



Project Proposal Research Proposal (Phase 1)

Group Members:

Shwetha Lokeshkumar
Swetha Pothu
Reilly Bronson
Skylar Schmidt
Vaibhavi Shastri

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Dr. Ayan Ghost Dastidar

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1) Marketing Research Problem

- 2) The motivation behind your research problem/opportunity and why it is important to the firm/industry/marketers
- 3) Firm & Industry Background
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Industry Background

The airline catering industry is vital to the aviation sector, providing food and beverage services to millions of passengers on domestic and international flights. In 2020, the industry was valued at over \$4 billion, and it is expected to experience significant growth in the next decade (Statista, 2023). This growth is majorly driven by factors such as increased air travel, a growing demand for high-quality and diverse in-flight meals, and a shift towards more sustainable and health-conscious food options. Airline catering plays an essential role in the customer experience and significantly impacts customer satisfaction and loyalty. There is an increasing trend towards accommodating various dietary preferences, with options like keto, vegetarian, vegan, and gluten-free becoming increasingly common (WTCE, 2023). However, the industry faces challenges in maintaining food quality and taste, particularly under the unique conditions of air travel that alter the taste perception.

As the industry evolves, there is a clear trend towards personalized and health-conscious catering options to meet customers' demands. The challenge lies in the logistical complexity of delivering a large volume of meals across different regions while maintaining consistent quality and meeting diverse cultural and dietary requirements. However, the challenges also bring opportunities for innovation. There is a growing market for premium catering services that provide high-quality, restaurant-style meals on board. Furthermore, the industry can lead in sustainability by introducing innovations in food sourcing, packaging, and waste management, setting new standards for environmental stewardship in the aviation sector.

The airline catering industry is dominated by a few major players, including Gategroup, LSG Sky Chefs, Data, etc. These companies have extensive global networks, serving airlines worldwide. They compete based on factors such as price, service quality, and their ability to meet the specific needs of airlines and passengers. In conclusion, the airline catering industry faces

challenges and opportunities arising from evolving consumer expectations and global health concerns. As it adapts to these new challenges, the industry's ability to innovate will be crucial for its continued success and growth.

Problem Definition

In 2020, the global airline catering industry was valued at over 4 billion U.S. dollars, with projections indicating a potential fivefold increase within the next decade, according to Statista. This significant growth underscores the escalating importance of in-flight catering as a critical component of the airline service offering. Concurrently, there has been a marked shift in consumer preferences towards health-conscious eating trends, including keto, vegetarian, and gluten-free diets. This shift is largely driven by Millennials and Gen X/Y demographics, who are now flying more frequently and demanding higher standards in food quality, variety, and transparency (Eureka, 2022). The trend towards "food-consciousness" emphasizes passengers' desire for clarity on the ingredients in their meals, with a preference for all-natural ingredients over chemical and artificial additives.

Alaska Airlines, as highlighted by Business Travel USA, has been at the forefront of adapting to these evolving customer preferences by implementing changes such as eliminating plastic straws in favor of more sustainable options. This move is part of a broader industry trend towards environmental sustainability and transparency in catering practices.

However, the unique conditions of air travel, including reduced humidity, lower air pressure, and elevated background noise, significantly impair passengers' ability to taste food, as reported by Katia Moskvitch for the BBC. These conditions have traditionally led airlines to opt for meals high in sodium, carbohydrates, and fats to compensate for the diminished taste

experience. Creating healthy yet flavorful food options that can overcome the taste challenges posed by the in-flight environment presents a significant hurdle for airline caterers.

Therefore, the overarching challenge for the airline industry lies in balancing these multifaceted demands, enhancing food offerings to meet the health and dietary trends of a changing passenger demographic, ensuring transparency and sustainability in catering practices, and navigating the physiological limitations to taste experienced by passengers in flight. Additionally, the need to cater to a religiously and culturally diverse passenger base further complicates the provisioning of in-flight meals. This complex interplay of factors defines the critical management decision problem facing airlines today: how to innovatively adapt their in-flight food and service offerings to improve overall passenger satisfaction and loyalty, thereby bolstering customer retention and driving profitability in a highly competitive and rapidly evolving market landscape.

Management Decision Problem: How can the airline enhance its in-flight food offerings and associated customer service to improve overall passenger satisfaction and loyalty, thereby increasing customer retention and profitability?

Research Question 1: What are the current levels of passenger satisfaction with the airline's in-flight food offerings and customer service?

Research Question 2: How do passengers perceive the value of the airline's in-flight food offerings in relation to their cost?

Research Question 3: What specific aspects of customer service during mealtimes are most impactful on passengers' overall flight experience?

Research Question 4: To what extent do customization options (such as dietary accommodations and choice of meals) influence passenger satisfaction?

Research Question 5: How does the presentation and quality of in-flight food affect passengers' perception of the airline's brand?

Motivation

The motivation behind choosing the outlined research is to address the evolving landscape of airline catering and passenger preferences. This industry faces several challenges, including adapting to changing dietary trends, ensuring sustainability and transparency in catering practices, and overcoming the physiological limitations to taste experienced by passengers during flights. Additionally, the need to accommodate diverse religious and cultural dietary requirements further complicates the provisioning of in-flight meals.

Understanding passenger satisfaction with in-flight food offerings and associated customer service is crucial for airlines to enhance overall passenger satisfaction and loyalty. By investigating current levels of satisfaction, perceived value of food offerings, and the impact of customer service during mealtimes, airlines can identify areas for improvement and tailor their offerings to better meet passenger expectations.

Furthermore, assessing the influence of customization options, such as dietary accommodations and meal choices, on passenger satisfaction and loyalty can help airlines determine the importance of catering to individual preferences. This information can inform decision-making regarding menu options and service protocols to enhance the overall passenger experience.

Additionally, examining the correlation between the presentation and quality of in-flight food, passengers' perception of the airline's brand, and their likelihood to recommend the airline to others

provides insights into the branding implications of catering practices. Airlines can leverage this information to strengthen their brand image and attract more customers through positive word-of-mouth recommendations.

Overall, addressing these research questions is important for airlines to remain competitive in a rapidly evolving market landscape. By enhancing in-flight food offerings and associated customer service based on passenger feedback and preferences, airlines can improve customer satisfaction, increase loyalty, and ultimately drive profitability.

Hypotheses

Based on our Research Questions and literature analysis on airline catering. We have created the following hypotheses on customer preferences for airline food and associated experiences.

1. When booking a flight, dietary considerations are a significant factor for customers
 - a. H0: Dietary preferences, such as vegan, keto, and all-natural ingredients, do not significantly influence passengers' decisions when booking flights.
 - b. H1: Dietary preferences, such as vegan, keto, and all-natural ingredients, do significantly influence passengers' decisions when booking flights.

Reasoning: The rising trend in health-conscious eating and the increased demand for dietary accommodations reflect broader societal shifts towards wellness and personalized nutrition. Millennials and Gen X/Y, identified as key demographics in the airline market, particularly value customization and healthful options in their food choices. This demographic is predicted to make purchasing decisions that align with their lifestyle and values, including when choosing airlines.

2. Customers are willing to pay more money for a flight if they perceive that flight as having higher quality foods than its competitors

- a. H0: Passengers are not willing to pay a premium for flights that offer superior quality and variety in in-flight food options.
- b. H1: Passengers are willing to pay a premium for flights that offer superior quality and variety in in-flight food options.

Reasoning: As the airline catering industry grows and evolves, passengers are seeking more than just transportation; they are looking for an enhanced travel experience, which includes the quality of in-flight meals. High-quality, diverse food options can differentiate an airline in a competitive market, contributing to a passenger's overall satisfaction and perception of value. This is supported by consumer behavior theories that suggest customers are willing to pay more for products and services that meet their specific preferences and provide superior experience.

- 3. Passengers believe that sustainable food packaging is an important trait when booking a flight
 - a. H0: Sustainable food packaging does not significantly influence a passengers' choice of airline.
 - b. H1: Sustainable food packaging significantly influences passengers' choice of airline.

Reasoning: Environmental concerns have become increasingly central to consumer choices across sectors, including air travel. The trend towards sustainability, including the use of eco-friendly packaging, resonates with a growing segment of the population concerned about their environmental footprint. Airlines that adopt sustainable practices, such as Alaska Airlines' switch to paper straws, are likely to appeal to environmentally conscious passengers, influencing their choice of carrier.

4. The overall catering experience is an important part to the customer when choosing which airline to book
 - a. H0: Customers do not care about the overall catering experience when booking a flight.
 - b. H1: Customers do care about the overall catering experience when booking a flight

Reasoning: The overall dining experience on flights, encompassing food quality, variety, presentation, and service, plays a significant role in passenger satisfaction. This is particularly relevant in an era where passengers have more choices and are increasingly focused on the value and quality of services received. The overall catering experience can significantly impact a passenger's decision to book with a particular airline, as it contributes to the perceived value and enjoyment of the flight.

5. Airline catering that conforms to a passenger's religious belief and cultural values is a significant part of choosing which airline to book, widening the menu to be specialized towards more diverse backgrounds will increase sales.
 - a. H0: Offering meals that are compliant with various religious dietary laws does not significantly increase the preference of passengers of those faiths towards the airline.
 - b. H0: Offering meals that are compliant with various religious dietary laws significantly increases the preference of passengers of those faiths towards the airline.

Reasoning: The global traveler population's diversity, including many adhering to religious dietary laws (e.g., Islam, Judaism, Hinduism), significantly influences their travel preferences. Adhering to these dietary restrictions is crucial for these passengers, making the availability of religiously

compliant meals (Halal, Kosher, vegetarian for Hindu practices) essential for their satisfaction. This hypothesis leverages cultural sensitivity theory in service, positing that accommodating religious dietary needs enhances customer satisfaction and loyalty. Airlines that offer such meals show respect for cultural diversity, encouraging passengers who require religious dietary accommodations to prefer these airlines for their travel needs.

6. Offering only gluten-free carb options for snacks would make the airline seem more progressive to passengers and therefore increase sales.
 - a. H0: Providing exclusively gluten-free snacks onboard does not significantly enhance the passenger's snack preferences
 - b. H0: Providing exclusively gluten-free snacks onboard significantly enhances the preference of a broader passenger segment, not just those with gluten intolerances.

Reasoning: Offering gluten-free snacks meets the increasing demand for healthier, more inclusive food options, appealing not just to those with gluten intolerances but also to a wider audience adopting gluten-free diets for lifestyle reasons. This approach helps align with current health trends, potentially enhancing passenger satisfaction and loyalty by promoting a health-conscious and inclusive brand image.

Theoretical Framework

Providing summary of each theory below.

Theory of Planned Behavior (Ajzen, 1991): According to this idea, people's attitudes, perceptions of behavioral control, and subjective norms all impact their actions. Regarding aircraft catering, passengers' views regarding wholesome, environmentally friendly, and culturally suitable food

alternatives, together with their understanding of social norms and their ability to make their own dietary decisions, may impact their tastes and actions.

Expectancy-Value Theory (Fishbein & Ajzen, 1975): According to this idea, people's attitudes and behaviors are shaped by their perceptions of the effects of their actions and how much weight they assign to those effects. Travelers may select airlines according to how much importance they place on the caliber, diversity, and cultural suitability of the onboard meals.

Perceived Value Theory (Zeithaml, 1988): According to this idea, customers assess goods and services according to how much they believe they will gain in comparison to what they think they would lose. If passengers believe the value of the in-flight experience outweighs the additional expense, they might be ready to pay a premium for flights that offer better in-flight cuisine.

SERVQUAL Model (Parasuraman, Zeithaml, & Berry, 1988): Five aspects of service quality are identified by this model: tangibles, responsiveness, assurance, empathy, and dependability.

Within the realm of airline catering, these aspects could encompass elements like meal delivery precision and consistency, cabin staff education and courtesy, food presentation and flavor, capacity to meet dietary needs, and service timeliness.

Perceived Service Quality Model (Grönroos, 1984): According to this paradigm, functional quality—the method by which services are provided—and technical quality are the two main factors used to assess service quality (the outcome of the service). When it comes to aircraft catering, the cabin crew's service may be considered functional quality, but the meals' flavor, variety, and appropriateness may be considered technical quality.

Cultural Intelligence Theory (Earley & Ang, 2003): According to this hypothesis, people who possess greater levels of cultural intelligence are more likely to be able to adjust to and perform well in contexts that are culturally diverse. Passenger happiness and loyalty may increase when

airlines exhibit cultural intelligence by providing meals that satisfy various religious and cultural dietary requirements.

Cultural Sensitivity Theory in Service (Warden, Liu, Huang, & Lee, 2003): According to this hypothesis, service providers will see an increase in customer satisfaction and loyalty if they show cultural sensitivity by tailoring their offerings to the requirements and preferences of various cultural groups. Airlines may be seen as more understanding and accommodating to the demands of their varied customer base if they provide lunch alternatives that are suitable for the culture of the passengers.

This study aims to examine how airlines may increase customer retention and profitability by improving in-flight food selections and customer service, improving passenger satisfaction and loyalty. What is the current level of passenger satisfaction with the airline's in-flight food offerings and customer service? These are the research questions.

- What effects might invest in better in-flight food offerings and customer service training have on revenue and profitability?

This study investigates how airlines can boost passenger satisfaction and loyalty by improving in-flight food options and customer service. This will increase customer retention and boost airline profitability. The following are the research questions: How satisfied are customers currently with the airline's in-flight food selection and customer service?

- How might spending money on better in-flight food services and customer service training affect revenue and profitability?

This study can offer a thorough grasp of the factors influencing passenger happiness and loyalty to airline catering services by including these theoretical frameworks in the research. Insights into

passenger tastes, expectations, and behaviors about in-flight food offerings and customer service can also be obtained from it. This research can contribute to the enhancement of in-flight food service strategies and customer service training programs for airlines, leading to higher customer retention, positive word-of-mouth, and increased profitability. However, this research also has some limitations, such as the generalizability of the findings, the validity of the measures, and the data's reliability. Therefore, future studies may need to address these issues and explore other aspects of in-flight food service, such as sustainability, health, and innovations.

Research Design, Approach, Variables & Data Requirements

To gather our research regarding airline food, we will be using exploratory research methods. “Exploratory research is a methodological approach that investigates research questions that have not previously been studied in depth” (George, 2023). Our data collection will be in the form of qualitative data. Additionally, we will be utilizing primary data in our research. Primary research is data collected firsthand. Our specific form of data collection will be surveys, where participants will be asked questions regarding their experience with airline food.

Identifiable variables in this project are demographic, psychographic, and behavioral variables. Demographic variables include factors such as age, gender, and income. Income levels affect how often and if a participant in the research has flown on a flight offering food. Age also plays a role in the responses we receive. Asking a young child their opinion on the quality or type of food served will not be as beneficial as asking an older adult with a more sophisticated taste for food.

Psychographic variables include customers' attitudes, interests, and values. To measure psychographic variables, we will survey participants. “Psychographic variables can be measured

using surveys, interviews, focus groups or online tools that assess customer personality traits and preferences. Psychographic variables can help create more nuanced and differentiated segments that can be targeted with more personalized and relevant messages and offers” (LinkedIn). Data from a survey with psychographic variables can help airlines to target customers based on food preferences, price, and variety. Finally, behavioral variables help to identify levels of customer loyalty. Through our data collection, we will find customers who are loyal to specific airlines. We can better understand their preferences since they are returning customers.

In this project, there are also independent and dependent variables. Independent variables are the cause while dependent variables are the effect. In the case of this project, the independent variable is overall customer satisfaction and loyalty. The dependent variable is in-flight food offerings and associated customer service.

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