
**From On-Time Performance (OTP) to Service Excellence:
An Integrated Strategic Study for Airline Operational Excellence
in the Digital Aviation Era**

Thongchai Jeeradist*

Aviation Personnel Development Institute, Kasem Bundit University

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Abstract

The aviation industry is experiencing an unprecedented transformation driven by digital innovation, increasing passenger expectations, operational complexity, and sustainability imperatives. While on-time performance (OTP) has traditionally been regarded as a key operational indicator, its strategic contribution to service excellence and competitive advantage remains insufficiently explored. This paper aims to study an integrated strategic framework explaining how improvements in airline operational excellence, supported by digital transformation and collaborative decision-making, enhance OTP and ultimately improve service excellence across the airline industry for the future research.

Keywords: On-Time Performance (OTP), Service Excellence, Operational Reliability, Operational Resilience

*Corresponding Author: Email: thongchai.jee@kbu.ac.th

Introduction and Background

The global airline industry has evolved into one of the most interconnected and operationally complex service systems in the world. Airlines today operate within an ecosystem characterized by rapidly increasing passenger demand, extensive global connectivity, complex hub-and-spoke networks, stringent safety regulations, environmental sustainability commitments, and growing expectations for seamless travel experiences. Following the recovery of global air transportation after the COVID-19 pandemic, airlines have faced unprecedented challenges in restoring operational reliability while simultaneously improving service quality and organizational resilience (ICAO, 2023; IATA, 2024).

Within this context, On-Time Performance (OTP) has become one of the most critical indicators of airline operational effectiveness. Traditionally, OTP has been viewed as a measure of punctuality, typically defined as the proportion of flights departing or arriving within a specified delay threshold, commonly fifteen minutes after the scheduled time (EUROCONTROL, 2023). Although this operational indicator has long been used to evaluate scheduling efficiency, aircraft utilization, and network performance, contemporary airline management increasingly recognizes that OTP represents a strategic organizational capability with profound implications for customer satisfaction, operational resilience, financial performance, and long-term competitiveness (Cook et al., 2012; Belobaba et al., 2016).

In today's passenger-centric aviation market, punctuality directly influences travelers' perceptions of reliability and service quality. Flight delays not only disrupt passenger itineraries but also generate cascading operational consequences, including missed connections, crew displacement, gate conflicts, aircraft rotation inefficiencies, baggage delays, and increased operational costs. More importantly, persistent delays negatively influence passengers' emotional responses, trust, and loyalty toward airlines, thereby diminishing perceived service excellence (Tsai et al., 2020; Chonsalasin et al., 2021).

The aviation industry is simultaneously undergoing a significant digital transformation. Emerging technologies—including artificial intelligence (AI), machine learning, predictive analytics, Internet of Things (IoT), digital twins, cloud-based operational control systems, and Airport Collaborative Decision-Making (A-CDM)—have fundamentally reshaped how airlines manage operational disruptions and optimize real-time decision-making (ICAO, 2022; EUROCONTROL, 2021). These innovations enable proactive delay prediction, dynamic resource allocation, predictive maintenance, intelligent crew scheduling, and collaborative operational planning among airlines, airports, ground handling organizations, and air navigation service providers. Consequently, operational excellence is increasingly achieved not solely through internal efficiency improvements but also through ecosystem-wide digital collaboration.

Despite these technological advancements, much of the existing academic literature continues to examine airline operational performance and service quality as separate research domains. Operational studies predominantly focus on delay prediction, network optimization, aircraft scheduling, and airport capacity management, whereas service management research primarily investigates passenger satisfaction, service quality, customer loyalty, and behavioral intentions. This separation has limited theoretical understanding of how operational excellence translates into customer-perceived service excellence.

Furthermore, previous OTP studies generally conceptualize punctuality as an operational performance outcome rather than as a strategic organizational capability. Such an operational perspective underestimates the broader strategic value of OTP in creating customer trust, strengthening airline brand reputation, enhancing operational resilience, and supporting sustainable competitive advantage. Given the increasing complexity of airline operations and the digitalization of aviation services, a more integrated perspective is required to explain the multidimensional relationships among operational performance, digital technologies, organizational capabilities, and customer experience.

Accordingly, this paper argues that airline operational excellence should no longer be evaluated solely through traditional efficiency metrics but should instead be understood as an integrated capability that creates value for both airlines and passengers. On-Time Performance

represents the critical bridge connecting operational processes with customer perceptions of service excellence. Improvements in punctuality therefore generate benefits extending beyond operational efficiency, contributing directly to passenger satisfaction, organizational reputation, revenue performance, and long-term competitiveness.

Study Purpose for Research Gap

Although numerous studies have examined flight delays, airline punctuality, and service quality independently, three major knowledge gaps remain.

- First, limited research integrates operational excellence, digital transformation, and service excellence within a single conceptual framework.
- Second, the strategic role of OTP as an organizational capability remains underdeveloped.
- Third, existing studies rarely incorporate digital aviation technologies, collaborative airport operations, and organizational resilience as complementary drivers of operational reliability and service excellence.

This study aims to:

1. Critically synthesize the multidisciplinary literature on airline operational excellence, OTP, digital aviation, and service excellence.
2. Develop an integrated strategic framework explaining how operational excellence improves service excellence through enhanced OTP.
3. Identify the strategic roles of AI, Airport Collaborative Decision-Making (A-CDM), predictive analytics, operational resilience, and digital transformation in improving airline operational performance.
4. Establish a future research agenda capable of supporting empirical validation using SEM, PLS-SEM, or other advanced analytical approaches.

Plan for Design/Methodology/Approach of research

The study adopts an integrative conceptual review methodology by synthesizing evidence from peer-reviewed literature published in leading aviation, transportation, operations management, and service management journals, complemented by reports from ICAO, IATA, EUROCONTROL, FAA, and ACI World. Rather than conducting a traditional narrative review, the study critically analyzes existing knowledge to develop a novel conceptual framework linking operational excellence, operational reliability, digital aviation technologies, and passenger-centric service excellence.

Contributions of the Study

This study makes four principal contributions for future research paper:

1. Theoretical Contribution: It bridges airline operations management and service management by positioning OTP as a strategic capability rather than a simple operational metric.
2. Conceptual Contribution: It proposes a novel integrated framework linking operational excellence, digital transformation, and service excellence.
3. Managerial Contribution: It provides actionable guidance for airlines, airports, ANSPs, and regulators to improve both operational reliability and passenger experience.
4. Research Contribution: It lays the groundwork for future empirical studies that can validate the proposed framework using quantitative methods.

Findings

The review demonstrates that OTP should no longer be considered merely an operational performance indicator but rather a strategic organizational capability. Improvements in OTP result from the interaction among operational excellence, collaborative airport decision-making (A-CDM), artificial intelligence (AI), predictive analytics, digital twin technologies, operational resilience, and integrated stakeholder collaboration. Enhanced OTP subsequently improves passenger

satisfaction, perceived service quality, customer loyalty, airline reputation, and sustainable competitive advantage.

Originality/Value

This paper contributes to airline management literature by integrating traditionally independent research domains—including airline operations, airport management, service excellence, digital transformation, and organizational resilience—into a unified strategic framework. The proposed model extends existing OTP literature by positioning operational punctuality as a strategic mechanism that translates operational capabilities into superior customer value.

Practical Implications

The proposed framework offers practical guidance for airline executives, airport operators, air navigation service providers (ANSPs), ground handling organizations, policymakers, and civil aviation authorities seeking to enhance operational efficiency while simultaneously improving customer experience in an increasingly digital aviation ecosystem.

Guideline for Future Research Implications

The framework establishes a foundation for future empirical studies employing Structural Equation Modeling (SEM), Partial Least Squares Structural Equation Modeling (PLS-SEM), Bayesian Networks, and Digital Aviation Analytics to validate the proposed relationships among operational excellence, OTP, and service excellence.

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