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Impact of Aero-Financial Literacy and Passenger Satisfaction on Airline Repurchase Intention: A Mediating Role of Word-of-Mouth

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	Abstract The airline industry operates on razor-thin margins, retaining barely US\$7 of profit per passenger carried, which makes repeat purchase behavior a matter of commercial survival rather than marketing preference. The global airline industry has evolved from a service-oriented to a customer-oriented sector. Within this shift, passengers' ability to understand, evaluate and interpret airline fare structures, dynamic pricing, ancillary fees and cost–benefit trade-offs referred as Aero-Financial Literacy (AFL) increasingly shapes their loyalty and repurchase decisions. Grounded in expectation–confirmation paradigm, this study examines the direct effects of AFL and Passenger Satisfaction (PS) on Repurchase Intention (RI) and tests the mediating role of Word-of-Mouth (WOM) in transmitting these antecedents to repurchase behavior. A quantitative, deductive, cross-sectional design was employed and data were collected from total 292 valid responses from frequent flyers (travelling at least 8–10 times per year) in Pakistan analyzed using PLS-SEM. The results reveal that PS and AFL each exerted significant positive direct effects on RI. AFL also exhibited a particularly strong direct effect on WOM which emerged as the strongest proximal predictor of RI. WOM significantly partially mediated both the PS–RI and AFL–RI relationships and the indirect effect of AFL through WOM exceeded its direct effect that indicating that the dominant mechanism through which financial literacy shapes airline repurchase is social rather than purely cognitive. These findings extend financial literacy theory into the aviation context and suggest that airlines in emerging markets prioritize fare-transparency communication and financial-education touchpoints, since these more strongly activate word-of-mouth advocacy than satisfaction management alone.
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Introduction

The global aviation industry operates within a competitive landscape characterized by rapid growth, narrow operating margins and intensifying scrutiny over its environmental footprint. International Air Transport Association (IATA) projected that global passenger numbers will reach 5.2 billion in 2025, a 6.7% rise on 2024 and the first time in history that annual traffic exceeded the five-billion mark while industry revenues crossed the symbolic threshold of US\$1 trillion for the first time (IATA, 2024). Full-year 2025 traffic confirmed the momentum: revenue passenger kilometers rose 5.3% year-on-year and the global passenger load factor set an all-time record of 83.6% (IATA, 2026). Forward-looking projections indicate that annual passenger demand will continue to expand at an average rate of 3.8% producing more than four billion additional journeys by 2043 and amplifying the strategic salience of customer retention for airline profitability (IATA, 2024). Yet the same industry that fills more than four out of every five seats retains a net profit margin of only about 3.6%, a buffer of roughly US\$7 per passenger between profit and loss (IATA, 2024). Aviation is simultaneously an economic engine of extraordinary reach, the air-transport value chain supports approximately 86.5 million jobs and US\$4.1 trillion in economic activity, equivalent to 3.9% of global GDP and business in which a single lost repeat customer meaningfully erodes the margin on hundreds of others (IATA, 2024).

In this environment, repurchase intention is not a soft marketing metric; it is the industry's principal profit lever. The classic retention economics articulated by Reichheld and Sasser (1990) that a 5% improvement in customer retention can raise profits by 25% to 85% that apply with particular force to airlines, where customer acquisition through distribution fees, promotional fares and loyalty-program incentives is expensive and where frequent flyers account for a disproportionate share of revenue (Suzuki, 2007).

At the same time, the pathway to repurchase has become intensely social. Consumers consistently rate recommendations from friends and family as the most trusted form of marketing communication 83% in Nielsen's 58-country study, far ahead of any paid channel (Nielsen, 2015) and meta-analytic evidence confirms word-of-mouth (WOM) as one of the strongest antecedents of behavioral loyalty across service industries (de Matos & Rossi, 2008). For experience goods such as air travel, where quality cannot be inspected before purchase, WOM functions as the market's risk-reduction mechanism (Anderson, 1998; Saha & Theingi, 2009). The scale of this social influence is striking: online reviews of passenger satisfaction shape the booking decisions of approximately 93% of travelers (Chen et al., 2022), aviation-related social-media mentions exceed 347 million annually (Banerjee, 2020) and passengers generate on average 4.7 word-of-mouth interactions per trip, with negative experiences producing disproportionately more communications than positive ones (Nielsen, 2023).

A second, less-studied force is reshaping how passengers evaluate airlines: the growing cognitive complexity of airline pricing itself. Unbundled fares, dynamic pricing, branded fare families and a proliferating menu of ancillary charges globally worth an estimated US\$145 billion, or roughly 14.4% of total industry revenue in 2025 (IATA, 2024) mean that two passengers on the same aircraft may pay dramatically different effective prices for materially different bundles of rights. Interpreting this landscape requires a specific consumer competence that generic financial literacy scales do not capture. This study introduces Aero-Financial Literacy (AFL) defined as the passenger's ability to understand fare construction, fee structures, refund and rebooking rules, dynamic pricing, ancillary fees and value-for-money trade-offs in air travel. The construct matters most precisely where baseline financial literacy is weakest; in Pakistan, only 26% of adults are classified as financially literate by the S&P Global FinLit Survey among the lower rates worldwide (Klapper, Lusardi & van Oudheusden, 2015) making the aviation-specific competence of its rapidly expanding traveling class an empirically open and managerially urgent question.

Pakistan provides an exceptionally timely setting. The country's international passenger market has quadrupled from 6.75 million passengers in 2006–07 to approximately 26.8 million in 2025, while the number of active international airlines serving the market has risen from 28 to 40 (Pakistan & Gulf Economist, 2026). A diaspora of some ten million overseas Pakistanis sustains dense traffic flows to the Gulf, Europe and North America, contested by powerful foreign carriers such as Emirates, Qatar Airways and Turkish Airlines alongside national operators including PIA, Airblue, Air-Sial and Fly Jinnah.

Collectively, these developments imply that satisfaction cannot be the sole factor in the conversion of a thorough-travelled journey into a repeat booking. Passenger Satisfaction has been identified as the initial point in the loyalty chain (Oliver, 1980) and in a market where fares are cognitively complicated and purchase decisions are socially mediated, two further mechanisms plausibly intervene. First, Aero-Financial Literacy equips passengers the vocabulary to interpret the way fares are built, ancillary fees, refund policies and therefore shape both what they say about an airline and whether they return to it. Second, Word-of-Mouth market's dominant trust mechanism for experience goods, function not merely as an outcome of satisfaction and literacy but as the conduit through which both are converted into Repurchase Intention. The conceptual model developed in this study accordingly positions Passenger Satisfaction (PS) and Aero-Financial Literacy (AFL) as exogenous drivers, Word-of-Mouth (WOM) as the mediating mechanism and Repurchase Intention (RI) as the focal outcome, as depicted in Figure 1.

Against this backdrop, the study tackles three research goals corresponding to the three components of the model: (1) Quantifying the direct impact of Passenger Satisfaction and Aero-Financial Literacy on Frequent Flyers' Repurchase Intention; (2) Quantifying their direct impact on Word-of-Mouth; and (3) Testing the mediation between the relationship of Passenger Satisfaction and Repurchase Intention and the relationship of Aero-Financial Literacy and Repurchase Intention through Word-of-Mouth.

Literature Review and Hypotheses

Theoretical Foundation

The model is based on the expectation-confirmation theory (Oliver, 1980) predetermining that satisfaction is a result of favorable confirmation of pre-purchase expectations and that satisfaction affects post-purchase intentions. In services marketing, the satisfaction–loyalty chain has been repeatedly supported in the case of air transport, satisfaction shapes behavioral intentions including repurchase and recommendation (Chen, 2008; Saha & Theingi, 2009; Shah, Syed, Imam & Raza, 2020). The present study augments this paradigm with a consumer-competence lens from the financial-literacy literature (Lusardi & Mitchell, 2014) which holds that when pricing is complex and opaque, the consumer's ability to decode value is itself an antecedent of confident advocacy and repeat purchase. WOM serves as a mediating factor between affective evaluation (satisfaction) and cognitive competence (literacy) with behavioral intention (Anderson, 1998; de Matos & Rossi, 2008).

Passenger Satisfaction and Repurchase Intention (H1)

Passenger satisfaction is the cumulative affective evaluation of the flying experience, spanning booking, ground handling, in-flight service, punctuality and price fairness. Chen (2008) demonstrated that satisfaction, together with perceived value, structures air passengers' behavioral intentions; Shah et al. (2020) in the Pakistani context specifically, found satisfaction to be the central mediator translating service quality into behavioral intention. Satisfied passengers face lower perceived risk in re-selecting a known carrier and incur no search costs, making repurchase the cognitively economical choice. Accordingly:

H1. Passenger Satisfaction has a significant positive effect on Repurchase Intention.

Passenger Satisfaction and Word-of-Mouth (H2)

Satisfaction is also the classic trigger of positive word-of-mouth. Anderson (1998) established the U-shaped satisfaction, WOM relationship in which highly satisfied customers actively disseminate positive accounts; East, Hammond and Lomax (2008) showed that such positive WOM measurably shifts recipients' purchase probabilities. In collectivist, high-context societies such as Pakistan, where purchase decisions are strongly embedded in family and peer networks, the propensity of satisfied travelers to recommend a carrier is expected to be especially pronounced. Hence:

H2. Passenger Satisfaction has a significant positive effect on Word-of-Mouth.

Aero-Financial Literacy (H3, H4)

Aero-Financial literacy is the capacity to process economic information and make informed financial decisions and robust predictor of welfare-enhancing consumer behavior (Lusardi & Mitchell, 2014). Yet generic literacy measures poorly capture the domain-specific knowledge modern air travel demands: distinguishing basic-economy from flexible fares, anticipating baggage and seat-selection fees, valuing refundability, understanding dynamic-pricing volatility and comparing total trip cost across carriers and channels. This study defines Aero-Financial Literacy (AFL) as the passenger's knowledge and confidence in understanding, comparing and evaluating airline pricing, fees and value-for-money propositions.

Two consequences are hypothesized. First, first, aero-financially literate passengers can recognize the true value and re-select it deliberately, getting them to repeat purchase instead of defecting on the basis of superficially lower headline fares. Second and more central to this study is literacy equips passengers to *explain* value to others. Consumer sharing information in domains in which consumers believe they are competent; knowledge confidence is a well-documented engine of market-maven behavior and advice-giving. AFL should thus be even more powerful than private repurchase, because talking knowledgeably about fares, fees and booking tactics is precisely the social currency of the informed traveler.

Thus:

H3. Aero-Financial Literacy (AFL) has significant positive effect on Repurchase Intention (RI).

H4. Aero-Financial Literacy (AFL) has a significant positive effect on Word-of Mouth (WOM).

Word-of-Mouth and Repurchase Intention (H5)

WOM is conventionally modeled as an outcome but providing WOM also acts on the provider, act of recommending a brand creates self-perception and commitment effects that increase the recommender's own likelihood of repurchase while the social validation received reinforces the original choice (East et al., 2008; de Matos & Rossi, 2008). In airline settings, passengers who advocate for a carrier to family and colleagues have both reputational and psychological stakes in continuing to fly it. Therefore:

H5. Word-of-Mouth has a significant positive effect on Repurchase Intention.

The Mediating Role of Word-of-Mouth (H6, H7)

If satisfaction and literacy each stimulate advocacy (H2, H4) and advocacy stimulates repurchase (H5), then WOM constitutes an indirect pathway through which both antecedents operate. Following the mediation typology of Zhao, Lynch and Chen (2010) significant direct and indirect effects of the same sign indicate complementary partial mediation. Formally:

H6. Word-of-Mouth mediates the relationship between Passenger Satisfaction and Repurchase Intention.

H7. Word-of-Mouth mediates the relationship between Aero-Financial Literacy and Repurchase Intention.

Conceptual Framework

Shown in Figure 1, is the proposed model. Passenger Satisfaction (PS) and Aero-Financial Literacy (AFL) are exogenous variables, Word-of-Mouth (WOM) is mediating construct, Repurchase Intention (RI) is the ultimate endogenous outcome. H1 (PS→ RI) and H3 (AFL→ RI) are a direct path, H2 (PS→ WOM) and H4 (AFL→ WOM) provide the mediator. H5 (WOM→ RI) finalizes the indirect chains tested as H6 (PS→ WOM→ RI) and H7 (AFL→ WOM→ RI).

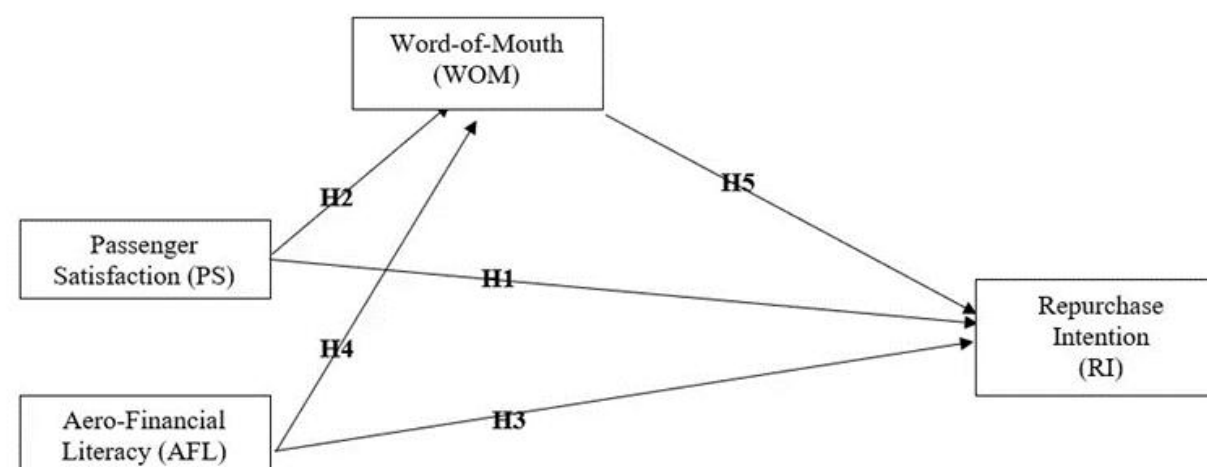


Figure 1: Conceptual Model

Research Methodology

Research Approach and Design

The study adopts a deductive approach, with quantitative methodology and cross-sectional research design. Deductive reasoning translates established theoretical propositions into measurable hypotheses tested against empirical data (Bryman, 2012; Saunders, Lewis & Thornhill, 2019). Quantitative is appropriate as it is an objective method of testing hypotheses and minimizes researcher-bias, thus enabling generalization of results to the population of frequent air travelers (Creswell & Creswell, 2018). A cross-sectional design was selected because the objective is to capture passengers' current perceptions of satisfaction, aero-financial literacy and repurchase intention across a large, geographically dispersed sample in a cost- and time-efficient manner (Rindfleisch, Malter, Ganesan & Moorman, 2008; Saunders et al., 2019).

Instrument

Data was collected using a Survey Questionnaires via Google Forms. All 24 measurement items (six for each construct) were adapted from previously validated scales published in the literatures of airline-management, pricing, consumer-behavior and financial-literacy enhancing content validity and reliability (Sekaran & Bougie, 2016). Similar with standard practice in service-quality and consumer-behavior research (Hair et al., 2019) each item was used a five-point Likert scale (1 = strongly disagree; 5 = strongly agree).

Population, Sampling and Sample Size

The targeted population was comprised of experienced air travelers (frequent flyers) who have made air travel at least 8–10 times per year. Frequency travelers are the people who have well-informed and stable perceptions of pricing and service delivery and thus are the right population to be studied for repurchase intention (Han & Hyun, 2015) the segment whose decisions account for a disproportionate share of airline revenue (Suzuki, 2007). Based on the 10-times rule of Hair et al. (2019), the minimum sample size required in this study for 24 measurement items on the instrument was 240 ($24 \times 10 = 240$). The total 292 number of valid responses received from the passengers who had flown with the Pakistani or international airlines in a year, exceeding the minimum by 21.7% and aligning with sample sizes in comparable airline PLS-SEM studies (Shah et al., 2020).

Data Analysis Technique

Hypotheses were tested using partial least squares structural equation modeling (PLS-SEM) in Smart-PLS 4.0 was preferred. PLS-SEM accommodates such complex models without stringent distributional assumptions (Hair et al., 2019). Significance was assessed via bootstrapping with 5,000 subsamples at the 5% level ($t > 1.96$; $p < 0.05$).

Data Analysis and Results

Demographic Statistics

A total of 292 valid responses were received from the passengers who had travel at least 8 to 10 times through airline operating domestic or international in Pakistan for the last one year or less. Several Category of demographic variables asked from the respondents which includes Travel Frequency, Gender, Age, Education, Occupation, Monthly income (PKR), Primary travel purpose, Primary airline (12 months) as summarizes shown in the Table 1.

Measurement Model Assessment

The reflective measurement model was evaluated for indicator reliability (outer loadings), internal consistency (Cronbach's α , ρ_a , composite reliability ρ_c), convergent validity (AVE) and discriminant validity (HTMT and Fornell–Larcker), with collinearity assessed via VIF, following Hair et al. (2019). Four reflective constructs that are AFL, PS, WOM and RI.

Indicator reliability. All 24 indicators loaded above the recommended 0.708 threshold, ranging from 0.753 (WOM4) to 0.909 (RI4); all indicators were retained (Table 2).

Internal consistency and convergent validity. As Table 3 shows, all constructs exceed the 0.70 reliability and 0.50 AVE thresholds: Cronbach's α ranges from 0.878 (WOM) to 0.950 (RI) composite reliability (ρ_c) from 0.908 to 0.960 and AVE from 0.622 (WOM) to 0.801 (RI). Convergent validity and reliability are therefore satisfactory.



Table 1: Demographic Profile of Respondents (N = 292)

Demographic categories	Range	Frequency	Percentage
Travel frequency	8–10 times a year	23	7.9
	More than 8–10 times a year	269	92.1
Gender	Male	169	57.9
	Female	123	42.1
Age	25 or below	246	84.2
	26–35	40	13.7
	35 and above	6	2.1
Education	Matriculation	11	3.8
	Intermediate	23	7.9
	Undergraduate	144	49.3
	Graduate	114	39.0
Occupation	Privately employed	31	10.6
	Government	32	11.0
	Self-employed	49	16.8
	Other	180	61.6
Monthly income (PKR)	≤ 100,000	184	63.0
	100,001–200,000	39	13.4
	200,001–500,000	36	12.3
	> 500,000	33	11.3
Primary travel purpose	Education	130	44.5
	Leisure	55	18.8
	Business	50	17.1
	Others	57	19.5
Primary airline (12 months)	National (PIA, Airblue, AirSial, Fly Jinnah)	173	59.2
	International (Qatar Airways, Emirates, British Airways, etc.)	119	40.8

Table 2: Outer Loadings

Construct	Item	Loading	Construct	Item	Loading
Aero-Financial Literacy (AFL)	AFL1	0.864	Word of Mouth (WOM)	WOM1	0.817
	AFL2	0.904		WOM2	0.807
	AFL3	0.900		WOM3	0.761
	AFL4	0.887		WOM4	0.753
	AFL5	0.905		WOM5	0.810
	AFL6	0.893		WOM6	0.782
Passenger Satisfaction (PS)	PS1	0.863	Repurchase Intention (RI)	RI1	0.884
	PS2	0.885		RI2	0.889
	PS3	0.878		RI3	0.896
	PS4	0.757		RI4	0.909
	PS5	0.872		RI5	0.895
	PS6	0.897		RI6	0.897

Note: Threshold for indicator reliability: loading > 0.708 (Hair et al., 2019).



Table 3: Construct Reliability and Convergent Validity

Construct	Cronbach's α	rho_a	CR (rho_c)	AVE
Aero-Financial Literacy (AFL)	0.949	0.950	0.959	0.796
Passenger Satisfaction (PS)	0.929	0.931	0.944	0.739
Word of Mouth (WOM)	0.878	0.881	0.908	0.622
Repurchase Intention (RI)	0.950	0.950	0.960	0.801

Thresholds: $\alpha > 0.70$; $CR > 0.70$; $AVE > 0.50$ (Hair et al., 2019). All constructs satisfy the criteria.

Discriminant validity. The Heterotrait–Monotrait ratio (Henseler, Ringle & Sarstedt, 2015) confirms discriminant validity: five of six values fall below 0.90 and the highest of WOM $\leftrightarrow$ RI at 0.922 remains below the liberal 0.95 benchmark appropriate for conceptually adjacent constructs (Table 4). The Fornell–Larcker criterion (Fornell & Larcker, 1981) is satisfied for AFL, PS and RI, the square root of WOM's AVE (0.789) is marginally below its correlation with RI (0.846) consistent with the elevated HTMT value and the strong theoretical proximity of advocacy and repurchase (Table 5). Overall, there is sufficient evidence for acceptable discriminant validity.

Table 4: Heterotrait–Monotrait Ratio (HTMT)

Relationship	HTMT	Status
PS $\leftrightarrow$ AFL	0.834	Established
RI $\leftrightarrow$ AFL	0.841	Established
RI $\leftrightarrow$ PS	0.797	Established
WOM $\leftrightarrow$ AFL	0.886	Established
WOM $\leftrightarrow$ PS	0.802	Established
WOM $\leftrightarrow$ RI	0.922	< 0.95 (acceptable)

Table 5: Fornell–Larcker Criterion

Construct	AFL	PS	RI	WOM
Aero-Financial Literacy (AFL)	0.892	—	—	—
Passenger Satisfaction (PS)	0.786	0.860	—	—
Repurchase Intention (RI)	0.800	0.752	0.895	—
Word of Mouth (WOM)	0.812	0.729	0.846	0.789

Note: Diagonal values are the square root of AVE; off-diagonal values are inter-construct correlations.

Collinearity. All inner-model VIF values ranged from 2.61 to 3.83, well below the threshold (Hair et al., 2019) confirming that collinearity does not bias the structural estimates as shown in Table 6.

Table 6: Inner-Model Collinearity (VIF)

Structural Path	VIF	Status
AFL $\rightarrow$ WOM	2.612	No collinearity
PS $\rightarrow$ WOM	2.612	No collinearity
AFL $\rightarrow$ RI	3.834	No collinearity
PS $\rightarrow$ RI	2.791	No collinearity
WOM $\rightarrow$ RI	3.135	No collinearity

Structural Model Assessment

Explanatory power. The model explains 68.1% of the variance in WOM ($R^2 = 0.681$; adjusted $R^2 = 0.679$) and 76.7% of the variance in RI ($R^2 = 0.767$; adjusted $R^2 = 0.764$). Against the 0.25/0.50/0.75 benchmarks of Hair et al. (2019) explanatory power is substantial for RI and moderate-to-substantial for WOM (Table 7).

Table 7: Coefficient of Determination (R^2)

Endogenous Construct	R^2	R^2 Adjusted	Explanatory Power
Word of Mouth (WOM)	0.681	0.679	Moderate–Substantial
Repurchase Intention (RI)	0.767	0.764	Substantial

Effect sizes. AFL $\rightarrow$ WOM exhibits a very large effect ($f^2 = 0.468$), WOM $\rightarrow$ RI a large effect ($f^2 = 0.374$) and the remaining direct paths small effects ($f^2 = 0.054$ – 0.068) against benchmarks of 0.02/0.15/0.35 for small/medium/large (Hair et al., 2019). The pattern identifies AFL as the dominant driver of advocacy and advocacy as the dominant proximal driver of repurchase (Table 8).

Table 8 Effect Size (f^2)

Path	f^2	Effect Size
AFL $\rightarrow$ WOM	0.468	Very large
WOM $\rightarrow$ RI	0.374	Large
PS $\rightarrow$ WOM	0.068	Small
PS $\rightarrow$ RI	0.060	Small
AFL $\rightarrow$ RI	0.054	Small

Hypothesis Testing (Direct Effects). Bootstrapping (5,000 subsamples) supports all five direct hypotheses as shown in Table 9. Passenger Satisfaction significantly predicts Repurchase Intention ($\beta = 0.198$, $t = 3.428$, $p = 0.001$; H1 supported) and Word-of-Mouth ($\beta = 0.239$, $t = 3.875$, $p < 0.001$; H2 supported). Aero-Financial Literacy significantly predicts Repurchase Intention ($\beta = 0.220$, $t = 2.539$, $p = 0.011$; H3 supported) and exerts the strongest effect in the entire model on Word-of-Mouth ($\beta = 0.624$, $t = 10.388$, $p < 0.001$; H4 supported). Word-of-Mouth, in turn, strongly predicts Repurchase Intention ($\beta = 0.523$, $t = 7.425$, $p < 0.001$; H5 supported).

Table 9: Path Coefficients and their Significance

H	Path	β (O)	STDEV	T-Stat	P-Value	f^2	Decision
H1	PS $\rightarrow$ RI	0.198	0.058	3.428	0.001	0.060	Supported
H2	PS $\rightarrow$ WOM	0.239	0.062	3.875	0.000	0.068	Supported
H3	AFL $\rightarrow$ RI	0.220	0.087	2.539	0.011	0.054	Supported
H4	AFL $\rightarrow$ WOM	0.624	0.060	10.388	0.000	0.468	Supported
H5	WOM $\rightarrow$ RI	0.523	0.070	7.425	0.000	0.374	Supported

β = standardized path coefficient; AFL = Aero-Financial Literacy; PS = Passenger Satisfaction; WOM = Word of Mouth; RI = Repurchase Intention.

Mediation analysis. Both specific indirect effects are positive and significant as shown in Table 10. The indirect effect of passenger satisfaction on repurchase intention through word-of-mouth is positive and significant ($\beta = 0.125$, $t = 3.255$, $p = 0.001$). As both the direct ($\beta = 0.198$) and indirect ($\beta = 0.125$) effects are significant and act in the same positive direction, word-of-mouth functions as a complementary partial mediator in the PS $\rightarrow$ RI relationship (Zhao, Lynch & Chen, 2010), supporting H6. The indirect effect of Aero-Financial Literacy through word-of-mouth is also positive and significant ($\beta = 0.327$, $t = 6.575$, $p < 0.001$). Both the direct ($\beta = 0.220$) and indirect ($\beta = 0.327$) effects are positive and significant, again indicating complementary partial mediation and supporting H7. Notably, for AFL the indirect effect (0.327) exceeds the direct effect, indicating that word-of-mouth is the principal mechanism through which financial literacy converts into repurchase behaviour. The total effect of AFL on RI is 0.546 ($t = 7.031$, $p < 0.001$) markedly larger and the total effect of PS on RI is 0.322 ($t = 4.441$, $p < 0.001$).

Table 10: Specific Indirect Effects (Mediation)

H	Indirect Path	β	STDEV	T-Stat	P-Value	Decision
H6	PS $\rightarrow$ WOM $\rightarrow$ RI	0.125	0.038	3.255	0.001	Partial mediation
H7	AFL $\rightarrow$ WOM $\rightarrow$ RI	0.327	0.050	6.575	0.000	Partial mediation

Model fit. The model fit is good, as the standardised root mean square residual (SRMR) for the estimated model was 0.051 which is less than the conservative 0.08 (Hair et al., 2019). The Normed Fit Index (NFI) was 0.755, approaching the recommended level. These indices confirm that the model adequately fits the observed data. Table 12 consolidates the hypothesis-testing results of all seven hypotheses are supported at $p < 0.05$.

Table 11: Model Fit Indices

Fit Index	Estimated Model	Threshold
SRMR	0.051	< 0.08 (good)
d_ ULS	0.772	Reference
d_ G	1.952	Reference
NFI	0.755	→ 1.0 (acceptable)

Table 12: Summary of Hypothesis Testing Results

Hypothesis	Relationship	β	T-Value	P-Value	Result
H1	PS → RI	0.198	3.428	0.001	Supported
H2	PS → WOM	0.239	3.875	0.000	Supported
H3	AFL → RI	0.220	2.539	0.011	Supported
H4	AFL → WOM	0.624	10.388	0.000	Supported
H5	WOM → RI	0.523	7.425	0.000	Supported
H6	WOM mediates PS → RI	0.125	3.255	0.001	Supported
H7	WOM mediates AFL → RI	0.327	6.575	0.000	Supported

Note: All seven hypotheses supported at $p < 0.05$.

Discussion

The empirical analysis supported all seven hypotheses of the revised model. The model explained 68.1% of the variance in Word-of-Mouth and 76.7% of the variance in Repurchase Intention, substantial values that indicate that the chosen antecedents and mediator capture a large share of the behavioural mechanism studied. The discussion of each individual hypothesis is presented below. Regarding the direct effects, it showed that the effect of Passenger Satisfaction on Repurchase Intention is positive and significant ($\beta = 0.198$; $p < 0.001$) which supported the hypothesis 1. This finding aligns with the existing service-marketing literature that has proven customer satisfaction does have positive relationships in re-patronage behaviours, such as empirical studies by Han and Hyun (2015) for airline industry. However, this impact is relatively small and in keeping with the increasingly popular opinion that where dynamic pricing and digital competition is rife, satisfaction alone is not enough to secure retention.

Passenger Satisfaction also plays a significant role in predicting Word-of-Mouth ($\beta = 0.239$, $p < 0.001$) which supports H2. It reinforces the well-known hypothesis that satisfied passengers become informal ambassadors by describing their experiences on the services to their social circles-a very important aspect in air transportation since potential customers decide based on past customer reviews and word of mouth. Repurchase Intention is positively affected by the Aero-Financial Literacy with a direct influence of 0.220 in the significance range of $p < 0.05$ supporting H3. This is a novel and theoretically interesting result. It suggests that those who grasp the rules of fares, what makes up the ancillary fees and how dynamic pricing works are less likely to defect to another airline. This result appears consistent with general financial-literacy literature theory (Lusardi & Mitchell, 2014) which argued that financial knowledge can be considered as a new human capital characteristic that will reduce the perceived information asymmetries between buyer and seller. In the airline domain, AFL seems to transform the otherwise ambiguous manifestation of price volatility into a clear signal for the market which helps to strengthen repurchase commitments.

The results of the model show that direct impacts of the Word-of-Mouth is the strongest, which is influenced by Aero-Financial Literacy ($\beta = 0.624$ $p < 0.001$; very large effect size, $f = 0.468$) and supporting the H4. The absolute value of the coefficient implies that passengers who perceive the mastery in interpreting airline pricing greatly become much more vocal; both because these commentaries are regarded as coming from more legitimate passengers and because they reinforce their feeling of self-esteem as knowing flyers by disseminating their combined knowledge. Word of Mouth is the most significant proximal predictor of Repurchase Intention ($\beta = 0.523$; $p < 0.001$) and good predictor of H5 with a very a large effect size ($f^2 = 0.374$). This confirms the hypothesis that in services with experiential uncertainty, WOM operates as an effective behavioral, since it is considered the most reliable source of information in these services. The bootstrap mediation analysis demonstrated that Word-of-Mouth significantly mediates the PS → RI relationship ($\beta = 0.125$, $p = 0.001$) and the AFL → RI relationship ($\beta = 0.327$, $p < 0.001$). Both indirect effects are complementary partial mediation according to the Zhao, Lynch and Chen, (2010) classification- the direct path and indirect path are both significant and have the same sign. The most interesting pattern refers to the AFL path: the mean size of

the indirect effect via WOM (0.327) is bigger than that of the direct effect (0.220) implying that the way that Aero-Financial Literacy influence repurchase intention is mostly by social means rather than cognitive.

Theoretical Implications

The study makes three theoretical contributions. First, it introduces and validates Aero-Financial Literacy as a domain-specific extension of the financial-literacy paradigm (Lusardi & Mitchell, 2014) into air-transport consumer research, demonstrating that a category-specific competence construct can outperform the field's canonical antecedent satisfaction in predicting both advocacy and repurchase. Second, it repositions WOM within the expectation–confirmation framework (Oliver, 1980): rather than a terminal outcome, WOM operates as the central converting mechanism through which both affect (satisfaction) and cognition (literacy) become behavioral intention, with complementary partial mediation established for both pathways (Zhao et al., 2010). Third, by showing that the cognitive antecedent transmits more of its effects socially than does the affective antecedent proportionally, the study suggests refinement in the advocacy theory – knowledge confidence, not delight, leads to the strongest recommendation behavior.

Practical Implications

The findings translate into a concrete, immediately actionable retention playbook and the timing could hardly be more consequential. Pakistan's aviation industry is at a pivotal moment: it has 26.8 million international passengers, 40 competitive international airlines and a newly privatized flag carrier that will be built on repeat purchase if its investment program (Rs 125 billion) and its plans to buy 18 to 38 aircraft fleet plan (International Trade Administration, 2026) will succeed or fail on repeat purchase. Three implementations follow directly from the coefficients.

Because AFL is the strongest lever in the model, carriers should treat fare education as a marketing investment, not a disclosure burden: interactive fare-comparison tools at booking, plain-language fare-family matrices, total-trip-cost calculators that include baggage, seating and rebooking fees and short explainer content in Urdu and English across app, web and social channels. Every point of literacy gained pays twice, once in repurchase ($\beta = 0.220$) and again, more powerfully, through advocacy (0.624×0.523).

With only 26% adult financial literacy nationally (Klapper et al., 2015) the first carrier to become the market's trusted explainer of pricing acquires an advocacy engine competitors must buy with advertising. Transparent display of dynamic-pricing logic, refund rules and fee schedules converts the industry's US\$145-billion ancillary-revenue complexity (IATA, 2024) from a trust liability into a differentiator.

Satisfaction remains significant but is the smaller lever (total effect 0.322); its returns are amplified when paired with literacy. Punctuality dashboards, proactive disruption communication and honest compensation policies should therefore be *narrated* told in ways passengers can repeat because the model shows the repeatable story, not the silent experience, is what drives the next booking.

Limitations and Future Research

Three limitations bound the findings. First, this study employs cross-sectional research design which collect data at one specific time. Because repurchasing is a behavior that takes unfolds over time and only longitudinal design would be required to trace how repurchasing patterns develop and change over the time. This should be a topic for future research. Future research should therefore adopt longitudinal methods to capture this behavior more accurately. Secondly, majority respondents were aged 25 or below and students formed dominant occupational group. The study may not be representative for older travelers or business travelers because of the youthful, limit the generalizability of their findings (Podsakoff et al. 2003). Third, the generalizability of the study may also be affected by its cultural context: all respondents were drawn from Pakistan, so the findings may not extend to markets with different cultural, economic, or aviation-industry characteristics. Cross-country replication is recommended.

Conclusion

Drawing on 292 frequent flyers in one of the world's fastest-changing aviation markets, this study demonstrates that repurchase intention is built on two pillars first one is how passengers *feel* about an airline and 2nd one is how well they *understand* what they bought and that both are converted into loyalty chiefly through the social mechanism of word-of-mouth. All seven hypotheses were supported; the model explained 76.7% of the variance in repurchase intention; and Aero-Financial Literacy construct proved the single most powerful force in the system, transmitting the majority of its influence through advocacy. For an industry that keeps only about seven dollars of every passenger's journey and for a Pakistani market whose flag carrier has just been entrusted to private hands with a mandate to earn back trust 'mile by mile', the message is direct: the airline that teaches its passengers to understand value will be the airline they return to and the one they tell everyone else about.

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