

CUSTOMER SATISFACTION AND REPURCHASE INTENTION TOWARD LOW COST AIRLINES IN THAILAND.

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ABSTRACT

The objectives of this study are to study the factors influencing repurchase intention of the customer satisfaction and repurchase intention of the customer s who use the services of low cost airlines to study the relationship. The characteristic of Low Fare service which possibly presents ample opportunities for customers to easily switch their purchase intention to others. Therefore, it is important for the service provider to learn how to retain or to prevent their existing customers from switching their purchase to other service providers in the highly competitive area. The research studied only the low cost airlines customer s from the respondents who were customers in Thai low cost airlines at Donmeung Airport and Suvarnabhumi Airport-BKK. The data was collected from 440 copies of questionnaires. For quantitative research, For the qualitative research, 15 in-depth qualitative interviews were carried out, and conformed to research's hypothesis and quantitative research for more credible information.

A confirmatory factor analysis was conducted with two independent constructs, customer satisfaction and repurchase intention, showed that two constructs fitted well with the empirical data. And, a structural equation model utilizing the data as observed variables and the constructs as latent variables produced a model that showed the impact of customer satisfaction and repurchase intention. The major hypothesis, customer satisfaction was found to have a strong influence on repurchase intentions. The correlational value pointed out that that customer's satisfaction and customer's loyalty greatly affect each other, followed by service quality and customer's satisfaction. The least influential variable was between price and customer's satisfaction and loyalty. Thus, the investigation indicates that the casual correlation of customer's satisfaction and loyalty is largely interlinked. The local LCA should aims to develop their satisfaction through passenger's satisfied service quality, mainly via responsiveness quality.. Airlines can utilize these findings to design effective customer satisfaction strategies to increase their profitability.

Keywords: Repurchase Intention, Low Cost Airlines

INTRODUCTION

This study should be useful for low cost airline operators to use as a guide to understand more about their Thai customers, Customer satisfaction and factors influencing consumers in repeating purchase service. Nowadays, transportation is one of the important basic structures of country. Most of economic development is from the convenience of transportation. That means more effective transportation will affect to the better condition of economy. The air

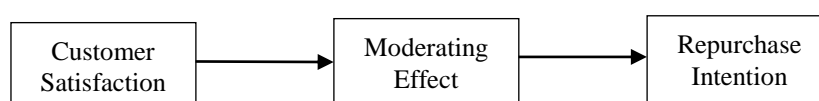
transportation will be transported by airlines business. In the beginning of this business, the business was Full Services. That means full service to create most satisfaction to customer s. So, the cost and service fee were quite expensive and there were few people whose economic status was good or others who didn't care about fare used this kind of service. As the slogan of ASEAN's largest LLC says, "Now everyone can fly," which has opened the door to affordable air travel for the masses, with over half of all airline seats sold in ASEAN now being for a LCC. Competition between airline businesses has been increased. It impacts the level of service according to customer demand. In addition, the low cost airlines are competing in the business and they provide customer by launch more different of services such as low cost airline, semi- premium airline etc. As the number of products and customer s has been increasing also the capabilities that airline can implement the cost reduction during difficult circumstances with improving business management and minimize the additional expenses. Physical Evidence – it is the additional evidence to represent the forms of service quality of the company such as shape of building, vehicles, furniture, etc. These will strongly affect to customers' feeling and satisfaction. Customers can see this through rooms, services, facilities. The product renovation is necessary to control cost effectively to create customers' satisfaction and loyalty.

In Thailand, commercial aviation statistics are impressive, especially when it comes to the low cost carrier market, as LCCs represented 44.9% of total customer traffic through Thailand's six major airports in 2016, which also accounted for 54.7 million customer s out of the 122 million customer s that moved through Thai AOT (Airports of Thailand) operated airports [1]. Relationship marketing theory advocates that it is advantageous for a service provider to preserve and develop long-term relationships with customers as compared with merely acquiring new ones [2]. Customers who are engaged in long-term relationships are likely to be less price sensitive and they make more frequent purchases [3]. They are also more likely to spread positive word of mouth about the service provider, which ultimately results in decreased acquisition costs and a higher customer retention rate . Customers who stay with a service provider become emotionally involved and attached to the company [4]. This is a key success factor, especially during periods of economic turbulence and intense competition.

As competition and costs of attracting new customers increase, companies are focusing on defensive strategies [5]. This area of study will be focused in this research proposal, with the objective to investigate customer satisfaction and the switching barriers as main, moderating and mediating. Determinant/variables which may have an effect on of customer repurchase intention. As defined by [6]. Switching barrier is any factor that makes it difficult or costly for customers to change providers. Though several researchers have emphasized that the role of switching barriers is important, because they prevent customers from defecting to another service providers [7]

According to [8]. A 'moderator variable' is one that influences the strength of a relationship between two other variables, and a 'mediator variable, also called an intervening or process variable, is one that explains the relationship between the two other variables.

Figure 1
General model of The Research



They are: Interpersonal Relation, Attractiveness of Alternative, Switching Cost, and Service Recovery Evaluation. The proposed model and hypotheses were tested in the Low Cost Airline (LCA) service Industry in Thailand, This industry is chosen for several reasons:

-Firstly, according to [9]. The airline industry is a service industry which fulfills the main criteria of heterogeneity, intangibility and perishability, thus there seems to be a high degree of interaction between the service providers and the customers.

-Secondly, the Low cost airline industry is recognized as a new emerging market in Southeast Asia [10]. It is evident that network carriers are still losing their marketing share/customer to low cost air [11]. In Thailand. This started a new era of air industry competition and led to the emerging of a number of new airline operators, especially low cost airlines in to the Thai sky market [12]. And, the market has become more competitive in Thailand. -Thirdly, though there is evidence that shows that the low cost airline market share was drastically increased [13]. It appears that the nature of Low Fare characteristic service itself may be the temptation for the customers to easily switch their purchase intention to other service providers “When being the lowest cost is not enough”.

-Thirdly, though there is evidence that shows that the low cost airline market share was drastically increased [14], it appears that the nature of Low Fare characteristic service itself may be the temptation for the customers to easily switch their purchase intention to other service providers (referred from the study of [15]).

The findings of this research shall make important contributions to help managers to develop strategies which will help prevent their current customers from switching their purchase to others in this area of high competition.

And extend the body of knowledge of repurchase intention, and the concept of Customer satisfaction, as well as, knowledge of marketing perspective of low cost airline business. This research can be used as one of the case studies presented for Southeast Asian perspective.

As for the notion of low cost airlines (LCA), it is found that even though studies related to low cost airlines business do exist. Thus, by combining two problems statements above, the research questions are set: as follows. RQ1: What is the effect/influence of (Low Cost airline) Customer Satisfaction on the Repurchase intention? RQ2: What is the direct effect of Customer satisfaction on repurchase intention?

LITERATURE REVIEW

E-Service Quality (ESQ)

Company digital behavior and the technological environment are increasingly having a significant impact on the way companies manage their customer relationship [9]. Historical research on ESQ by [10].identified website design, fulfillment/reliability, security/privacy, and customer service as key elements in early research. Barnes supported this with the conclusion that usability, design, information, trust, and empathy were also important. [12]. partially embraced the RATER (SERQUAL) model and determined that responsiveness, reliability, and assurance played key roles [11].

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H1: E-service quality (ESQ) has a direct positive effect on customer satisfaction (CS).

Service Quality (SQ)

Service quality has become the significant strategic value adding/enhancing driver in achieving a genuine and sustainable LCC competitive advantage in a global marketplace.[16]. [17]. measured airline service quality of Ethiopian Airlines, and used the SERVQUAL model, with its five dimensions of reliability, assurance, tangibility, empathy, and responsiveness (RATER) to measure service quality. Results supported the ACSI study regarding airline customer dissatisfaction (American Customer Satisfaction Index [18]., with African travelers being very unhappy with airline reliability, with assurance having the strongest effect on a customer s' satisfaction. It was also indicated that customer satisfaction plays an important role in enhancing customer loyalty. Another factor is tangibles, which are the physical equipment, facilities, personnel, and communication devices, and with LCCs, tangibles have been shown to be of the utmost importance [19], as well as customer responsiveness, which is the ability to quickly serve and help customers [20].

H2: Service quality (SQ) has a direct positive effect on customer satisfaction (CS).

H3: Service quality (SQ) has a direct positive effect on repurchase intention (RI).

Customer Satisfaction (CS)

[16].researched European LCCs and determined that while there was extensive literature focused on the link between service quality, satisfaction, and loyalty, there is limited research on linking and examining the impact of the LCC low-cost business models to these three constructs. The study, however, did conclude that customer satisfaction is a much stronger driver in influencing repurchase loyalty than service quality. [21]. in their investigation of the SERVPERF/SERVQUAL models determined that customer satisfaction is also a post-decision customer experience, while service quality is not. This was confirmed in airline industry research, when it was determined that customer service and on-time flight operation are the most important factors in customer satisfaction for airlines [22].

H4: Customer satisfaction (CS) has a direct positive effect on repurchase intention (RI)

H5: Customer loyalty (CL) has a direct positive effect on repurchase intention (RI),

H6: Customer satisfaction (CS) has a direct positive effect on customer loyalty (CL).

Repurchase Intention (RI)

Various studies have identified multiple latent variables as key to LCC passenger repurchase intention. One such component is reliability which Baker (2014) defined as the ability to correctly provide the customers with services as promised without any assistance. Reliability can also be described as the ability to perform service dependably and accurately, such as punctuality, efficiency of the check-in process, and convenience and accuracy of reservations and ticketing [20]. [19]. also indicated that repurchase intention occurs from satisfaction and attitude, which serve as the start of customers' overall happiness. The study also showed that perceived usefulness, online customers' satisfaction and perceived enjoyment had significantly positive impacts on online customers repurchase intention. Moreover, they discovered that compared with utilitarian factors, the hedonic factor had a stronger positive impact on repurchase intention.

However, this research proposal will focus on customer satisfaction as the main determinant (independent variable) to repurchase intention (dependent variable) since many researchers have found a very strong relationship between customer satisfactions and repurchase intention. Some researchers have viewed customer satisfaction as the most

important factor leading to repurchase intent. They indicated that customer satisfaction is a stronger indicator and more indicative of actual customer repurchase behavior and retention than other determinants which have already been mentioned. It was stated that the higher their satisfaction, the more likely for customers to repurchase. This research can be used as one of the case studies presented for Southeast Asian perspective and the useful for low cost airline operators to use as a guide to understand more about their Thai customers, and factors influencing consumers in repeating purchase service.

OBJECTIVE

1. To investigate the relationship between Customer satisfaction and repurchase intention.

METHODOLOGY

The methodology selected for this research, Quantitative study method was adopted and quantitative data was collected for this research, which consists of data collection method, survey research method /face-to-face interview, As for the data collection techniques, the questionnaire was administered by means of random face-to-face interview with the customers who were waiting for their flight at the airport. Reliability & validity test, sample justification, survey administration, statistical methods used in analyzing data gathered. For this research, the pre-test was conducted with approximately 30 customers. This number of 30 pre-test samples matches up with that of the study [23]. Who conducted interviews with airline industries.

Reliability and Validity Test

The reliability & validity tests for the questionnaire were conducted. According to [13], Validity and reliability are usually estimated or tested by using *correlation coefficients*. Therefore, in this process, the Cronbach Alpha Coefficient which is a tool assessing the reliability of scale [14], was used to test the reliability and validity of the questionnaire. The acceptance level of each item should be more than 0.6 [15], data Analysis. In the main study, 500 set of questionnaire/samples was distributed and 440 of completed questionnaires was collected based on quota sampling. And the number of sample size for each airline would vary on proportion or percentage of actual customers from 3 low cost airlines operators in Thailand.

Data Analysis

For this research, based on the hypothesis, there are many variables, both independent and moderating variables/ mediating variables (E-service quality (ESQ), Service quality (SQ), customer satisfaction (CS), repurchase intention (RI),) to be tested with single Independent variable (repurchase intentions), the “multiple regression analysis” will be used to test these multiple variables, in combination with Confirmatory factor analysis (CFA) and Structural equation modeling (SEM) using AMOS to test the hypotheses.

RESULTS

The results have indicated that among four E-service quality (ESQ), Service quality (SQ), customer satisfaction (CS), repurchase intention (RI), it appears that were found to have direct effect and mediating effect on satisfaction/repurchase intention relation, It is clear in this low fare service that the effort should be put on satisfying the customer and creating a high level of repurchase intention. The Hypotheses Testing Results reduced set of variables can be found. From Table 1.

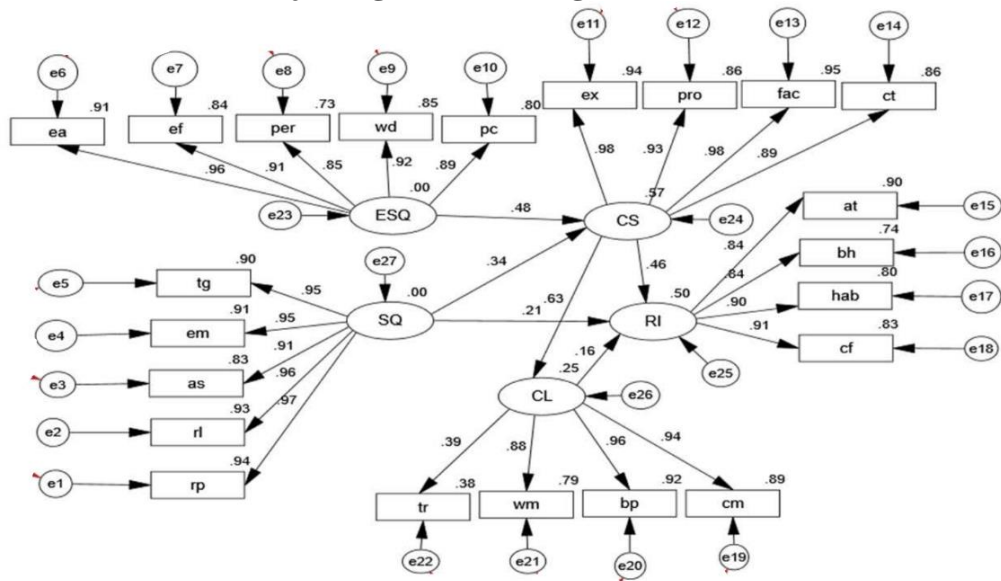
Table 1
Hypotheses Testing Results

Hypotheses	Factor loading	<i>p</i> -value	Results
H1: Electronic service quality (ESQ) has a direct positive effect on customer satisfaction (CS).	0.47***	< 0.001	accept
H2: Service quality (SQ) has a direct positive effect on customer satisfaction (CS).	0.35***	< 0.001	accept
H3: Service quality (SQ) has a direct positive effect on repurchase intention (RI).	0.32***	< 0.001	accept
H4: Customer satisfaction (CS) has a direct positive effect on repurchase intention (RI),	0.45***	< 0.001	accept
H5: Customer loyalty (CL) has a direct positive effect on repurchase intention (RI),	0.18***	< 0.001	accept
H6: Customer satisfaction (CS) has a direct positive effect on customer loyalty (CL).	0.61***	< 0.001	accept

Note: *** Statistical significance level of less than 0.001

ESQ from the research was found to have a direct positive effect on LCC passenger customer satisfaction. This corresponds to airline industry research, in which it was concluded that ESQ has a direct positive effect on customer satisfaction and customer satisfaction had a direct positive effect on passenger loyalty. Service quality (SQ) was also found to have had a direct positive effect on Thai LCC passenger customer satisfaction. This was also confirmed by other studies, which determined that service quality had a positive effect on passenger satisfaction. Customer satisfaction (CS) was also determined to have a direct positive influence on LCC passenger repurchase intention. This corresponds to in which research confirmed that customer satisfaction had a significant effect on repurchase intention. Customer loyalty (CL) also had a direct positive effect on LCC passenger repurchase intention which corresponded which found that customer loyalty had an effect on repurchase intention. Additionally,

Figure 2
SEM results after adjusting factor loading and modification indices (MI).



CONCLUSION AND FUTURE WORK

Customers' repurchase intention or customer retention is referred to as a key to *Defensive Marketing strategies* and business success in general, because they prevent customers from defecting to other service providers. To retrain language skill of the workers, curriculum development for onsite workshop needs to be designed to fit specific contexts [24]. Moreover, Specifically, airline staff should focus on passenger care, giving clear answers to questions about airline services, while also helping personnel perform their duties more effectively, which improves customer confidence in both the LCC and its staff. The result will therefore be greater customer repurchase. Most LCCs operate on the same routes with similar prices and capacities, so retaining passenger attraction and loyalty seems to have become a critical requirement for companies to gain a competitive advantage, as customer satisfaction is what guarantees the future of airlines [25]. For ESQ, the study showed that there could be an improvement of facilities on board related to airline security standards, In case of problems or delay in check-in, solutions must be found quickly to increase competence in services and LCC competitiveness.

The research implications for future research directions in a number of areas, Firstly, this proposed framework for business-to-customer (B2C) repurchase intent is empirically supported and all posited relationships are significant. Secondly, a future study can be designed to investigate other multi-sample differences such as, by gathering a larger sample and provide more diagnostic information for effective customer retention strategies and further examine the behavioral outcomes of repurchase intention. Marketer should create retention programs or should provide marketing campaigns which attract these groups of influencers leading to repurchase.

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