Service Quality Affecting Consumer Loyalty to Domestic Low-Cost Airlines

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ABSTRACT

Abstract—This research aimed to study service quality affecting consumer loyalty to domestic low-cost airlines. The sample group consisted of 300 consumers who used to use the service on the domestic low-cost airline, selected from the population using multi-stage sampling method. Data was collected using the generated questionnaires with the validity and reliability tested. The statistics used in the analysis were mean, standard deviation, Pearson correlation coefficient and Multiple regression analysis. The results of the research revealed that the respondents emphasized on tangibility, responsiveness, assurance, and empathy be able to jointly predict the loyalty to domestic low-cost airlines, which all variables were able to explain the variance of loyalty to domestic low-cost airlines at 60.84 percent. The multiple regression coefficients as standard scores, it was found that service quality in term of tangibility, responsiveness, assurance, and empathy affected the loyalty to use a domestic low-cost airline service, whereas the service quality in term of reliability did not affect the loyalty to use the domestic low-cost airline service.

Keywords— Consumer loyalty, Low-Cost Airlines, Service quality

INTRODUCTION

At present, the service sector is facing high competition within the business. This makes every business need to define quality products and services that meets or exceeds the target of consumers as much as possible in order to create satisfaction and loyalty to the brand and products. This is because good service quality is the foundation for the lasting success of the service sector business. Low cost airline business is a business in the form of air travel. It is another business that has become more active in aviation. As passengers think more about the economy of travel, low-cost airlines have more intense competition and are constantly expanding. As a result, each airline is aware of the problems of competitors and most of them turn to marketing strategies. However, it can be difficult to implement the pricing strategy used by low-cost airlines to attract customers in today's environment.

According to statistics, global aviation value is expected to grow by an average of 4.7 per cent per year (2012 -2032) and to double every 15 years from 1980 and the number of flights is estimated to increase from 30 million to 60 million within about 20 years (Aeronautical Radio of Thailand, 2021). The rapid expansion of low-cost airlines cause price competition in order to compete for market share. Most people who want to travel to use air transportation services increase each year which the characteristics of passenger transportation are convenient, faster and safer than other forms of transportation (Deeluea. 2019).

Nowadays, due to the current economic crisis, low-cost airlines are turning to differentiate their brands by trying to build their own product position to be the top of the minds of consumers and trying to reach passengers. as much as possible by creating brand differentiation for products or services through a variety of marketing communication tools, including inventing new marketing communication methods Competitive conditions in the aviation market in 2020 Low-cost airlines are constantly facing severe conditions as each airline orders new aircraft, increase and open a new route in the region in Thailand as well as increase flights on the same route. Meanwhile passengers have recognized the importance of getting more service, whether it's about comfort throughout the journey, airline reliability, travel safety, as well as the attentiveness of the reception staff on the plane Therefore, the low-cost airline business must continue to provide better service.

Low Cost Airlines has a business management model that focuses on lowering service costs in order to be able to set fares at a cheaper rate than regular airlines by emphasizing the volume of passenger and freight transport. The service is simple, economical, with the elimination of unnecessary services in order to reduce the cost of operating the business as much as possible. Principle for running a low-cost airline business is based on

the principle of getting passengers to their destinations on time with the lowest fares possible to keep passengers satisfied and repeat service. Low-cost airlines have different modes of service from regular airlines. Because there are a variety of limitations in terms of cost reduction facilities and control the price to have a low price, etc., to be able to sell tickets at economical prices.

For this reason, service is an important part of the competition because good service quality can attract passengers to be impressed with the service and can make customers decide to continue with the airline service. The results of the study as a guideline for improving service quality including planning various business strategies in accordance with consumer behavior as well as to improve the service quality of the airline's flight attendants to the fullest potential of one's own.

LITERATURE REVIEWS

Service Quality Model

Kotler and Keller (2006) discuss four key characteristics of a service: First, the service is intangible (Intangibility) because it cannot be touched or seen, has no taste, no smell, no sound, and cannot touch. This makes the service different from other products. Thus, the service provider cannot see the results of the service before the purchase, give users confidence by creating physical evidence for users to know the identity of the service to be as concrete as possible. Second, the service cannot be separated from each other (Inseparability) because the production and consumption or receiving of services occur at the same time. Therefore, the perception of the quality of the service will occur during the service. Third, the service is uncertain (Variability), means the variety of service providers, property time of service, etc., causing the service to be inconsistent. Fourth, the service cannot be stored (Perish ability of output), means since the service has occurred, it cannot be maintained. This may result in the service not being able to meet the needs of the service recipient or the loss of revenue in vain.

Kolter (2003) stated that the quality of service is the perception of the passengers. Passengers assess the quality of service by comparing their expectations with what they actually received. The actual level of awareness will be greater than what is expected will make an impression and the organization will gain a good reputation. Parasuraman, Berry & Zeithaml (1985) stated that service quality is more difficult to assess than product quality assessment. Perceived service quality is the result of comparison of expectations. received and real perception of passengers.

From the study of service quality, researchers have studied and conducted research in this area many times Since 1983, the Service Quality Model have been created to measures of service quality. In research and development throughout the 1990s, Parasuraman et al. (1985) found that service quality depends on the difference between passenger expectations and perceptions by using 10 quality measurement criteria to study and create a tool to measure service quality called "SERVQUAL" (Service Quality), found that there are some factors that are complicated. Therefore, the quality of service has been assessed to be appropriate by combining them to be left with only 5 important factors:

1. Tangibility refers the service quality can be assessed by comparing the actual services received that the service will enable passengers to assess the quality of services such as buildings, facilities, and other facilities, including the dress of the service provider, etc.

2. Reliability means building confidence and trust in the service process, service personnel are knowledgeable and competent in their work with integrity and sincerity in solving problems and with a strict security system, including the service quality must be accurate since the first time and every time have been served.

3. Responsiveness refers to the readiness and effort to provide service with a willingness while responding to the needs of passengers quickly, including assistance and responsibility for errors and problems.

4. Empathy refers paying attention of every step of the passenger service process, understand the needs of passengers, ask and give advice to customer, including provide friendly and equal care.

5. Assurance refers the service provider must give confidence to passengers with knowledge and experience of good service, reliability, friendliness.

In order for passengers to have confidence in the service provided by the service provider, these 5 service quality measurement tools are used that measure actual perceptions and expectations. of passengers which results from the measurement of service quality. It will be able to reduce the gap that makes the service not meet the expectations of passengers. In this research, the researcher applied the theory of service quality, Parasuraman

Zeithaml and Berry (1998) to study the quality of service. This is consistent with the variables in this research, namely, Tangibles, Reliability, Responsiveness, Assurance, and Empathy that may affect the loyalty to use domestic low-cost airlines.

Related Works

Related research was used to define the conceptual framework and research hypothesis. The research of Deeluea. (2019) about adoption of low-cost airlines service quality of Thai passengers at Surat Thani International Airport, the results showed that the level of service quality of low-cost airlines of Thai passengers found that the overall and individual aspects were high in all aspects including the assurance, reliability, responsiveness, empathy, and tangibility, respectively. Champathong (2017) studied a research study on factors affecting service quality of Thai passengers who repurchased domestic flights. The results showed that perceptions of service quality in term of tangible, reliability, responsiveness, empathy were high in all aspects, and service quality affected airline passengers' repeat purchase intentions. As well as the research of Kornnatapornkrongpop and Thanakorn (2015) studied the relationship between service quality and customer satisfaction affecting repeat purchase intentions of low-cost airline passengers in the upper northern region of Thailand using in-depth interviews for individuals. The results showed that low-cost airlines have developed strategies to enhance leading the way in lower cost arrangements than competitors and the quality of service is at a high level, a good image that has been accepted. Satisfied customers and repeat purchase intentions. Vuthisopon and Srinuan (2017) studied research on factors affecting loyalty of low-cost airline, the results showed that the quality of service in all aspects affected the loyalty of low-cost airline passengers. The equations used in the estimation have a predictability of 80.80%.

METHODS

The target population used in this study was passengers who used to use the service on the plane of a domestic low-cost airline which the researcher does not know the population. Therefore, to determine the size of the sample group in this study, obtained by calculating the spheroidal size using the formula of (Yamane Taro, 1973) case of unknown population determines the level 95% confidence, the sample group size is 385 people and the number of sample groups is increased to 15 people. The total number of sample groups is 400 people using purposive sampling by selecting a storage location, i.e., inside Don Mueang airport, and the convenience sampling was used to will distribute the questionnaire to the group.

The data collection used questionnaires that were tested for the validity and reliability of the questionnaires. After collecting the data, 400 sets of questionnaires were returned, representing 100 percent. Statistics used in data analysis, the researcher used descriptive statistics to describe the demographic characteristics such as frequency, percentage, mean and standard deviation. As well as the inferential statistical analysis was used to test research hypotheses by using Pearson correlation coefficient analysis and Multiple regression analysis.

RESULTS

Descriptive results

The results of the research can be concluded that the sample group is consumers who have shopped through social media and live in Bangkok, total of 350 samples. Most of them are female, age between 31-40 years old, marital status, educational level at the bachelor's level, worked as employees of private companies, monthly personal income between 30,001-40,000 baht.

The analysis of data on 5 aspects of service quality consisted of tangibility, reliability, responsiveness, assurance, and empathy, found that the service quality level was good in all aspects and in terms of tangibility was at the highest level, followed by responsiveness, empathy, assurance and reliability, respectively.

Hypothesis testing results

Hypothesis 1: Passengers with different demographic factors i.e. gender, age, education level, occupation and average monthly income had different loyalty to choose domestic low-cost airline are different.

The results showed that passengers with gender, age, and education level different, decided to use a domestic low-cost airline no different at the statistical significance level of 0.05, which is inconsistent with the hypothesis. While passengers with occupation and average monthly income different, decided to use a domestic low-cost

airline no different at the statistical significance level of 0.05, which was consistent with the hypothesis set. When comparing the pairs, it was found that professional passengers, employees of private companies, had more loyalty to use the service than passengers who operate their own business/trading/butler/housewife/retirement/others (freelance) with mean difference of 0.38. In addition, occupation employee of a private company was made loyalty to use the service as much as possible, followed by Student/student/student/government officer/state enterprise employee and the last one is occupation of personal business/butler trade/housewife/retirement/other (freelance). In addition, passengers with average monthly income less than or equal to 30,000 baht have a loyalty to use the service than passengers with more than average monthly income. 30,001 baht or more, which is consistent with the assumptions.

Hypothesis 2 Service quality consists of Tangibility, Reliability, Responsiveness, Assurance, and Empathy affected the loyalty to use domestic low-cost airlines.

The results showed that variables which were positively correlated with service quality and loyalty to use a domestic low-cost airline with statistically significant at the 0.05 level was the Responsiveness, Tangibility, Empathy, and Responsiveness. The correlation coefficients were 0.268, 0.203,0.202, 0.186, respectively, with these four variables can predict the loyalty to use a domestic low-cost airline by 60.84 % with a standard error of prediction of 0.485.

CONCLUSION AND FUTURE WORK

Conclusion and discussion

The level of service quality of low-cost airline service for Thai passengers at Don Mueang International Airport The overall and individual aspects of reliability, assurance, responsiveness, empathy, and tangibility were high. It showed that the low-cost airline has given importance to the standard service such as the number of seats that the aircraft has enough to accommodate passengers, has focused on its commitment to passengers and can provide services that meet the needs of passengers as well as competent staff operate effectively, therefore the passengers are impressed. It supports the concepts of Kolter and Keller (2006) that the quality of service is perceived by passengers that meets the expectations or needs that have been set. If the actual level of perception is greater than what is expected will make an impression and the organization will receive good reputation. The research results were in line with the research of Chotiwanich et al. (2014), Champathong (2017), and Tayanuwat (2020) found that the quality of service according to customer perception was high. As well as the research of Kornnatapornkrongpop & Thanakorn (2015) conducted a study on the relationship between service quality and customer satisfaction affects repeat purchase intent of passengers using low-cost airlines in the upper north of Thailand, the results showed that the quality of low-cost airline services was also high which supports and was consistent with the results of this research.

The results of a study on the service quality of low-cost airline affecting the loyalty to use a domestic low-cost airline found that the service quality in term of tangibility, responsiveness, assurance, and empathy affected the loyalty to use a domestic low-cost airline service. It was statistically significant at the 0.05 level, which was consistent with the assumptions because the response was to convey the willingness to provide services to passengers, able to provide timely service to the needs of passengers. In addition, the service in terms of tangibility is something that passengers can see and touch and it is important to provide comfort to passengers. What the passengers touch is at good level, passengers will be able to recognize immediately and so satisfied with that journey. In the aspect of assurance is one thing that causes passengers to have expectations in the knowledge and ability of the service staff that will receive the best in service. So, if passengers do not have confidence in the service, passengers will not decide to use that airline. If there is a service that does not meet the needs of passengers may result in passengers being dissatisfied and not returning to use the service again in the future (Champathong, 2017). It was consistent with the concept and theory of Sereerat (2003) that when consumers feel impressed with the product or service will result in consumers returning to use that product or service again or tell others about their own satisfaction and dissatisfaction with the use of that products or services.

The results of a study on the service quality of low-cost airline affecting the loyalty to use the domestic low-cost airline found that the service quality in term of reliability did not affect the loyalty to use the domestic low-cost airline service, which was inconsistent with the assumption. When considering the level of service quality, in terms of confidence in low-cost airlines, it was found that the overall is high. When considering each item, it was

found that all items were at a high level. The average is in descending order, flight attendants are able to explain procedures, regulations, rules accurately and clearly, have a strict security system for entering and exiting the aircraft. The pilots and staff are highly specialized, being honest and sincere in solving passenger problems, there are offers to choose passenger accident insurance while traveling, respectively.

Recommendations and future work

The results of the study can be used to consider and formulate policies for further airline development. There should be a marketing plan with a focus on target customer such as occupation of a private company employee with an average monthly income of less than or equal to 30,000 baht because this group of passengers is the group that has the most loyalty to use low-cost airline, which is an important target group. Therefore, if the strategy is put in the right group, it can generate more returns for the airlines. The results of a study on the service quality of low-cost airline affecting the loyalty to use a domestic low-cost airline found that the service quality in term of reliability does not affect the loyalty to use the domestic low-cost airline. Therefore, the service should be building confidence and trust in the service process, service personnel are knowledgeable and competent in their work with integrity and sincerity in solving problems and with a strict security system, including the service quality must be accurate since the first time and every time have been served.

Suggestions for the next research, there should be a comparative study of the services of Thai airlines and airlines of other countries that operate the same business or similar in order to be able to bring information to develop the airline further, as well as study the motivation for choosing the low-cost airline service and the needs of passengers with the use of low-cost airlines that passengers are satisfied with the service from the airline in order to improve the development to be able to attract and increase more customers.

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