

# Competition among airlines: air mauritius

[Environment](#), [Air](#)



## CHAPTER 1

### 1. 0Introduction

The Air Mauritius was created in the year 1967 which helped connecting our small island to the rest of the world. The company now has direct flights throughout Africa, Australia, Asia and Europe which sums up to around 20 regional and international destinations (Air Mauritius, 2013). Voted best Airline in the Indian Ocean (according to the World Travel Awards, 2013), the company represents Mauritius and is the only airline company of the country till date, hence its flag carrier. The latter boasts to give unique, high quality services and a special attention to its customers (Air Mauritius, 2013).

According to its Annual Report 2012/2013, the company currently has 2, 340 employees, 12 aircrafts in their fleet serving 19 destinations. Having had a turnover of EUR 450 Million, Air Mauritius offered 1. 8 Million seats but carried only 1. 3 Million passengers and had only 10, 080 number of flights during the 2012-2013 period (Air Mauritius Annual Report 2012-2013). These statistics show that 500, 000 seats remained unsold which might be due to the recession affecting our main tourist market; Europe. However, Air Mauritius has slowly recovered from major losses in the previous years. In the 2011-2012 period, the company accounted for a net loss of EUR 29. 4 Million but for the current period of 2012-2013, there was only a net loss of EUR 2. 5 Million (Air Mauritius Annual Report 2012-2013). Making losses is always bad for business but the recovery was amazing and we hope to see more of it in the upcoming years.

Even though Air Mauritius recovered from losses, the company was not able to match the sales and revenue of previous years which proves the fact that the company is losing some of its customers. The company is partly owned by the government with 51% shares and 41% going to the shareholders. They all have a major role to play in order to protect the national flag carrier from stiff competition and the current economic crisis. It is very crucial for Air Mauritius to preserve its customers and attract new markets because the tourism industry heavily depends on it. The tourism industry is the main revenue generating industry in Mauritius and by being the only flag carrier; Air Mauritius plays an important role in the success of this economic pillar. Most of the tourists come to the island by air and we all want them to use Air Mauritius instead of coming through our fierce competitors like Air France, British Airways and Emirates.

Air Mauritius is currently negotiating with Air France for a strategic partnership since the negotiations have failed with Emirates (BusinessMega. mu, 2013). Now that the company is focusing more on the Asian market, Air Mauritius is developing new strategies to increase the capacity of passengers to and from China, Singapore and Kuala Lumpur (CAPA, 2013). The company also increased the frequency of flights mainly to China and India in order to attract tourists from the current profitable target market of the tourism industry. In February 2013, the government of Mauritius and the Republic of Maldives have both signed a bilateral agreement which aims to target the Chinese market, especially with destinations like Beijing and Hong Kong where both the Air Mauritius and Mega Maldives Airlines will offer direct services (Gov. mu, 2013). In mid-2012, Air Mauritius has formed a codeshare

partnership with Air Austral which has had some financial difficulties just like our own flag carrier. The codeshare partnership helped to restoring the Mauritius-Perth route several times per week (CAPA, 2013). Both Air Mauritius and Air Austral agree that Australia is a great potential destination for growth.

A flag carrier is very important for countries that have it. It represents the image of the country but most importantly, it provides preferential rights, privileges and facilitates certain agreements with other countries. The government of Mauritius has recently decided to go towards an open sky policy for its flag carrier instead of sticking with the old limited sky policy. They are trying to imitate Emirates which has its success thanks to the open sky policy (Hough, 2013). This will prove to be successful for Mauritius only when sales at Air Mauritius are boosted again and there are more tourist arrivals.

The local government has a forecast of 1 million tourist arrivals for the current year of 2013, which represents an increase of about 2.5% compared to last year (BusinessMega. mu, 2013). However this will not be possible without the help of Air Mauritius since most of these tourists will rely on air travel to come here and they may opt for other rival airline companies because of flight prices. Air Mauritius plays a major role in the economy of Mauritius and helped the tourism industry grow throughout its operational years and this is still an on-going process despite the company is suffering an economic turmoil (Prayag, 2007).

The company's fleet consists only of Airbus aircraft fitted with modern equipment and is approved by the European Aviation Safety Agency. On-board the Air Mauritius, there are many services like the inflight entertainment, meals, duty free sales and magazines. The on-board menu consists mainly of the Mauritian cuisine but draws its inspiration from all around the world offering Asian, Indian and European flavours. The company also has certain strict no-pork and no-beef policies and even have special meals for needy people, like the diabetic meal for example (Air Mauritius, 2013). On its official website, the company describes the various types of meals that it can offer to its passengers. Some of these are the vegan meals, vegetarian meals, kosher meals, low-fat meals, child meals, baby meals and much more. This is quite an interesting strategy to satisfy customers and make them feel that they are well taken care of at Air Mauritius.

Furthermore, the on-board entertainment includes popular Hollywood and Bollywood movies and documentaries to watch. There are various types of music to listen to and there are also some games for avid gamers or children.

There exist two classes of travel with Air Mauritius; the Economy class and the Business class. In the economy class, the company boasts to have large passenger space with a 79cm pitch which provides a comfortable and relaxing flight experience (Air Mauritius, 2013). It is not an important factor which customers are concerned about but it is good to know that the economy class has a seating configuration of 2-4-2 layout with two final rows of 2-3-2 for a total of 265 economy seats (The Sydney Morning Herald, 2010). This setting is mainly for the Airbus A340E and of course there are

certain various depending on the model of the aircraft. Seating arrangements in the business class have recently been upgraded with new lie-flat seats on the Airbus A340 and A330 (Air Mauritius, 2013). These seats provide the passengers with some privacy and better comfort than the previous ones. They are large enough to accommodate any type of person. Its functions are well in grasp of the passenger thanks to a remote control. The lie-flat seats also come with a massage option.

Air Mauritius offers different flight check-in options for its customers. One may check in online on their official website and at the Sir Seewosagur International Airport or at various other airports like the Paris Charles de Gaulle, London Heathrow, Beijing Capital International Airport and much more. They also have a premium check-in reserved for business class passengers available at every airport. On its website, the company offers adequate accurate information about the check-in process and offers even FAQs to help out lost customers. These customers will also get help from Air Mauritius staff either at the head office found in Port Louis or at the SSR International Airport whenever they feel the need to.

The Amédée Maingard Lounge is the principal lounge of Air Mauritius at the airport terminal. The lounge offers assistance from staff, books & magazines, TV, business centre with computers, WIFI, children's play area, and a bar & buffet area offering a wide array of food and beverages. Surely, all these come at a price. Business class passengers and Kestrelflyer Elite members have free access to the lounge. However an economic class passenger may get access as well depending on availability and at some prices. Normally an

adult will pay MUR 2000, MUR 1000 for a child and free access for an infant (Air Mauritius, 2013). But these tariffs are subject to change anytime.

Recently, the SSR International Airport underwent major upgrades and introduced its new terminal which came into operation on 12 September 2013. The new terminal consists of three levels where the ground level where domestic arrivals and departures are taken care of. Then, level 1, where the Air Mauritius Lounge is situated alongside check-in counters and finally level 2, where international arrivals are taken care of. The Air Mauritius has been waiting for this upgrade eagerly and expects to increase customer satisfaction through a newer servicescape (Air Mauritius, 2013). With all these said, Air Mauritius expects to increase its number of customers while retaining the current ones and start making more profit again, in the years to come.

One of the biggest advantages of travelling with Air Mauritius is that the company holds a perfect flight safety record and is the safest company to fly with in the Indian Ocean (World Travel Awards, 2013). This perfect record contributed into our flag carrier winning the Indian Ocean's Leading Airline Award for 9 consecutive years. The record suggests that an Air Mauritius plane never crashed or killed anyone on-board due to safety issues.

However, some planes experienced some technical faults whether in flight or on ground which also lead to delays in departure or arrivals. Just recently, in October 2013, the MK 034 flight had some major technical issues when leaving Plaisance for Paris. Only ten minutes after taking off, one of the engines blew out and caught fire mid-air causing the plane to lose speed and

altitude. The pilot informed the passengers about the incident and decided to drop fuel at sea in order to be able to land back at the SSR International Airport. The process took hours but MK 034 landed safely with panicked passengers. The plane was then grounded for repairs and replaced by another one to get the passengers to destination, Paris. It all occurred between 22h50 and 02h22 which caused a huge delay and a series of other flight delays the coming days because of a grounded aircraft (L'express. mu, 2013). These technical issues occur with almost every airline company in the world. The positive point for Air Mauritius here is that the pilot was able to get the passengers back on land safely.

## 1. 1Problem Statement

Air Mauritius holds a strong leading position in Africa among the competition, however many airlines have surpassed the company, globally speaking (Prayag, 2007). Nowadays, we have companies like the Emirates, Air France, British Airways, Etihad Airways, Air Seychelles, Condor, Thomas Cook and Lufthansa who have become great examples of successful airlines which are currently in direct competition with Air Mauritius (Business Excellence, 2013). They started small-time somewhere, just like the Air Mauritius but are now leaders of the skies ahead of our flag carrier. However, the company is going to show that it is still a competitor to look out for among its competitors since Air Mauritius is planning to increase flight frequencies of certain destinations like Johannesburg and Beijing which will help reinforcing their connectivity across the globe.



Since Europe has been affected by the economic crisis lately, the numbers of tourist's arrivals have largely decreased. This is why the government of Mauritius has decided to re-orient the tourism industry towards a new market in order to increase demand. That new market is no other than Asia, targeting most precisely India and China. Thanks to this change, we can now clearly see why the Air Mauritius has increased flight frequencies towards these destinations and is constantly bombarding the general population with promotional packages to Beijing, Hong Kong or Mumbai. The "limited sky policy" and "no charter flights" helped boosting sales of the company in the past but recently in order to increase tourist arrivals and due to stiff competition, the local government is considering an "open sky policy" for a better future of the economy of the island (Prayag, 2007). This is being implemented because the government aims to boost tourist's arrivals and expects millions of tourist arrivals every year. If this proves to be a successful step, the main economic pillar of the island; the tourism industry, will prosper and eventually increase the revenue of the country.

Having an excellent customer satisfaction is a great asset for an airline company as it will help with customer retention and the company will keep on achieving its primary goal; that is, making profit. But it seems that the Air Mauritius has not been able to satisfy all the customers lately. According to a reliable website that provides real customer reviews and much more information about airlines, Skytrax. com 2013, the service at Air Mauritius has worsened. Customers are complaining about poor food quality, rude on-board staff, uncomfortable seats, boring entertainment and the fact that the company is still using old aircraft with old technology while every other

airline are investing on newer planes. These comments affect service quality and perception of customers in a negative way. Word of mouth may worsen the case and people will tend to think twice before buying a ticket at the Air Mauritius in the near future. Of course, whether they are true or not, these are just statements and it is my duty to carry out this research in order to find out what is really happening about the service given to customers at the Air Mauritius.

In today's competitive airline environment, the on-board services of an airline are one of the aspects that customers lookout for before purchasing an airline ticket (Namukasa, 2013). Having poor inflight services will push these customers away from the airline company and they will tend to opt for another rival company. This is why the level of service quality must stay high at all times for an airline company or else it will not survive the stiff competition (Archana and Subha, 2012). There have been so many studies which examine the influence of airline service quality on passenger satisfaction and loyalty, for example, Archana and Subha (2012) in India, Huang (2009) in Taiwan and Munusamy *et al.* (2011) Malaysia but none for Mauritius, this is why this study is important.

### 1. Aims and Objectives of the study

The principal aim of this case study is to analyse how service quality has a major influence on passenger satisfaction and loyalty specifically at the Air Mauritius. This will be done by carrying out several in-depth data analysis and the collection of customer feedback as well. The study will help to

identify areas where customer expectations are not being met at Air Mauritius and find recommendations to tackle these flaws.

The specific objectives are:

- To understand the importance of Air Mauritius for the Mauritian economy.
- To examine the relationship between pre-flight service quality and passenger satisfaction together with passenger loyalty.
- To analyse the relationship between in-flight service quality and passenger satisfaction together with passenger loyalty.
- To assess the relationship between post-flight service quality and passenger satisfaction alongside passenger loyalty.
- To assess whether airline service quality has an impact on passenger satisfaction and loyalty and what are the positive and negative impacts, if any.
- To make recommendations, based on the results of the study.

### 3. Outline of study

Chapter 1 introduces the subject matter including the tourism industry, the airline industry and the airline company involved in this research. It also describes the economy of Mauritius and how dependant the island is on its flag carrier for the survival of the tourism industry which is the main source of income for the country. The aims and objectives of this researched are also given in this introductory chapter.

Chapter 2 is the bulkiest of all and lays the foundations of this research with definitions, empirical studies and examples from other studies. It covers

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service quality in the tourism industry and in airline companies and describes the instrument used for this study. This chapter also defines the service quality in pre-flight, in-flight and post-flight services related to customer loyalty and satisfaction.

Chapter 3 gives enough detail about the methodology used for this research and how the sample size, the questionnaire and the whole research was designed.

Chapter 4 lays emphasis on the results of the survey carried out, together with appropriate discussions to interpret these results. This chapter makes good use of charts and tables to interpret the results of the study.

Chapter 5 is the final chapter of this research and is all about the conclusions and recommendations of the study. It proposes different approaches that Air Mauritius might take in order to improve its services and attract more customers. This chapter also includes the recommendations made by the survey participants and also depicts the survey limitations and what can be done in future researches in order to tackle these limitations.