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IN SEARCH OF PASSENGERS' LOYALTY FACTORS FOR THE SAKE OF LOW-COSTAIRLINES: A CASE STUDY OF THAIS

Kannapat Kankaew[1]* ✉**https://orcid.org/0000-0003-1127-5627, Watcharawish Permsinphantong[2], Ekachat Tansiri[3]**

[1,2]International College; SuanSunandha Rajabhat University, NakronPathom Education Center, Thailand

[3]Kasetsart University, Kamphaeng Saen Campus, Thailand

*kunnapat.ka@ssru.ac.th

Abstract. Customer loyalty is preferred by all kind of firms. Since, it leads to repurchase intention which resulting to revenue generation, and sustainable competitive advantages. This study aims to evaluate the service quality factors affecting the passengers' loyalty on low-cost carrier in Thailand. The samples were passengers who flying with Thai Lion Air 400 persons, and 400 persons who flying with Thai Air Asia. The questionnaires were administered to collect data. The structural equation modelling was applied for confirmatory factor analysis. The result found that the service quality attributes on assurance, responsiveness, reliability, and tangibles are affecting the customer loyalty and repurchase intension of Thais. Hence, low-cost airlines should highlight more on the service quality rather than compete strongly on price mechanism.

1.Introduction

The destructive competition of airline market environment pushes, especially, low-cost airlines launched the aggressive promotion of unpriced ticket to attract the customers.Frequently, the cheapest tickets promotion THB 0 were offered to gain market share, to be recognized by target audiences. Undoubtedly, this promotion leads to the price war. However, airlines could not accountably only on price mechanism to be sustainable competitive advantages. Considering that, the consistency of flight operations, punctuality, the reputation of brand and images, and airline personnel are relevant to the returning of passengers. In addition, to emphasize heavily on pricing strategies could be jeopardized to the airlines itself. Thence, the sought of other factors pulling the passengers' loyalty on airlines is indispensable.Though, the airlines' product and services are pretty the same. Hence, to become distinct among rivals is to be outstanding performances such as service standard, or the marketing mix components. Furthermore, to dig deeper in airline customers' needs is consequential.

2. Literature Review

Nowadays, most of the firms are not only competing in technology, products but the services. Firms focus on delivering the services to impress customers is important to corporate income and growth. Especially in the digitalized world, people can access information and share information easily and quickly through social media.Whenever, the organization or airline causes a bad customer experience. Their bad experiences in social media adversely affect corporate image and, of course, income of the organization.In contrast, Wirtz & Lovelock (2016) stated the customer repurchase the service because of quality. It is based on the assumption of (1) the quality is an investment (2) the effort in quality must be financially reasonable because sometimes the

organization tries to invest in the attributes which the customer does not value, it is therefore likely that (3) the organization is spending too much on quality and (4) the cost of quality investment sometimes cannot be identified.However, service is intangible, but can be differentiate with its efficiency and effectiveness measuringby the degree of success of an organization that is able to achieve a set objective of customer satisfaction. While, PWC (2019) reported that business competition will focus on service rather than production, PwC has proposed the concept of customer experience assessment or (ROX metrics cycles- Return on Experience). The principle of concept is the organization invests in employee development, especially frontline employees who must interact with customers directly and supporting employees with by technology systems, and creating organizational engagement along with instilling organizational culture into the employees.

Providing service apart from customer's expectation is resulting to the satisfaction and loyalty. As refer to Timm (2011) recommended adding value into products and services could tighten relationships between customers and organization. In addition, it will be enhancing the customer loyalty since organization understands and could deliver the needs of customer. The value added could be, for instance; packaging, assurance, impressive experiences, uniqueness, share value, reliability, unexpected ancillary services, and through the competence staffs. Concurrently, Zeithalm, Bitner &Gremler (2018) stated the three factors influencing customer expectation involving personal needs personal service philosophy, and educed service expectation. In spite of everything, there were also three factors for acceptable services inter alia; perceived service alternative, situational factors, and predicted service. Particularly, most of the passenger perceived low-cost limited services. Hence, the expectation is rather low to neutral unless long delayed, cancellation without information, and irresponsible from the airlines whenever the problem arises. Certainly, if the customer receives the products or services lower quality than expected the dissatisfied occurred (Kotler & Armstrong, 2014).

Nevertheless, for the competitive advantages low-cost airlines could not negligence delivering the service with quality. It is the differences of passengers' expectation and the actual service received with overall impressive momentduring the service encounter from the service firm(Yunus, Bojei, & Rashid (2013; Kim & Lee, 2011). SERVQUAL is a service quality assessing tool that is widely used. It is consisting of five areas in conjunction with tangibles, reliability, responsiveness, assurance, and empathy (Schneider & White, 2004).Tangibles are the presence of service environment, facilities, personnel, and communication. Reliability(Harun et al, 2018)is the performance of organization in deliver the service as promised. Likewise, responsiveness is the prompt and willingness to help the passenger. Assurance is the credibility, security, competence, and courtesy of airlines.While, the empathy is the ease of contact, the understanding on customers' needs.

Besides, the customer loyalty is customer who are willing to carry out business activities with organization continuously from the basis of receiving privileges and referrals the products/services to friends and others. The customer loyalty, thereby, generate more profit from additional purchase, reduction in cost of finding new customers, referrals, and advocates (Wirtz & Lovelock, 2016). According to (Akamavi et al, 2015) customer loyalty is a customer repurchase the products/services and highly engagement to the preferred products/services in the future consistency. Shen & Yahya (2021) cited the customer loyalty can be determine by behavioral, attitudinal, and the combination of behavioral and attitudinal approaches. The behavioral approach is stressed on the tendency of customer repurchasethe goods from the same organization. The attitudinal approach is the use of preferences data expressing the psychological loyalty. Lee et al (2018) added four key phases of the behavioral and attitudinal approaches as conative, affective, cognitive and behavior loyalty. Where the attitudinal composes of the first three phases, while the behavioral is resulting form the three phases. The conative, for example, is the price, quality, and frequent flyer programs that represent the weakest to customers' loyalty. Due to the mentioned attributes are comparable

easily with competitors. The affective is the emotional connection of the passenger to airline. It is accounted as the commencement of loyalty.

Previous studies on passenger loyalty towards low-cost airlines, Yunus, Bojei, & Rashid (2013) found the service quality related to customer loyalty on low-cost airlines in Malaysia. Researchers suggest airlines to improve the service quality to augment the long-term customer loyalty which will result to profitability.Dolnicar et al (2011) found frequent flyer program, price (Jiang & Zhang, 2016), reputation perceived by friends, and national flag carrier have high influence on passenger loyalty to the airlines. The airline website user's loyalty, so too, investigated by Forgas et al (2012)revealed that the difference in generation has loyalty engagement dissimilarly. Vlachos & Lin (2014) analyzed the factors influence on business passenger loyalty in China found the reputation of airlines, in-flight service, frequent flyer program, and aircraft highly affecting the loyalty of Chinese business travelers. On the other hand, Akamavi et al, (2015) disclosed that pricing was not the main factor influencing low-cost passenger loyalty in Britain, instead the satisfaction of passenger on service employee self-efficacy, service recovery, and trust affecting the loyalty. In between, Lee et al (2018) found social media involvement, the perception of passenger on value and service quality have influenced the passenger satisfaction which resulting to loyalty. Specifically, the social media and service quality have great impact on passengers' loyalty towards airlines in Hong Kong. Shen & Yahya (2021) exposed the perspective of Southeast Asia passenger loyalty toward low-cost airlines with two key factors particularly price and service quality. These two factors enhanced passengers' satisfaction and finally lead to loyalty

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3 Methodology

The sample were 800 passengers who flown with low-cost airlines namely, Thai Air Asia (TA)400 passengers, and Thai Lion Air (LA) 400 passengers. The questionnaires were administered to collect data at Don Mueang International Airport (DMK).The descriptive analysis was applied for

respondent's data. The structural equation modelling, then, was used for confirmatory factor analysis. The goodness of fit analysis of confirmatory factor analysis was done. The results are as following; X^2(CMIN): 59.80, d.f.: 51, p: 0.206, CMIN/ d.f: 1.585, GFI: 1.00, AGFI: 0.993, CFI: 1.00, RMSEA: 0.022, and RFI: 0.997.What is more the composite reliability and average variance extracted were testedfor model reliability. The result of construct reliability and average variance extracted as shown in table 1 below.The assessment was mainly stressed on five areas of service quality. Reliability is the punctuality of airlines, grooming and personality, and the image of airlines; responsiveness concerning with the willingness to help of employees, courtesy and attitude of employee, skills and knowledge of employee; assurance composes of airline practice international safety standard, baggage handling, liability of airline for any discrepancies occurred; empathy is the airline able to serve special needs as requested by passenger, airline always launch new products/services, airline applied user friendly technology for services; and tangible is concerning with comfortable seats when comparing to other low-cost airlines, various flights times with reasonable price, operate with modern aircraft, and the airline offer frequent flyer program.

Table 1. Construct Reliability and Average Variance Extracted (AVE).

Service Quality	Standardized estimate	Non standardized estimate	S.E.	C.R.	Construct Reliability	AVE
TA						
Assurance	.835	1.238	.031	8.803***	.846	.634
Reliability	.773	1.000	.016	11.547***		
Responsiveness	.818	1.173	.019	9.796***		
Empathy	.737	.963	.019	9.830***		
Tangibles	.816	1.098	.019	11.637***		
LA						

Assurance	.807	1.079	.015	11.222***	.852	.642
Reliability	.833	1.183	.017	10.944***		
Responsiveness	.795	1.000	.018	10.231***		
Empathy	.756	1.015	.020	11.404***		
Tangibles	.815	1.046	.016	10.377***		

4 Results

The respondents from Thai Air Asia consist of female 52.8 percent, and male 47.3 percent. the highest number of age range among 24-29-year-olds at 47.3 percent, followed by 30-35-year-olds at 22.3 percent. The majority of the respondents are holding bachelor degree 57.3 percent, master degree 38.3 percent. Considerable percentage of occupation areworking in private firms at 31.8 per cent, state enterprise 27 percent, and government official 20.8 percent. The purpose of journey is for leisure, education, and seminar accounted for 31.3 percent, 29.5 percent, and 23.3 percent respectively.On another note, the highest number of respondents' gender from Thai Lion Airare equally as Thai Air Asia including; female 52.8, and male 47.3 percent. While, the age among 24-29-year-old are highest number, followed by 18-23-year-old accounted for 42.8 percent, and 24.5 percent accordingly. The sample group having bachelor degree 58.8 percent, followed by master degree 34.8 percent. And their occupation are employees in private organization 43.5 percent, government officer 19 percent, follow by state enterprise 16.8 percent. The journey purposes are visiting-friends and relatives, education, and not specify accounted for 24.8, 23.8, and 16.8 accordingly. Thence, the total number of respondents from two airlines are 800 persons. The first model of Thai Air Asia was constructed to evaluate the airline service quality as shown in figure 1.It is should be noted that the three highest attributes passengers perceived the service quality of Thai Air Asia that affect their loyalty to the airline are assurance, responsiveness, and tangibles.
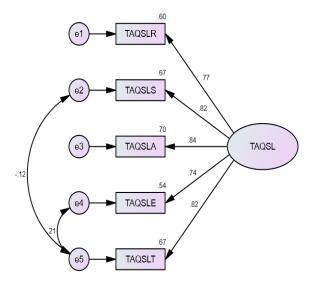
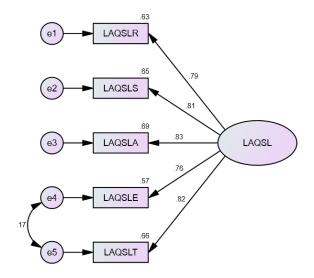**Figure 1**. Thai Air Asia Service Quality Structural Model

Figure 2. Thai Lion Air Service Quality Structural Model

For Thai Lion Air, passengers perceived three highest service quality of the airline affecting their loyalty towards the airline consist of reliability, tangibles, and assurance.

5. Conclusions and Recommendations

Taking everything into account, the result of analysis disclosed five service quality attributes inter alia; assurance, reliability, responsiveness, empathy and tangibles of both airlines namely Thai Air Asia, and Thai Lion Air fairly high

that all scores are above 0.70 and over. Howbeit, the most four highest score from two airlines were assurance, responsiveness, reliability, and tangibles. It is important to take into account in details, then, low-cost airlines should focus on airline's operation in terms of safety and security, punctuality, baggage handling, responsible for discrepancies such as delay or cancellation appropriately, Over and above, the airlines' workforces should be well equipped with knowledge and skills, whereas the airline should embed its service culture with positive attitude, courtesy by implementing continuous training and development program. On top of that, the product development and benchmarking within the industry are essential to differentiate the airline from its rivals. The frequent flyer program should be cooperation with various business sectors to be more attractive to customers, and it can be as a retention tool for existing members as well.

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