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THE MEDIATING INFLUENCE OF PASSENGER SATISFACTION ON THE RELATIONSHIP BETWEEN PASSENGER LOYALTY PROGRAMMES AND PASSENGER LOYALTY

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Abstract The dynamic nature and the intense competition in the airline industry results in a need to craft innovative mechanisms that enforce customer loyalty. The study focuses on the mediating effect of passenger satisfaction on the relationship between loyalty programmes and passenger loyalty in the airline industry. The study complements previous research by producing evidence on customer loyalty in the airline industry in a developing country context. The regression findings confirm the hypothetical prediction that customer satisfaction mediates the relationship between loyalty programmes and customer loyalty. The results reveal that customer satisfaction leads to customer loyalty and that loyalty programmes positively impact customer satisfaction. The findings have implications for managers of airlines fling routes in Southern Africa who are encouraged to invest in loyalty programmes in order to enforce passenger satisfaction and loyalty. Although previous research has examined customer loyalty and its antecedents, the mediating role played by customer satisfaction on the relationship between customer loyalty programmes and customer loyalty still remains to be further investigated particularly in the context of the airline industry in Southern Africa.

JEL Classification: M10

Key words: airline, service quality, safety reputation, loyalty programmes, customer satisfaction.

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