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**CUSTOMER LOYALTY PROGRAMS AND
PASSENGER SATISFACTION IN THE AIRLINE
INDUSTRY: CASE STUDY OF ETHIOPIAN
AIRLINES**

**PROGRAMY LOJALNOŚCIOWE KLIENTÓW
A SATYSFAKCJA PASAŻERÓW W BRANŻY
LOTNICZEJ: STUDIUM PRZYPADKU
ETHIOPIAN AIRLINES**



STRESZCZENIE

Rozdział przedstawia wyniki badania wpływu programów lojalnościowych na satysfakcję pasażerów linii lotniczych Ethiopian Airlines, ze szczególnym uwzględnieniem programu ShebaMiles. W ostatnich latach globalny przemysł lotniczy przeszedł znaczące przemiany napędzane globalizacją, rozwojem technologicznym oraz rosnącymi oczekiwaniami konsumentów. W obliczu silnej konkurencji, zwłaszcza ze strony przewoźników bliskowschodnich i europejskich (Emirates, Qatar Airways, Turkish Airlines), afrykańskie linie lotnicze, w tym Ethiopian Airlines, inwestują w zarządzanie relacjami z klientami oraz rozwój programów lojalnościowych jako narzędzi budowania trwałych relacji z pasażerami.

Program ShebaMiles, wprowadzony w 1999 roku, oferuje cztery poziomy członkostwa (Blue, Silver, Gold, Platinum) i umożliwia zbieranie mil za loty realizowane przez Ethiopian Airlines oraz partnerów Star Alliance, a także za usługi hotelowe, bankowe i inne. Mimo że program przyciągnął miliony uczestników, istnieją wątpliwości dotyczące jego skuteczności w zwiększaniu satysfakcji i lojalności pasażerów, wynikające m.in. z ograniczeń w wymianie mil, trudności w osiągnięciu statusu elitarnego oraz niedostatecznej wiedzy klientów na temat korzyści programu.

Celem badania jest ocena, w jaki sposób elementy programu lojalnościowego wpływają na satysfakcję pasażerów, ich intencję ponownego skorzystania z usług przewoźnika oraz gotowość polecenia linii innym osobom. Badanie opiera się głównie na danych wtórnych. Wyniki mają dostarczyć zarówno wkładu teoretycznego do literatury na temat marketingu lotniczego w kontekście afrykańskim, jak i praktycznych wskazówek dla zarządzających Ethiopian Airlines w zakresie doskonalenia strategii lojalnościowych i utrzymania konkurencyjności na rynku międzynarodowym.

SŁOWA KLUCZOWE

Programy lojalnościowe klientów, satysfakcja pasażerów, lojalność klientów, programy dla często podróżujących pasażerów, ShebaMiles, Ethiopian Airlines, utrzymanie pasażerów, przemysł lotniczy, marketing relacji, jakość usług

ABSTRACT

This chapter examines the impact of loyalty programs on passenger satisfaction at Ethiopian Airlines, with particular focus on the ShebaMiles frequent flyer program. In recent years, the global airline industry has undergone substantial transformation driven by globalization, technological advancement, and evolving consumer expectations. Amid intensifying competition – particularly from Middle Eastern and European carriers such as Emirates, Qatar Airways, and Turkish Airlines – African airlines, including Ethiopian Airlines, have increasingly invested in customer relationship management and loyalty program development as strategic tools for building long-term passenger relationships.

Introduced in 1999, the ShebaMiles program comprises four membership tiers (Blue, Silver, Gold, and Platinum) and allows members to earn miles through flights with Ethiopian Airlines and Star Alliance partners, as well as through affiliated hotels, banks, and other commercial entities. Despite attracting millions of members, concerns persist regarding the program's effectiveness in enhancing passenger satisfaction and fostering long-term loyalty, stemming from issues such as inflexible redemption options, difficulty attaining elite status, and limited passenger awareness of program benefits.

The study aims to assess how various loyalty program features influence passenger satisfaction, repeat-purchase intention, and willingness to recommend the airline to others. The research relies primarily on secondary data, supplemented by qualitative interviews with customers. Findings are expected to contribute both theoretically – by addressing a gap in airline marketing literature within the African aviation context – and practically, by providing Ethiopian Airlines' management with actionable insights for refining loyalty strategies and sustaining competitiveness in international and regional markets.

KEYWORDS

Customer Loyalty Programs, Passenger Satisfaction, Customer Loyalty, Frequent Flyer Programs, ShebaMiles, Ethiopian Airlines, Passenger Retention, Airline Industry, Relationship Marketing, Service Quality

THEORETICAL LITERATURE REVIEW

DEFINITIONS AND CONCEPTS OF CUSTOMER SATISFACTION

Customer satisfaction has been widely researched in marketing and service management since it directly impacts retention rates as well as loyalty towards an organization. Prior to their purchase decisions, service encounters with airlines create customer satisfaction, therefore, measuring customer satisfaction in service industries such as airlines captures not just a single flight experience but instead a cumulative psychological assessment throughout various service encounters.

Airline services differ significantly from tangible products since they are intangible, separable, variable, and perishable; thus, passenger satisfaction is dependent upon subjective evaluations of services rendered. Therefore, passenger satisfaction in aviation is determined collectively by perceptions of past experiences and service encounters with airlines.

Kotler & Keller define customer satisfaction as the emotional response generated by evaluating whether perceived service performance matches pre-service expectations. Passenger satisfaction exists when actual service performance meets or exceeds pre-identified expectations, while dissatisfied passengers exist when service performance does not meet expectations^[1].

Oliver developed the Expectation Disconfirmation Theory, stating that customers formulate expectations prior to experiencing a service encounter and then compare service delivery against those expectations^[2]. Positive disconfirmation occurs when actual service delivery exceeds customer expectations, leading to passenger satisfaction, while negative disconfirmation occurs

^[1] Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education.

^[2] Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17(4), 460–469.

when service delivery does not exceed expectations, leading to passenger dissatisfaction.

Gada notes that passengers develop expectations regarding airline services via prior experiences, word-of-mouth communications, advertisements, therefore, when actual performance in areas such as comfort, meals served, timeliness or courtesy exceeds expectations, positive disconfirmation occurs, generating passenger satisfaction, while delayed flights, poor communication, unattractive seating arrangements or inadequate assistance generate dissatisfaction among passengers^[3].

Ethiopian Airlines attempts to deliver high-quality services at every stage, beginning with online booking systems, continuing through airport check-in procedures, boarding, in-flight services, baggage-handling procedures, etc. and finally concluding with post-travel customer support. Consistent delivery of high-quality services across all stages creates favorable impressions among passengers, leading to long-term relationships between airlines and passengers. Customer satisfaction among Ethiopian Airlines is influenced by all stages listed above, regardless of whether it is a domestic or international journey.

As of late, the study by Shanka using the Service Quality Model indicated there are several factors related to service quality for passengers, including reliability, assurance and tangibility, which have been identified as significant drivers for passenger satisfaction and loyalty with respect to Ethiopian Airlines^[4]. Reliability and Assurance were also shown to be the most predictive measures of passenger satisfaction.

In addition, Gada concluded that reliability, assurance and tangibility all positively impact customer satisfaction at Ethiopian Airlines. Since the COVID-19 pandemic, the importance of customer satisfaction has greatly increased in the airline industry. Current airline consumers put more emphasis

^[3] Gada, T. M. (2024). The effect of service quality on customer satisfaction: The case of Ethiopian Airlines. *International Journal of Scientific and Research Publications*, 14(6), 270–281. <https://doi.org/10.29322/IJSRP.14.06.2024.p15025>

^[4] Shanka, M. S. (2012). Measuring service quality in Ethiopian Airlines. *Journal of Educational and Social Research*, 2(9), 173–180. <https://doi.org/10.5901/jesr.2012.v2n9p173>

on safety, cleanliness, digital ease, flexibility, response times and customized services. If an airline does not deliver on customers' changing expectations, it will lose its customers to airlines competing against it. Therefore, customer satisfaction is now one of the key determinants of an airline's ability to compete for the future and sustain itself.

AIRLINE SERVICE QUALITY

Airlines can no longer rely solely on price or route networks to differentiate themselves from competitors. They must develop a unique travel experience that includes convenience, comfort and responsiveness throughout the entire journey.

Customers evaluate services based on perceptions of how well those services were delivered rather than objective technical criteria. In the case of aviation services, where human interaction plays such a significant role in the delivery of service, customers assess quality based on consistency and effectiveness across all stages of the journey, including ticket reservation, airport services, boarding procedures, cabin experience, baggage handling and post-flight support.

The importance of service quality in aviation is closely associated with changes in passenger behavior and intensified global competition among airlines. As a result of improved connectivity provided by technology, online reviews, increased access to alternative airlines and greater selectivity amongst passengers, airlines must compete primarily through customer experience and service differentiation.

As Brady and Cronin argued, service quality is multidimensional and comprises three key components: interaction quality, physical environment quality, and outcome quality. In the context of airlines, interaction quality refers to employee professionalism and communication with passengers, physical environmental quality encompasses aircraft condition and airport

facilities, while outcome quality reflects operational efficiency and reliability during travel^[5].

Operational reliability remains a particularly sensitive indicator of service quality among airlines. Disruptions in flight schedules, lost bags, insufficient communication between staff and passengers during travel disruptions and poor coordination at airports can significantly undermine passengers' confidence in an airline's ability to deliver reliable flights even when other elements of service remain adequate. Therefore, airlines must prioritize both operational coordination and communication with customers in order to minimize service failures and preserve confidence amongst existing customers.

Advances in technology also contribute to enhancements in service delivery among airlines. Digital reservation systems, mobile check-in services, automated notifications, self-service kiosks, and online platforms for customer support have become essential tools in the development of service quality among airlines.

Passengers today expect both convenience and accessibility using Digital channels alongside traditional requirements for safety and comfort. However, the demand for superior service quality is most acutely experienced within regional aviation markets, especially in Africa, where airlines compete directly against internationally recognizable brands known for premium experiences.

This competitive environment places additional pressure upon regional airlines to improve consistency, respond positively to customer needs, operate efficiently and establish market position preferences with customers.

Research on Ethiopian Airlines indicates that customers place a high value on professionalism, punctuality, communication quality, and standards of safety. Shanka identified reliability and assurance as the most influential dimensions which shape passengers' perceptions of airline service quality^[6], while Gada emphasizes that passengers are becoming increasingly more likely

^[5] Brady, M. K., & Cronin, J. J. (2001). Some new thoughts on conceptualizing perceived service quality: A hierarchical approach. *Journal of Marketing*, 65(3), 34–49.

^[6] Shanka, M. S. (2012). Measuring service quality in Ethiopian Airlines. *Journal of Educational and Social Research*, 2(9), 173–180. <https://doi.org/10.5901/jesr.2012.v2n9p173>.

to associate quality with consistency, comfort and responsiveness throughout the travel experience^[7].

Thus, service quality represents more than just the performance of operations in aviation it provides airlines with a strategic mechanism for developing trust with customers, ensuring satisfaction with customers and promoting long-term behavioral intentions.

CUSTOMER LOYALTY

Customer loyalty is a central concept in relationship marketing and Customer Relationship Management. Loyal customers play a substantial role in determining organizational profitability in highly competitive industries like aviation, they also create stability in markets and opportunities for long-term growth.

According to Uncles, Dowling & Hammond, customer loyalty exists as both attitudinal commitment and behavioral commitment to a particular brand or organization. Attitudinal loyalty encompasses emotional attachment, psychological commitment and positive attitudes toward a specific brand. Behavioral loyalty refers only to repetitive purchasing behavior^[8].

Oliver defines customer loyalty as *a deeply held commitment to repurchase or continue using a preferred product or service consistently in the future despite situational influences or competitive marketing efforts*^[9]. This definition highlights that true customer loyalty goes beyond simply making repeated purchases to include both emotional and psychological attachments to a brand as well as resistance to switching brands.

^[7] Gada, T. M. (2024). The effect of service quality on customer satisfaction: The case of Ethiopian Airlines. *International Journal of Scientific and Research Publications*, 14(6), 270–281. <https://doi.org/10.29322/IJSRP.14.06.2024.p15025>.

^[8] Uncles, M. D., Dowling, G. R., & Hammond, K. (2003). Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4), 294–316.

^[9] Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(Special Issue), 33–44. <https://doi.org/10.1177/00222429990634S105>.

Customer satisfaction is widespread as one of the primary factors contributing to customer loyalty. Satisfied customers are more likely to purchase products or services again, recommend them to others, maintain ongoing relationships with organizations, reduce marketing costs, and generate word-of-mouth communication.

Researchers typically divide customer loyalty into two main categories: behavioral loyalty and attitudinal loyalty. Behavioral loyalty focuses only on actual purchasing behavior, repeated use of a product or service, including repeated flight bookings, higher travel frequency, participation in loyalty programs, in the case of airlines. Behavioral loyalty is measured through tickets purchased, travel frequency, and participation in loyalty programs such as Sheba Miles.

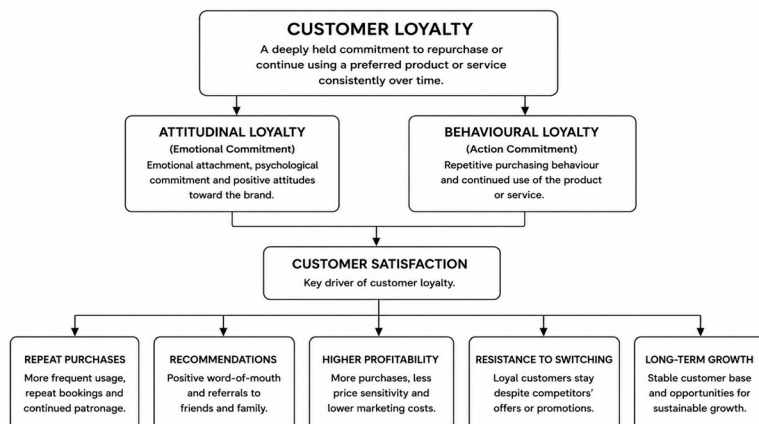
On the other hand, attitudinal loyalty refers to the emotional attachment, psychological commitment, and positive feelings toward a specific brand. Consumers who possess strong attitudinal loyalties are more likely to recommend brands to friends and family and to resist switching brands even if alternatives exist.

Reichheld & Sasser argue that even small increases in customer retention rates can greatly increase organizational profitability because loyal customers make more purchases and are less prone to being price-sensitive^[10]. Thus, loyal passengers represent significant revenue streams for airlines through continued travel activity.

Importantly, the need for customer loyalty has significantly increased in the airline industry due to extremely competitive markets offering multiple options for consumers. Therefore, airlines utilize relationship marketing strategies, enhanced service quality initiatives, and loyalty programs to strengthen customer loyalty.

^[10] Reichheld, F. F., & Sasser, W. E. (1990). Zero defections: Quality comes to services. *Harvard Business Review*, 68(5), 105–111

Figure 1: Components and Outcomes of Customer Loyalty



Source: own elaboration.

Ethiopian Airlines utilizes the ShebaMiles program as its strategic tool for building customer loyalty and encouraging frequent flyers to continue travelling with the company. Reward systems offered through membership privileges, elite membership tiers, lounge access, partnership networks, serve as vehicles for continuing repeat business from passengers.

CUSTOMER LOYALTY PROGRAMS

Customer loyalty programs are structured marketing strategies designed to provide rewards, incentives, exclusive benefits, to encourage repeat purchases from consumers. Loyalty programs are crucial tools used in CRM (Customer Relationship Management) strategies for developing long-term consumer relationships & enhancing consumer retention.

Loyalty programs allow organizations to identify top consumers based on purchase history & behaviors, providing insights on how best to meet their needs, build new relationships, drive sales and profits. Furthermore, according to Magatef & Tomalieh, loyalty programs are marketing mechanisms that

reward consumers for repeated purchases & sustained engagement with an organisation^[11].

Through the implementation of such programs, organizations may benefit from improved consumer retention or satisfaction levels & ultimately financial benefits. Common features found in many types of loyalty programs include reward points, discounts on products and services, free goods and services, personalized experiences, exclusive access, benefits, and special privileges. In the airline industry, these programs are known as Frequent Flyer Programs (FFP's), which award passengers' miles based on the distance travelled by the passengers using an airline or partner airlines.

Benefits provided to both consumers and airline organizations exist as a result of implementing customer loyalty programs. Examples of benefits provided to consumers include free flights, priority boarding, lounge access, seat upgrades, personalized services, exclusive travel privileges, etc. Additionally, benefits provided to organizations include increased consumer retention or stability, enhanced data collection capabilities, improved marketing strategies, competitive advantage expansion, market share acquisition, etc.

Uncles et al. contend that effective loyalty programs foster emotional attachment & perceived value among consumers^[12]. Conversely, programs that provide limited benefits or present challenges for redemption will not achieve sustained customer loyalty.

Increasingly, the airline industry relies heavily on loyalty programs as both marketing tools & financial assets. Some loyalty programs have developed into multi-billion-dollar enterprises generating large amounts of revenue through partnerships with banks, hotels, retailers, financial institutions.

Ethiopian Airlines uses the official ShebaMiles program as its platform for operating its FFP program. Members earn miles by flying with Ethiopian Airlines or partner airlines, which may then be redeemed for rewards such

^[11] Magatef, S. G., & Tomalieh, E. F. (2015). The impact of customer loyalty programs on customer retention. *International Journal of Business and Social Science*, 6(8), 78–93.

^[12] Uncles, M. D., Dowling, G. R., & Hammond, K. (2003). Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4), 294–316.

as free flights, seat upgrades, hotel accommodations, shopping rewards. The program offers tiered membership structures offering differing levels of privilege for frequent flyers.

FREQUENT FLYER PROGRAMS (FFP)

Frequent Flyer Programs (FFP) are customized loyalty initiatives offered by airlines specifically designed to reward frequent flyers and develop long-term consumer relationships. American Airlines launched the first modern FFP in 1981, since then, almost every major airline worldwide has developed similar programs.

According to Lee-Anant, FFP's are powerful marketing tools creating significant increases in consumer retention & airline competitiveness, ultimately leading to increased long-term profitability^[13]. Passengers earn miles or points when travelling on an airline or partner carrier. Miles or points can be redeemed for free flights, seat upgrades, airport lounge access, hotel accommodation, and shopping rewards.

Present-day FFPs engage in partnerships with banks, hotels, retail stores, credit card providers, and car rental companies. This enables passengers to earn points through activities outside of travel, increasing both consumer engagement and loyalty.

The evolution of FFP's has been categorized into several phases. In the early years of FFP's 1980's, airlines primarily awarded passengers miles based on distances travelled. By the mid-to-late 2000s, airlines had established partnerships with financial institutions and hotels, allowing passengers to earn miles through various activities. Contemporary FFP's employ advanced analytics, Digital technologies, and AI to customize rewards & enhance consumer experiences.

^[13] Lee-Anant, C. (2022). Airline loyalty programs and customer retention in the aviation industry.

Nowadays, FFP's are often high-margin businesses generating huge cash flow by selling miles to commercial partners and/or banks. In many cases, revenue generated from FFP's surpasses income derived from flight operations.

ShebaMiles, Ethiopian Airlines' official FFP, is considered one of Africa's leading airline loyalty programs. Miles are earned by travelling on Ethiopian Airlines & Star Alliance partner carriers. The program offers multiple membership tiers, each featuring unique benefits & privileges such as silver, gold, and Platinum memberships.

Lee-Anant argues that effective FFPs significantly improve customer satisfaction, they do so by creating a higher level of perceived value for customers and an increased emotional connection with the airline. According to Lee-Anant, several elements influence the efficacy of FFPs, including: how easy it is to acquire miles, the amount of flexibility when redeeming miles, the quality of communications provided regarding their miles and awards, the availability of partners for mileage redemptions and, lastly, the level of elite status offered^[14].

THE SHEBAMILES PROGRAM

Ethiopian Airlines' ShebaMiles program represents the company's official frequent flyer program. As such, it serves as a core strategy for retaining current customers and building an enduring customer relationship. The ShebaMiles program was developed to reward travelers who regularly fly with Ethiopian Airlines. Additionally, the program seeks to build loyalty toward the airline and encourage repeat travel.

As part of the ShebaMiles system, travelers earn miles each time they travel with Ethiopian Airlines or participating partner organizations. The miles earned by members can be redeemed for travel-related rewards, including flights, cabin upgrades, additional baggage allowance, and airport lounge access. This adds value to the traveler beyond mere transportation.

^[14] Lee-Anant, C. (2022). Airline loyalty programs and customer retention in the aviation industry.

ShebaMiles utilizes a tier-based membership structure. In essence, members are categorized according to how many miles they have flown and how much total mileage they have accumulated. Each category in the tier-based membership structure includes different benefits and privileges. Higher categories within the tier-based membership structure allow for greater travel convenience and exclusive services. The benefits offered to passengers through this tier-based membership structure serve to reinforce a sense of loyalty and recognition to the airline.

One of the defining characteristics of the ShebaMiles program is its relationship to the Star Alliance network. Through participation in this alliance, ShebaMiles members earn and redeem miles on numerous international airline partners. This allows for increased flexibility and appeal of the program. Specifically, this is beneficial for international travelers and corporate passengers who regularly travel to various locations.

ShebaMiles contributes to Ethiopian Airlines' broader strategic objectives related to customer retention and competitive positioning in the aviation industry. The aviation industry is extremely competitive; therefore, loyalty programs represent a mechanism for airlines to establish lasting relationships with frequent travelers and prevent loss of customers to competitors.

Research regarding Ethiopian Airlines indicates that customers view rewards structures as being practical when earning rewards is easy, and miles can be easily redeemed. The factors that shape customer perceptions of the effectiveness of the ShebaMiles program include reward availability, clear communication about reward opportunities, partnership opportunities, and ease of earning miles^[15].

Digitalization has had a significant impact on the evolution of the ShebaMiles program. Ethiopian Airlines has implemented digital account management, mobile applications, automated communication platforms, and digital tracking systems for rewards to enhance customer convenience and

^[15] Tamire, H. (2024). Customer loyalty programs and customer satisfaction: Evidence from Ethiopian Airlines ShebaMiles program.

engagement. These developments align with evolving passenger expectations for speed, accessibility, and digital interaction.

However, ShebaMiles operates in a highly competitive landscape of global loyalty programs, including Emirates Skywards, Qatar Airways Privilege Club, and Turkish Airlines Miles & Smiles. Competitors frequently offer broader partnerships, more flexible redemption options, and enhanced digital loyalty systems. Therefore, Ethiopian Airlines must continually enhance the competitiveness and accessibility of ShebaMiles.

Although there are challenges to operating a successful loyalty program, such as those experienced by Ethiopian Airlines, ShebaMiles remains one of the most recognized airline loyalty programs in Africa. Furthermore, ShebaMiles continues to play a significant role in Ethiopian Airlines' customer relationship management strategy, passenger retention strategy, and competitive positioning strategy in regional and international aviation markets.

ADVANTAGES AND DISADVANTAGES OF LOYALTY PROGRAMS

Customer loyalty programs have become an integral part of airline marketing strategies and customer relationship management. In highly competitive aviation markets, carriers use these programs as mechanisms for building long-term relationships with passengers, encouraging repeat travel behavior, and increasing overall profitability. As customer expectations regarding service delivery continue to evolve, loyalty programs are increasingly regarded not merely as promotional tools but as instruments for fostering sustainable, long-term customer relationships.

The primary advantage of loyalty programs lies in their ability to strengthen customer retention by rewarding repeated purchases – travelers who accumulate points or elite status tend to continue flying with the same carrier in order to maximize future benefits, which stabilizes the relationship and reduces the likelihood of switching to a competitor. Such programs also increase the perceived

value of airline services through additional benefits such as lounge access, priority services, and extra baggage allowance, enhancing the overall travel experience and passengers' sense of recognition. In addition, loyalty programs provide airlines with valuable data on travel patterns and customer preferences, enabling more precise segmentation and targeted marketing communication. The financial dimension is also significant: partnerships with banks, hotels, and retailers purchasing miles and points generate considerable non-transportation revenue, meaning loyalty programs frequently operate as independent business units that contribute substantially to an airline's overall financial stability.

Operating a successful loyalty program entails numerous operational and strategic challenges. Customers often experience frustration due to restrictive redemption rules, limited reward availability, and ambiguous program terms, particularly when earning points proves easier than redeeming them. Maintaining competitiveness requires continuous improvement of loyalty benefits, expansion of partner networks, and enhanced digital accessibility, since carriers whose programs are viewed as outdated or inflexible risk losing appeal among frequent flyers. Managing an effective program also demands substantial technological and financial investment in secure digital platforms, customer databases, and data protection, generating significant administrative and operational costs. Research further suggests that loyalty programs may foster transactional rather than emotional loyalty – some customers remain loyal solely because of accumulated points or elite status rather than genuine brand preference, meaning that a loyalty program alone does not guarantee sustainable customer loyalty unless combined with positive service experiences. An additional challenge, particularly relevant in African aviation markets, involves structural barriers such as lower levels of digital integration, a limited number of regional partnerships, and varying levels of customer purchasing power.

Passenger satisfaction refers to the degree to which an airline's services meet travelers' expectations, representing a comprehensive evaluation of the travel experience based on a comparison between actual performance and prior expectations. Unlike other service industries, where satisfaction typically arises from a single encounter, in aviation it results from multiple

interactions occurring before, during, and after the flight – including booking, check-in, boarding, in-flight service, baggage handling, and post-flight support. According to Kotler and Keller, customer satisfaction is a feeling of pleasure or disappointment arising from comparing perceived service performance with prior expectations, consistent with the expectation–disconfirmation theory, whereby satisfaction occurs when performance meets or exceeds expectations, and dissatisfaction occurs when it falls short.

Passenger satisfaction carries substantial strategic importance due to its direct relationship with customer retention, airline reputation, and recommendation behavior – satisfied passengers are more likely to continue flying with the same carrier and participate in loyalty programs, while dissatisfied passengers may readily switch to competitors. Satisfaction is shaped both by functional dimensions, such as punctuality, operational efficiency, safety, and digital accessibility, and by emotional dimensions, including comfort, trust, personalized attention, and communication quality. Contemporary passengers evaluate airlines based on the overall quality of the travel experience rather than ticket price alone, a shift driven by growing awareness of global service standards fostered by technology and online travel platforms.

Studies employing the SERVQUAL model found a strong correlation between the five core dimensions of service quality – reliability, responsiveness, assurance, empathy, and tangibility – and passenger satisfaction and loyalty at Ethiopian Airlines, with reliability and assurance identified as key determinants, while other research highlighted the importance of service consistency and communication quality. Timely communication was found to reduce passenger frustration during delays and operational disruptions while reinforcing perceptions of fairness and professionalism. Perceived value also emerged as a significant factor, which can be enhanced through improved service quality, flexible ticketing policies, and responsive support during disruptions.

The COVID-19 pandemic further heightened passenger expectations regarding health and safety, hygiene standards, booking flexibility, and communication transparency, with airlines able to adapt to these evolving expectations more likely to build trust and a loyal customer base. As a result,

passenger satisfaction is increasingly regarded not merely as an operational metric but as a strategic tool influencing reputation, customer retention, and long-term competitiveness. In this context, Ethiopian Airlines focuses on improving service quality, operational reliability, and the value delivered through its loyalty program in order to sustain a competitive position in both domestic and international aviation markets.

RESEARCH METHODOLOGY

The study investigates the relationship between customer loyalty programs and passenger satisfaction at Ethiopian Airlines, with particular attention to the ShebaMiles loyalty program. The methodology was selected based on the research objectives and the need to understand passengers' experiences, perceptions, and attitudes toward airline services and loyalty programs.

A qualitative research approach supported by a descriptive research design was adopted. The qualitative approach enabled an in-depth exploration of passengers' experiences, perceptions of service quality, satisfaction, and loyalty. The descriptive design was used to examine key dimensions of the ShebaMiles program, including the reward system, communication quality, service experience, ease of miles redemption, and loyalty program benefits. A case study design was also applied, focusing specifically on Ethiopian Airlines. The airline was selected because of its leading position in the African aviation industry, extensive international operations, strong competitive position, and emphasis on customer relationship management. This approach allowed the loyalty program and passenger satisfaction to be examined within the airline's actual operational context.

Both primary and secondary data were used. Primary data were collected through semi-structured interviews with Ethiopian Airlines passengers who had previous experience with the airline. The interviews explored travel experiences, perceptions of service quality, satisfaction, future travel intentions, and opinions about loyalty programs, particularly ShebaMiles. The interview

format allowed participants to express their experiences and opinions in their own words and provided detailed insights into the factors influencing passenger satisfaction, airline preference, repeat travel, and recommendations. Secondary data were obtained from academic books, peer-reviewed journal articles, airline industry reports, company publications, online databases, and previous studies concerning customer loyalty, passenger satisfaction, service quality, and relationship marketing. Reports from the International Air Transport Association (IATA) and publications by Ethiopian Airlines were also considered.

The study employed purposive and convenience sampling techniques. Purposive sampling ensured that participants had previous experience travelling with Ethiopian Airlines and could therefore provide relevant information about passenger satisfaction and loyalty programs. Convenience sampling was used because participants were selected according to their accessibility, availability, and willingness to participate. The participants represented different backgrounds and nationalities and were asked about service quality, communication, travel experiences, loyalty benefits, and the extent to which loyalty programs influence airline choice and future travel intentions.

The collected information was analyzed using qualitative descriptive analysis. Secondary sources were reviewed, categorized, and interpreted according to the study objectives. Key themes included customer loyalty programs, passenger satisfaction, service quality, customer retention, communication effectiveness, and loyalty-related benefits. Findings from previous empirical studies and industry reports were compared to identify common patterns, differences, and emerging trends. Interview responses were used to complement the literature-based findings by illustrating passengers' experiences and perceptions of Ethiopian Airlines and the ShebaMiles program.

The validity and reliability of the research were supported by the use of peer-reviewed academic literature, credible industry reports, and established theoretical approaches related to customer satisfaction, relationship marketing, and customer loyalty. Reliability was further strengthened by applying consistent interview procedures and asking participants a common set of

questions, which facilitated comparison of their responses. Ethical standards were maintained by informing participants about the purpose of the study, ensuring voluntary participation and confidentiality, and explaining that the collected information would be used solely for educational purposes.

Several methodological limitations were identified. The study relied substantially on secondary data, which may not fully reflect recent changes in passenger behaviour, competition, and loyalty programs in the rapidly evolving aviation industry. In addition, limited geographical access to Ethiopian Airlines passengers resulted in a relatively small number of interviews and may have restricted the diversity of participants' experiences. Limited access to internal company information, including customer and performance data, also constrained the depth of analysis. Despite these limitations, the combination of secondary research and semi-structured interviews provided sufficient information to address the research objectives and offered meaningful insights into the relationship between loyalty programs, passenger satisfaction, customer loyalty, and intentions to reuse and recommend Ethiopian Airlines.

LOYALTY AND SATISFACTION IN ETHIOPIAN AIRLINES – DATA PRESENTATION, ANALYSIS, AND DISCUSSION

PASSENGER PERCEPTIONS OF ETHIOPIAN AIRLINES

The findings of this study demonstrated that most passengers on Ethiopian Airlines have a very positive view of the airline. The interview responses how they feel about the airline it is clear that they see Ethiopian Airlines as a reliable, accessible, and well established within the African aviation industry. Travelers' perceptions influence of an airline can significantly affect their airline selection and travel decisions.

Respondents named why they chose Ethiopian Airlines. Some mentioned that Ethiopian Airlines had a good reputation. Other described that Ethiopian Airlines was trustworthy and dependable, explaining that they considered Ethiopian Airlines one of the leading airlines operating in Africa. Those opinions positively affected the travelers' decisions and instilled faith in the airline before their journeys began. Respondents indicated that Ethiopian Airline's reputation for having consistently delivered quality service to their customers across many countries also made them prefer flying with Ethiopian Airlines.

Other than the airline's reputation for delivering quality service to their customers, ticket price was another factor that influenced passengers' views of the airline. Many of those interviewed stated that found the cost of tickets purchased from Ethiopian Airlines to be reasonable compared to others offering flights along similar destinations. Respondents explained that because of the affordable prices, they chose to fly with Ethiopian, particularly when combined with the airline's reputation and route network.

Convenience to passengers was also an influential factor in shaping passengers' views of the airline. Several participants mentioned that the flight schedule offered by Ethiopian Airlines allowed them access to multiple locations. In addition, many said that the number of flights operated by Ethiopian per week and the flexibility of the schedules allowed them to plan their travel around their work or school commitments. Because of these two factors, the respondents had a positive view of Ethiopian Airlines and considered returning to the airline in the future for future travel plans.

Finally, some respondents associated Ethiopian Airlines with national pride and viewed the airline as an important representative of Ethiopia in the international aviation industry. Some felt that by flying with Ethiopian Airlines, they were supporting a successful Ethiopian business and representing Ethiopia in the international aviation industry. Passengers expressed appreciation for the airline's image and achievements, which contributed to favorable perceptions and strengthened their confidence in choosing Ethiopian Airlines.

Overall, the findings appear to show that passenger's views of Ethiopian Airlines are influenced by five major categories: its reputation, affordability,

convenience, and positive representation within the airline industry. These perceptions that passengers develop towards the airline contribute to favorable attitudes toward the airline, resulting in an increase in their desire to book additional flights with Ethiopian Airlines.

PASSENGER SATISFACTION WITH ETHIOPIAN AIRLINES SERVICES

Findings revealed that passengers were generally pleased with services offered by Ethiopian Airlines. Satisfaction was primarily associated with passengers' experiences during their journeys and how they evaluated the quality of the services they received. The interview responses indicate that positive interactions with employees, comfortable travel experiences, and efficient service delivery contributed significantly to passengers' satisfaction.

A major factor influencing passenger satisfaction was the professionalism and friendliness of airline employees. Respondents consistently described cabin crew members and customer service staff as polite, supportive, and professional. Passengers appreciated the respectful treatment they received and indicated that employee behavior contributed positively to their travel experiences. Several participants explained that employees' demeanor and attentiveness to passengers' needs gave them a feeling of comfort and worth throughout their travels.

The organization of airline services also contributed to passengers' satisfaction. Respondents expressed satisfaction with the check-in process, boarding procedures, and the general arrangement of flights. Participants explained that smooth travel procedures reduced travel-related stress and increased their confidence in the airline's ability to provide satisfactory services.

Furthermore, passengers expressed satisfaction with the overall travel experience offered by Ethiopian Airlines. Many respondents indicated that their previous flights had been comfortable and enjoyable, thus motivating them to continue booking trips with the airline. Positive experiences accumulated over

time contributed to stronger satisfaction levels and more favorable attitudes toward Ethiopian Airlines.

Although overall ratings for services provided by Ethiopian Airlines were positive, there were still some negative comments from respondents regarding aspects of their experience. The most common concerns were flight delays and inadequate communication during unexpected operational changes. Participants explained that delays themselves were manageable; however, dissatisfaction increased when they were not informed promptly about the reasons for delays or expected departure times.

One respondent explained that a previous travel experience became frustrating because information regarding a flight delay was not communicated effectively. Nevertheless, the respondent emphasized that this experience did not outweigh the positive experiences accumulated from previous flights. Similar views were expressed by other interviewee participants who considered occasional service failures as isolated incidents rather than reflections of the airline's overall performance.

Therefore, this finding indicates that satisfaction is based on the overall quality of experiences travelers encounter during travel rather than by individual service encounters alone. Positive interactions with employees, efficient service delivery, and comfortable travel experiences contribute to higher satisfaction levels, while occasional operational challenges may temporarily reduce satisfaction without necessarily affecting passengers' long-term attitudes toward the airline.

Overall, the research findings demonstrate that Ethiopian Airlines has succeeded in maintaining positive levels of passenger satisfaction through customer-oriented services and favorable travel experiences. Although there are still some operational problems that need to be addressed, passengers generally rate their experiences with Ethiopian Airlines positively and are satisfied with services provided by the airline.

Table 1: Summary of Passenger Perceptions of Ethiopian Airlines

<i>Theme</i>	<i>Interview findings</i>	<i>Implication</i>
Reputation	Most respondents described Ethiopian Airlines as reliable, trustworthy, and one of the leading airlines in Africa.	A positive corporate image influences passengers' airline preferences and creates confidence in the airline.
Ticket affordability	Passengers considered Ethiopian Airlines ticket prices reasonable and competitive compared with other airlines.	Affordable pricing contributes to favorable passenger perceptions and influences airline choice.
Flight connectivity and convenience	Respondents appreciated the airline's extensive route network, direct flights, and convenient flight schedules.	Flight accessibility and convenience strengthen passengers' positive perceptions of the airline.
National pride	Some respondents viewed Ethiopian Airlines as a symbol of national pride and appreciated its achievements in African aviation.	Emotional attachment and national identity contribute to favorable attitudes toward the airline.
Overall perception	Most participants expressed favorable opinions regarding Ethiopian Airlines and indicated positive attitudes toward the airline.	Positive perceptions create a strong foundation for customer satisfaction and future travel intentions.

Source: own elaboration.

THE CONTRIBUTION OF THE SHEBAMILES LOYALTY PROGRAM TO PASSENGER SATISFACTION

The findings of this study indicate that the ShebaMiles loyalty program contributes positively to passenger satisfaction by creating additional value for customers and enhancing their travel experiences. Generally, most respondents believe that benefits from loyalty programs are valuable additions to the inherent value produced by airlines providing transportation services.

One of the most appreciated aspects of the loyalty program is the opportunity to accumulate miles through travel and redeem them for future benefits. Several respondents explained that earning miles gives them a sense of receiving additional value beyond the transportation service itself.

The possibility of redeeming accumulated miles for free flights was viewed as an important advantage that increases satisfaction and encourages continued use of Ethiopian Airlines.

Respondents also highlighted practical benefits associated with the loyalty program, including additional baggage allowances and priority services. As a result, respondents saw these benefits as useful additions that improved convenience for them when they traveled with Ethiopian Airlines. Passengers explained that receiving such benefits increases their appreciation of the airline and creates positive feelings toward Ethiopian Airlines.

Further analysis suggests that loyalty benefits contribute to passenger satisfaction because they represent a sense of recognition and appreciation. Several respondents indicated that being rewarded for their continued patronage strengthens their relationship with the airline and encourages them to maintain a positive attitude toward Ethiopian Airlines.

However, the findings reveal that respondents do not evaluate loyalty benefits independently from the overall travel experience. Respondents consistently emphasized that loyalty rewards become meaningful when they are supported by reliable services, professional employees, and positive travel experiences. Therefore, loyalty-related benefits enhance satisfaction by complementing the quality of services already provided by the airline.

These results match prior research, the literature supports the conclusion that customer loyalty programs will be more effective for both companies and customers when they provide excellent service, and make the customer experience a pleasant one. Customers tend to perceive loyalty benefits more favorably when they are supported by reliable and customer-oriented services^[16].

Overall, the research demonstrates that the ShebaMiles loyalty program provides positive contributions to passenger satisfaction by increasing

^[16] Khuong, M. N., & Uyen, B. D. T. (2014). The effects of customer relationship marketing on customer satisfaction and customer loyalty: A study of airline industry in Vietnam. *Journal of Economics, Business and Management*, 2(4), 265–272; Magatef, S. G., & Tomalieh, E. F. (2015). The impact of customer loyalty programs on customer retention. *International Journal of Business and Social Science*, 6(8), 78–93.

passengers' perceptions of value, improving travel convenience, and strengthening positive relationships between customers and Ethiopian Airlines.

RELATIONSHIP BETWEEN CUSTOMER LOYALTY PROGRAMS AND PASSENGER SATISFACTION

The findings of this study demonstrate a close relationship between customer loyalty programs and passenger satisfaction within Ethiopian Airlines. The interview responses suggest that loyalty programs contribute positively to satisfaction by creating additional value and enhancing passengers' travel experiences. Additionally, although customer loyalty programs have a significant positive impact on passenger satisfaction, they do not directly determine passenger satisfaction.

Passengers indicated that loyalty benefits become more meaningful when they are accompanied by reliable services and positive travel experiences. Respondents indicated that reliability of services, employee professionalism, convenient flight scheduling, comfort of travel, and communication between staff and passengers all contribute significantly to their overall satisfaction. Therefore, customers view the value of loyalty-related benefits as supplementary to service quality rather than as replacements for service quality.

The findings further suggest that passengers who perceive loyalty benefits positively tend to develop stronger relationships with Ethiopian Airlines. Benefits such as mileage accumulation and future travel rewards create additional incentives for passengers to continue their relationship with the airline. Furthermore, passengers who are pleased with the service they receive from Ethiopian Airlines are more appreciative of loyalty related benefits and more pleased with their overall satisfaction.

Another important finding is that satisfaction and customer loyalty programs complement each other and collectively contribute to building longer lasting customer relationships. When respondents report having positive experiences while flying with Ethiopian Airlines, they appear to be more

open to learning about the benefits of the customer loyalty program and more willing to continue to engage with the airline. This suggests that passenger satisfaction and customer loyalty programs reinforce one another and jointly contribute to stronger customer relationships.

Therefore, the relationship between customer loyalty programs and passenger satisfaction can be defined as a mutually reinforcing process. Customer loyalty programs enhance passengers' travel experiences by creating additional value, while positive travel experiences and high satisfaction increase the effectiveness of loyalty programs and encourage continued customer engagement.

These findings are supported by the relationship marketing perspective, which suggests that organizations develop stronger customer relationships when they create value and maintain positive interactions over time. Similar research studies have shown that customer loyalty programs support customer satisfaction by adding perceived value and promoting long term customer commitment^[17].

Ethiopian Airlines can increase its relationship between customer loyalty programs and passenger satisfaction even further by continually improving service quality at the same time as making its loyalty-related benefits more attractive and accessible. When airlines combine customer-orientated services with meaningful rewards, airlines are able to foster greater passenger satisfaction and stronger long-term customer relationships.

^[17] Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38. <https://doi.org/10.1177/002224299405800302>, Khuong, M. N., & Uyen, B. D. T. (2014). The effects of customer relationship marketing on customer satisfaction and customer loyalty: A study of airline industry in Vietnam. *Journal of Economics, Business and Management*, 2(4), 265–272.

Table 2: Summary of ShebaMiles Loyalty Program Benefits and Their Contribution to Passenger Satisfaction

<i>Loyalty program benefit</i>	<i>Passenger views</i>	<i>Contribution to passenger satisfaction</i>
Mileage accumulation	Respondents valued the opportunity to earn points through travel and use them in the future.	Creates additional value and encourages continued engagement with the airline.
Free flight redemption	Free tickets were considered one of the most attractive loyalty benefits.	Increases customer satisfaction by providing financial and travel-related rewards.
Additional baggage allowance	Participants appreciated extra baggage allowances, especially for long-distance and international travel.	Improves convenience and enhances the travel experience.
Priority check-in services	Passengers viewed priority services as useful in reducing waiting times and improving convenience.	Enhances comfort and contributes positively to customer satisfaction.
Airport lounge access	Some respondents considered lounge access a valuable premium service.	Creates a sense of appreciation and improves the overall travel experience.
Overall contribution	Passengers believed loyalty benefits increase satisfaction when supported by quality services and positive travel experiences.	Loyalty programs complement service quality and strengthen passenger satisfaction.

Source: own elaboration.

CONCLUSION, RECOMMENDATIONS AND FUTURE RESEARCH

The study concludes that customer loyalty programs, particularly ShebaMiles, contribute significantly to passenger satisfaction and customer retention at Ethiopian Airlines. By offering travel-related rewards and benefits, the program provides additional value and encourages passengers to travel repeatedly with the airline. However, the findings also demonstrate that loyalty programs alone are not sufficient to ensure long-term customer loyalty.

Passenger satisfaction is strongly influenced by the overall quality of airline services, including reliability, professional customer care, transparent communication, and a comfortable travel experience. Therefore, the effectiveness of ShebaMiles depends largely on the airline's ability to combine attractive loyalty benefits with consistently high service standards.

The findings further indicate that changing passenger expectations require Ethiopian Airlines to continuously improve its customer service and loyalty strategies. Passengers increasingly expect convenience, flexibility, personalized services, and easy-to-use digital solutions. Integrating these expectations into the ShebaMiles program could strengthen customer engagement, satisfaction, and long-term loyalty.

Several recommendations can therefore be made to Ethiopian Airlines. First, the airline should improve communication during operational disruptions, particularly flight delays and cancellations. Timely, clear, and transparent information about disruptions could reduce passenger frustration, strengthen trust, and minimize complaints.

Second, Ethiopian Airlines should increase passenger awareness of the ShebaMiles program. Interview findings suggest that some passengers have limited knowledge of available benefits and how rewards can be obtained or redeemed. More effective communication and promotional activities, combined with better employee knowledge of the program, could increase customer participation and engagement.

Third, the airline should simplify the process of redeeming miles, particularly through digital channels. An accessible and user-friendly online redemption system would provide greater convenience and flexibility and could positively influence passenger satisfaction and loyalty.

Another important recommendation is to continue investing in employee training and professional development. Employees play a crucial role in shaping passengers' experiences, and positive interactions with professional staff can significantly improve satisfaction and strengthen customer relationships. Ethiopian Airlines should also consider expanding partnerships with hotels, banks, travel agencies, and other travel-related organizations. Such partnerships

could provide ShebaMiles members with more opportunities to earn and redeem miles, increasing the attractiveness and competitiveness of the program.

Finally, Ethiopian Airlines should systematically collect and analyze passenger feedback concerning both service quality and loyalty program benefits. Regular assessment of passenger experiences would allow the airline to identify service deficiencies, respond to changing expectations, and continuously improve its customer retention strategies.

Future research should extend the current study by using larger samples and quantitative research methods, which would enable more extensive statistical analysis of the relationship between loyalty programs, passenger satisfaction, and customer retention. Comparative research involving Ethiopian Airlines and other African airlines could also provide valuable insights into differences in the effectiveness of loyalty programs across airlines and markets. Further studies could focus specifically on active ShebaMiles members to examine their experiences with earning and redeeming rewards, levels of engagement, and loyalty behaviour. In addition, future research should investigate the role of digital technologies, mobile applications, personalization, and other innovative solutions in shaping passenger satisfaction and loyalty in the evolving airline industry.

Overall, the study demonstrates that customer loyalty programs can positively influence passenger satisfaction and retention when supported by reliable services, effective communication, positive travel experiences, and strong customer relationship management. For Ethiopian Airlines, strengthening both the ShebaMiles program and the overall quality of customer service is essential for building sustainable customer relationships and maintaining a competitive position in the airline industry.

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