

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