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Customer relationship management (CRM) and passenger loyalty in delivering high quality service at Air Namibia: A structural equations approach

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ABSTRACT

Air Namibia, like any other airline, faces challenges as it operates in the global economy. Extreme scrutiny and debate about Air Namibia's viability has highlighted some of the airline's major issues of strategic, operational inefficiency and inability to create customer value. The study's aim was to establish the impact of passenger loyalty on customer relationship management (CRM) in delivering high quality service to passengers and value creation. Structural equation modelling (SEM) was used to analyze survey data collected from 181 international, regional and domestic passengers using Air Namibia for passengers travelling through the Hosea Kutako International and Eros Airports. The study further identified the primary factors affecting passenger satisfaction with Air Namibia's value chain activities, these factors included: customer orientation, operational specialties, domain expertise, and service recovery and information technology. While, factors contributing to passenger retention and loyalty towards Air Namibia's products and services included Marketing and Promotional Activities, Loyalty aspects, Value for Money and Comfort Issues. In exploring the relationship between customer relationship management (CRM) and passenger loyalty, the study found that interpersonal relationships between staff and the customers are crucial to CRM initiatives as they result in a better understanding of customer needs, which in turn leads to passenger loyalty.

1. Introduction

The airline industry has experienced extraordinary growth since World War II, with approximately 2,000 airlines operating from a global fleet of over 23,000 aircraft, carrying above 2.2 billion passengers annually, for business and leisure (IATA, 2012). The air transport industry also includes about 3750 airports, spread through a route network of several million kilometres currently being served, managed by highly sophisticated air navigation service providers (IATA, 2012).

The size and complexity of the air transport industry, makes it extremely volatile and highly competitive. Moreover, the industry faces numerous challenges and building customer relationships has become a fundamental instrument for improving passenger retention, satisfaction, and value-added services, essential for survival. Many airlines have recognized the importance of building relationships with their passengers, as they attempt to lower passenger acquisition costs, as well as increase profitability and customer satisfaction (Kim and Cha, 2002). While customer satisfaction may have a direct impact on passenger loyalty, having satisfied customers is not sufficient to keeping them loyal to the organization's products and services (Bowen and Chen, 2001).

Wilson (2005) argues that the airline industry faces the challenge of finding the right strategic balance between the provision of efficient service and satisfying individual customer needs. In order to improve service and retain customers, management of customer relationships should synthesize customer touch points. As indicated by Yu (2001), good customer relationship management, (CRM),

means presenting a single image of the company across all the channels, a customer may use to interact with the firm, and keep a single image of the customer, that is shared across the enterprise.

Deregulation led the airlines to efficiently allocate resources in an attempt to reduce prices, especially for long haul flights and improve service quality due to increased competition within the industry (Grant, 2008). Furthermore, the delivery of a high level of service quality by airline companies became a marketing requisite in the early 1990s, as competitive pressures continued to increase, thus, forcing a majority of the airlines to offer various incentives, such as the frequent flyer programs, in an effort to build and maintain the loyalty of customers (Miller, 1993). Moreover, this liberalization of the airline industry, prompted the increased need for privatisation of airlines, and most state-owned airlines were challenged by the increasing rivalry. As such, state owned airlines or traditional flag carriers like Air Namibia, increasingly faced with operational challenges and competition from emerging low-cost and low-fare carriers, were forced to either transform or to die. Additionally, state owned airlines, in most countries have seen a reduction in government subsidy, which has pushed them to become more competitive and customer oriented (Doganis, 2006).

Air Namibia

The airline, Air Namibia, is categorized as a full-service carrier (FSC), and is a state owned flag carrier with the GRN being the sole shareholder and operating a Hub-and-spoke network with its major objective to provide full coverage of as many demand categories as possible through the optimization of connectivity in the hub. Air Namibia makes a meaningful economic contribution to the Republic of Namibia. Its services, provide vital domestic and international connectivity to the 560,000 people who flew with the airline in 2015/16. This report explores how the domestic economy benefits from its flag carrier's presence.

This study quantifies the airline's economic contribution through two main channels;
The first is Air Namibia's core contribution to the economy of Namibia. This encompasses the activity sustained by the airline's operations and capital spending, and is quantified in terms of its contribution to the Namibian GDP, the employment it supports and the tax revenues it generates. The second stage captures the wider 'catalytic' economic impact it generates, through the broader activity enabled and stimulated by its services.

In 2015/16, Air Namibia's operations and aviation-related capital spending made a N$704 million contribution to the Namibian economy and sustained 4,550 jobs. In addition to the airline's own operations, Air Namibia spent over N$1 billion on goods and services supplied by local companies. These purchases supported activity in businesses throughout Namibia, as did the spending of wages by those employed by Air Namibia and by firms within its supply chain. These benefits are not only retained within the aviation or tourism sectors, but rather 'ripple out' throughout the economy. Of the nine broad sectors in the Namibian economy, five of them enjoy activity in excess of N$50 million as a result of Air Namibia's operations.

Air Namibia's core business operations, primarily involve the maintenance and provision of air transport services to passengers, and cargo. The airline also provides ground handling services to passengers and aircraft at both the local and international airports. Air Namibia plays a global role by servicing domestic, international, and intercontinental markets with short, medium and long haul flights from hubs to different continents.

Customer relationship management

Customer Relationship Management (CRM) concepts seek to establish long term, committed, trusting and cooperative relationships with customers. This is characterised by openness, genuine concern for the delivery of high quality services, responses to customer suggestions, fair dealing and the willingness to sacrifice short term advantage for long term gains (Bennett, 1996). In applying CRM, the goal of the organizations is to identify their own profitable customers and to provide personalized services, to enhance customer satisfaction and loyalty.

Airliners have to exert more effort and resources to be competitive because competitors offer products and services of similar or superior quality and price, making it difficult for Air Namibia to secure passengers, based on customer satisfaction alone. According to Kotler and Keller (2006), CRM enables organizations to provide excellent real-time customer service through the effective use of individual account information. In the context of airlines, account information can be created from information that passengers provide the airline when booking a ticket or merely inquiring about the airline's service. While taking privacy issues into consideration, the airline can investigate and anticipate customer needs and build relationships with existing and potential customers. Thus, the management of customer relationships ought to be viewed as the next paradigm

shift in modern marketing and a potential source of creating sustainable competitive advantage, (Payne and Holt, 2001).

Passenger loyalty

Airlines have over the years acknowledged the importance of building relationships with their customers, with the resulting factor leading to lower customer acquisition costs as well as increased profitability (Kim and Cha, 2002). The management of customer relationships is viewed as the next paradigm shift in modern marketing and a potential source of creating sustainable competitive advantage for airliners (Payne and Holt, 2001). The idea of Relationship Marketing was introduced by Berry (1991) in the Service marketing literature. The ultimate principles of relationship marketing are aimed at establishing and advancing value transactions into cooperatives and profitable relationships that are continually nurtured over the lifetime of a customer. Establishing long-term relationships is a necessity for competitive advantage (Jüttner and Wehrli, 1994). Passenger loyalty, built towards a business is defined as "a profoundly held commitment to rebuild or re-patronize a favoured product/service consistently, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour", (Oliver, 1999). Gaining loyal customers is a strategy aimed at building mutual rewards to benefit businesses and customers (Reichheld and Detrick, 2003). Passenger loyalty is the extended and uninterrupted retention of the relationship by offering services that meet and even go beyond the customer needs (Acuner, 2001: 89).

Theories of consumer behaviour

The theory of consumer behaviour is essential in in an effort to understand why customers choose to build loyalty towards a specific product, brand and service. Particularly in the airline industry, the study of consumer behaviour involves understanding passenger behaviour, attitudes, values, motivations, perceptions, expectations, preferences, and choices from repurchase to post-purchase (Robinson, 2012). The consumer purchase decision process continues after the initial purchase, after which consumers evaluate their experience, thereafter, coming up with new thoughts and plans on the next purchase decision, based on the previous consumption experience.

Consumer behaviour is dictated by the willingness of a consumer to purchase the same product and keep the same profitable relationship with a particular company (Inamullah, 2012). This study will look into the essence of consumer behaviour theories, which indicate that people learn from experience and, the outcomes of experience will modify their actions on future events. Brand loyalty, is defined as a deeply held commitment to rebuy or use a preferred product or service consistently in the future, resulting in repetitive purchasing behaviour (Oliver, 1999).

Chaudhuri and Holbrook (2001), suggests that behavioural, or purchase loyalty consists of repeated purchases of the brand, whereas attitudinal brand loyalty includes a degree of dispositional commitment in terms of some unique value associated with the brand. Oliver (1999), has proposed four ascending brand-loyalty stages according to the cognition–affect–conation pattern. The first stage is cognitive loyalty, where customers are loyal to a brand, based on their information on that brand. The second phase is affective loyalty, which refers to a customer liking or positive attitudes toward a brand. The third step is conative loyalty or behavioural intention. This is regarded as a deeply held commitment to buy or is seen as a "good intention". This desire may result in unrealized action. The last stage is action loyalty, where customers convert intentions into actions. Customers at this stage experience action, inertia, coupled with a desire to overcome obstacles to make a purchase. Despite action, loyalty is ideal, it is difficult to observe and is often equally difficult to measure. As a compromise, most researchers tend to employ the conative or behavioural-intention model to measure the importance of loyalty. The relationship existing between the airline and its potential retention makes learning theory relevant for this study.

2. Methodology

The study employed the quantitative survey method, where a questionnaire was designed to collect primary data. The target population for this research is the international, regional and domestic passengers using Air Namibia's flights. Air Namibia operates regional, domestic and international flights. The passenger population included selected passengers from the different routes, both departing and returning. The selected routes include Ondangwa, Luderitz, Walvisbay, Katima Mulilo, Johannesburg, Capetown, Harare, Luanda and Frankfurt. Air Namibia brings in about 490 000 passengers a year (NAC annual report, 2012/2013). The airliner deploys its capacity seats of 6048 seats per week to South Africa: Cape Town and Johannesburg. Germany accounts for 1946 seats per week, while Angola accounts

for 1512 seats per week. The domestic routes account for 2442 seats per month (CAPA, 2015). These passengers bring in a total population of regional routes to 30240, international to 7784 and domestic to 2442 passengers. The total passenger population is given as 40466 per month giving a total of 10 117 passenger per week.

The quantitative survey uses a stratified convenient sampling. For this research, a stratified random sample was considered appropriate, considering the varied nature of the types and profiles of passengers flying through Hosea Kutako and Eros Airport. The study uses the plane destinations as strata, where the survey will be carried out on passengers boarding domestic, regional and international flights. The total sample size of the passenger sample was 300. Survey questionnaires with close-ended questions were used in this research. The responses were structured using a five point Likert scale. The questionnaire had three sections. Quantitative data collected from the survey was analysed using SPSS version 23. In achieving the study objectives, univariate descriptive analyses, cross tabulation, bivariate analysis and inference statistics were used to interpret the findings of the study.

3. Results

3.1. Inferential Analysis of Research Variables

The study used One-Way ANOVA to examine whether there are significant differences in factorial means from different control variable groups. As a result, the ten factors from CRM initiatives and Value-Added services factorial analysis were treated as dependent variables and the control variables treated as independent variables. In addition, the Scheffe Post Hoc test was used to indicate which group means were different. The results are presented through the control variables as follows:

3.1.1. Loyalty to Air Namibia

The 10 research factors were subjected to a One-Way Analysis of Variance (ANOVA) analysis, with the reason for choosing Air Namibia, as the independent variable. The results are presented in Table 1. It shows how the *reason for choosing Air Namibia* is compared to the factors contributing to passenger retention and loyalty towards Air Namibia's products and services. The results show that those who considered service quality, as their reason for choosing Air Namibia were generally satisfied with the CRM initiatives and value-added services, with means ranging from 3.42 - 4.42. Table 3 shows that the passenger satisfaction means for Loyalty aspects (M=2. 88, S. D=1. 44), Marketing and Promotion Activities (MPA) (M=2. 77, S. D=1. 04), Interpersonal relationships (M=2. 68, S. D=1. 55) and Comfort issues (M=2. 67, S. D=1. 12) are significantly different among the six reasons.

Table 1 Air Namibia Passenger Loyalty

Factor	N	Random decision	Flight availability	Price	Business policy	frequent flier membership points	Service Quality	Total	F	Sig
Loyalty aspects (Lo)	**163**	**2.62**	**2.52**	**2.90**	**2.48**	**2.99**	**4.42**	**2.88**	**6.99**	**0.00**
domain expertise (DE)	174	3.44	3.84	3.98	3.90	4.02	4.13	3.89	0.90	0.48
customer orientation (CO)	177	3.33	3.84	3.86	3.88	3.57	4.09	3.81	1.32	0.26
service recovery (SR)	166	3.22	3.53	3.50	3.83	3.03	4.08	3.54	2.24	0.05
Operational Specialties (OS)	173	2.78	3.40	3.31	2.94	3.35	4.01	3.39	1.57	0.17
Marketing and Promotion Activities (MPA) Factor	**161**	**2.24**	**2.77**	**2.51**	**2.85**	**2.46**	**3.66**	**2.77**	**5.23**	**0.00**
interpersonal relationships (IF)	178	2.46	2.50	2.37	3.00	3.48	3.58	2.68	2.93	0.01
Value for Money (VM)	163	2.67	2.52	2.50	2.32	2.76	3.54	2.66	2.06	0.07
Comfort Issues (CI) Factor	160	2.04	2.65	2.58	2.44	2.81	3.45	2.67	3.25	0.01
information technology (IT)	159	2.58	3.04	2.92	3.19	2.48	3.42	3.00	1.80	0.12

Table 2 shows that those who chose *service quality* were having statistically significant means of satisfaction to those, who chose Air Namibia, due to *price* (t = -1.52, p < 0.05) *flight availability* (t = -1.89, p < 0.05) or just a *random decision* (t = -1.79, p < 0.05)

are significantly different to those passengers who chose Air Namibia due to service quality. The service quality passengers are closely related to passengers who chose Air Namibia because of the frequent flier points or business policy.

Table 2. ANOVA Post Hoc Test

Post Hoc Test -Scheffe	Random decision	Flight availability	Price	Business policy	frequent flier membership points
Marketing and Promotion Activities (MPA) Factor	**-1.42226**[*]	**-.88922**[*]	**.-1.16**[*]	-0.81	-1.20
Comfort Issues (CI) Factor	**-1.41897**[*]	-0.80	-0.88	-1.01	-0.64
Value for Money (VM)	-0.88	-1.03	-1.04	-1.22	-0.78
Operational Specialties (OS)	-1.23	-0.62	-0.70	-1.07	-0.67
Loyalty aspects (Lo)	**-1.79479**[*]	**-1.89329**[*]	**-1.51810**[*]	-1.94	-1.43
customer orientation (CO)	-0.76	-0.25	-0.23	-0.22	-0.52
domain expertise (DE)	-0.69	-0.29	-0.15	-0.23	-0.11
information technology (IT)	-0.83	-0.37	-0.49	-0.23	-0.94
interpersonal relationships (IF)	-1.12	-1.08	-1.21	-0.58	-0.09
service recovery (SR)	-0.86	-0.55	-0.58	-0.25	-1.05

Table 2 also presents the Post hoc test results. These results show that passengers who chose Air Namibia because of service quality, frequent flier points and business policy, could be regarded as loyal customers. While those who chose Air Namibia due to price, flight availability and random decisions, could be regarded, as a prospect. As such, the *reason for choosing Air Namibia* variable was transformed to the *Loyalty to Air Namibia* (LAN) variable, where prospective customers (1) and loyal customers (2) were derived from Table 1 and Table 2 with the area-shaded grey representing the means of loyal customers.

3.2.1. Customer relationship management (CRM) Factors

This section assesses the impact of the (CRM) and passenger loyalty on the airline's value chain. The study used EFA analysis to determine the CRM factors for further

analysis. Table 3 presents the findings. Table 3 shows that when the passengers' perceptions are analysed only two factors emerge. These factors are categorized as Satisfaction and CRM factors or Retention and Loyalty factors. In addition, the two factors represent the two extremes of the passenger loyalty ladder, as well as the two extremes of the value chain models under review (Hines and Porter, in press). According to Godson (2009), the passenger loyalty ladder describes the relationship that customers and the organization will have over time. A climb in the ladder can be achieved by understanding the exact need of customers in order to be able to offer them additional value and satisfaction. The passenger loyalty ladder offers a good synopsis that classifies customer values at different stages of the relationship and enhances the chances to get customers that are most loyal. These include partner (high), advocate, supporter, client, customer, and prospect (low).

Table 3 PCA Results for CRM Factors

Item	Retention & Loyalty	CRM
Value for Money (VM)	.792	
Loyalty aspects (Lo)	.759	
Comfort Issues (CI) Factor	.737	
Marketing and Promotion Activities (MPA) Factor	.714	
Interpersonal relationships (IF)	.619	
Operational Specialties (OS)	.571	
Domain expertise (DE)		-.923
Customer orientation (CO)		-.904
Service recovery (SR)		-.776
Information technology (IT)		-.539
Eigenvalue	4.881	1.415
% of Variance	48.805	14.153
Cumulative %	48.805	62.958

3.2.2. Passenger Satisfaction and Loyalty Factors

An analysis was carried out for prospective customers that only chose Air Namibia due to price, flight availability and random decisions. Table 4 shows multiple factor cross loadings from key items like MPA (0.695), Loyalty aspects (0.509), Value for Money (0.675) and Comfort Issues (0.484). However, this does not overshadow the two factors extracted. The assumption, based on the first factor is the satisfaction and the second factor is loyalty.

The critical factors contributing to passenger retention and loyalty towards Air Namibia's products and services include Marketing and Promotional Activities (MPA), Loyalty aspects (Lo), Value for Money (VM), and Comfort Issues (CI). With, the remaining factors contributing to the passenger satisfaction. These include customer orientation (CO), operational specialities (OS), domain expertise (DE), service recovery (SR), and information technology (IT).

Table 4. Passenger Satisfaction and Loyalty PCA (Client/Customer/Prospect)

Item	Satisfaction	Loyalty
customer orientation (CO)	**.949**	
domain expertise (DE)	**.949**	
service recovery (SR)	**.782**	
information technology (IT)	**.707**	
Marketing and Promotion Activities (MPA) Factor	.695	*.305*
Operational Specialties (OS)	**.566**	
Comfort Issues (CI) Factor	.505	*.484*
interpersonal relationships (IF)		**.806**
Value for Money (VM)	*.311*	.675
Loyalty aspects (Lo)	*.421*	.509
Eigenvalue	5.194	1.255
% of Variance	51.94	12.55
Cumulative %	51.94	64.49

3.3. Confirmatory Factor Analysis

This section presents confirmatory factorial analysis of passenger survey questionnaire items.

3.3.1. Control Variables

Section A of the questionnaire covered the control variable factors. From the nine-item control variables, three factors were extracted using a Principal Axis Factoring, with Varimax rotation. Table 5 details the individual factors, eigenvalues, variance explained, and factor loadings associated with each factor.

Table 5 shows that the three factors explained a cumulative variance of 46.4% in control variables. The

frequency of route and travel explains 19.35% of the variance, while items such as *reasons for choosing an airline* (14.2%), *demography* (12.86%) for variability of the passengers. Atalik and Ozdemir (2015) note that items related to these control variables such as flexibility, providing services for frequent fliers, after-sales services for tickets, and the companies name and reputation influence the satisfaction of the customers. However, *destination*, *purpose and class of travel* items had insignificance coefficient values (<0.3).

Table 5 Control Variables

Items	Frequency	Reason	Demography
Frequent_route	.588		
How_frequent_do_you_fly	-.577		
Are_you_a_member_of_RFFP	.426		
Purpose_of_travel			
Reason_for_choosing_airline		.666	
Class_of_travel			
Age			.415
Gender			.360
Destination			
Eigenvalue	1.741	1.278	1.157
% of Variance	19.35	14.20	12.86
Cumulative %	19.35	33.54	46.40

3.3.2. Passenger Satisfaction with CRM initiatives

The confirmatory factor analysis was conducted to test the proposition that a relationship between the observed variables and their underlying latent constructs exists. This section tests the following hypothesis:

- H_0: There is no correlational association between passenger satisfaction and customer relationship management (CRM).
- H_1: There is a correlational association between passenger satisfaction and customer relationship management (CRM).

Section B of the questionnaire covered the Passenger Satisfaction with CRM initiatives. The latent constructs in Section B include customer orientation (CO), domain expertise (DE), interpersonal relationships (IR), service recovery (SR) and information technology (IT) factors. As a result, Principal Axis Analysis, with Varimax rotation extracted three factors. Table 6 details the individual factors, eigenvalues, variance explained and factor loadings associated with each construct. The three extracted factors are Passenger Satisfaction (PS), Interpersonal relationship (IR) and information technology (IT). The customer orientation, domain expertise and service recovery define the Passenger Satisfaction (PS) factor. The pattern matrix in Table 4.6 was further analysed in SPSS AMOS and Figure 1 presents the results.
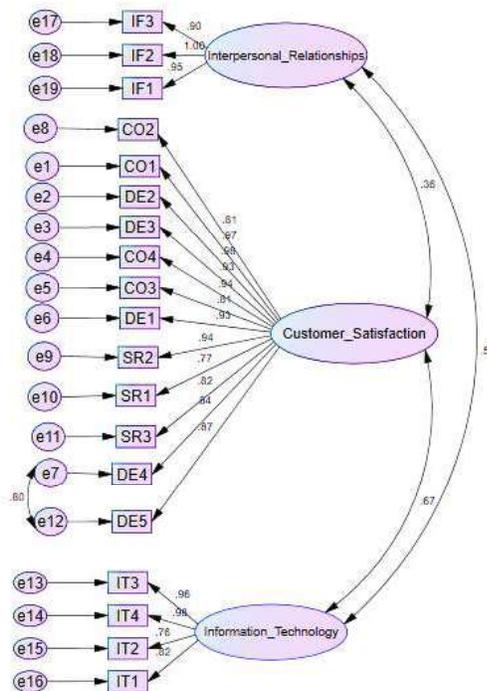
Figure 1 CFA/SEM for Passenger Satisfaction using CRM constructs

Figure 1 above presents the standardized estimate values and relationship pathways for the three Satisfaction levels with CRM factors by presenting the standardized estimates of the relationships between the CRM constructs. The covariant relationship between all constructs with the DE4 (training) and DE5 (highly qualified) particularly strong, which implies the need for continuous training. The CFA analysis results show significant regression weight of 7.676 (0.268) between "Understanding customer needs' (CO2) and the Interpersonal relationship (IR) factor. This means that if we repeat the analysis treating the regression weight for using Interpersonal Relationships to predict CO2 as a free parameter, the discrepancy will fall (become larger) by at least 7.676 (approximately 0.268). This direct relationship between CO2 and IR factors implies that Interpersonal relationships between the staff and the customers are crucial to CRM initiatives as they result in a better understanding of the customer's needs.

3.3.3. Passenger loyalty through Value Added Services

The passenger loyalty factor is used to aggregate loyalty constructs. The data was collected from Section C of the questionnaire, which covered questions on the passengers' satisfaction with value added services, passenger loyalty and overall service quality. The section includes an overall satisfaction rating on

services offered after a buying the ticket. As well as the passenger's perceptions of value for money, passenger loyalty and repurchase intention questions. The overall satisfaction rating is assumed to be at par with passenger loyalty (loyalty = satisfaction).

4. CONCLUSION

4.1. Establishing the impact of passenger loyalty on customer relationship management (CRM) in delivering high quality service to passengers and value creation

The management of customer relationship strategies with the sole objective of creating passenger loyalty (Bozgeyik, 2005), enables the synchronization and cooperation between all the crucial elements: customers, business associates and all those involved in the airline value chain. This study established several important findings on the relationship between customer relationship management (CRM) and passenger loyalty, with respect to delivering high quality services and value creation. These findings provide airline management with information regarding the importance of CRM, value creation and the type of strategy intervention needed. Particularly, that interpersonal relationships critically impact passenger loyalty more than the price or value for money. These findings are in line with Jones et al.

(2000) three-item interpersonal relationships (IR) scale. Therefore, interpersonal relationships between the staff and the customers are crucial to CRM initiatives as they result in a better understanding of the customer's needs.

The study compared the *reason for choosing Air Namibia* to the factors contributing to passenger retention and loyalty towards Air Namibia's products and services. The results show that those who considered service quality, as their *reason for choosing Air Namibia*, were generally satisfied with the CRM initiatives and value-added services. The study found that service quality was also closely related to frequent flier points and clients' business policy. The study concludes that service quality, frequent flier points and the client's business policy affect passengers' loyalty to Air Namibia. While, price, flight availability and random decisions, are key factors in attracting new customers.

The findings of the study indicated that the critical elements to passenger retention and loyalty towards Air Namibia's products and services include Marketing and Promotional Activities (MPA), Loyalty aspects (Lo), Value for Money (VM), and Comfort Issues (CI). The study also identified the passengers' perceptions of value for money, passenger loyalty and repurchase intention questions.

On the contrary, Gómez et al., (2006), asserts that loyal customers are highly attractive to businesses, as they are less price sensitive and communicating with them requires a lower effort. In their study, on the factors affecting purchase decisions of domestic airline passengers and their preference priorities, Atalik and Ozdemir (2015), premised that the airline business is a substantially dynamic service-based business that needs to develop value added service factors.

As such, an airline's competitive position is to retain passengers as loyal users of their airline, which results in repeat business from less price sensitive passengers, who require a lower effort to communicate with (Gómez et al., 2006).

In this study, factors were used to assess the priorities of the passenger with regards to loyalty and retention. Interpersonal relationships between staff and the customers, were also considered crucial to CRM initiatives as they result in a better understanding of the customer's needs, which then leads to passenger loyalty.

2. The impact of passenger loyalty on customer relationship management (CRM) in delivering high quality service to passengers and value creation

The study concludes that there is a relationship between passenger loyalty and CRM, and that this relationship can be leverage to deliver high quality services to passengers through value creation. The study also established an association between customer/passenger retention with loyalty. The study establishes that contributory factors affecting passenger retention and loyalty towards Air Namibia's products and services, were:

- Marketing and Promotional Activities (MPA),
- Loyalty aspects (Lo);
- Value for Money (VfM), and
- Comfort Issues (CI).

Additionally, the study also established that contributory factors affecting passenger satisfaction with Air Namibia's products and services, and these were:

- customer orientation (CO);
- operational specialties (OS);
- domain expertise (DE);
- service recovery (SR), and;
- information technology (IT)

The study concludes that passenger retention, passenger loyalty and passenger satisfaction factors are critical to understanding the impact of passenger loyalty on customer relationship management (CRM) in delivering high quality service to passengers and value creation. Air Namibia needs to upgrade and update their information technology infrastructure and systems to allow them to give customers live updates and mail the latest messages. They need to invest heavily in databases and computer networks to manage customer requirements. As they will need to update customer information periodically, integrate information systems and processes that enhance the customer experience.

These secondary factors affect passenger satisfaction with Air Namibia's value chain activities. These include marketing and promotion activities, value for money, operational specialities, loyalty aspects and comfort issues. Air Namibia performed poorly in these areas, with most of their loyal customers disappointed in the value for money and operational specialities.

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