

SERVICE MARKETING MIX FACTOR AND CONSUMER BEHAVIOR OF THE LOW-COST AIRLINES

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ABSTRACT

Abstract— The purpose of this research to study attitude towards marketing mix and consumer behavior of the passengers of low-cost airlines service. This study employed by quantitative research and the questionnaire was used to collect the data from 385 sampled of the passengers who have ever used the low-cost airline services. The descriptive statistics shown that the respondents had attitudes of the marketing mix of low-cost airlines included products and services, prices, place, promotion, personnel, process and physical evidences at the high level. The results revealed that the attitude of the marketing mix of the low-cost airline services including product, price, place, promotion and process had related to the consumer behavior on the aspects of duration of service and frequency of service. While, the service marketing mix factors of the low-cost airline services in the aspect of personnel and physical evidence had not related to the consumer behavior on the aspects of duration of service and frequency of service.

Keywords— Consumer behavior, Low-cost airlines, Service marketing mix

INTRODUCTION

Tourism is considered the main industry that generates income for the country and is a service industry that consists of many sectors linked to various businesses such as hotels, tours, airlines, restaurants. etc. The tourism business is a branch that is important to economic development, generating income, which is beneficial to the government in various countries. Policies to promote tourism with new diversity can attract market segments and attract more tourists. Many countries including Thailand give importance to the development of various forms of transportation that tourists can choose to use. Which each mode of transportation will have a time, distance and experience that will be gained in traveling differently. Air transport is another transportation that is very popular because of its modernity, convenience and help reduce travel time. Air transport was born in the early 20th century and became very popular, making airplanes a more familiar business aviation. The world's economic crisis has affected the airline business as well. The new way to survive is to improve the service, focusing more on self-service to reduce the operating costs of airlines, which is the source of low-cost airlines. The low-cost airlines focus on operating in a cost-effective manner as much as possible but still maintain safety according to international standards (Klaysung, 2022).

In 2023-2025, the air transport business has good growth prospects with both domestic and international passenger transport growing in line with the recovery of the tourism sector. While the competition prices are likely to become more intense amid the business recovery burden and rising costs in line with energy prices. The business is likely to face intense price competition in order to win passenger market share from domestic and foreign airlines. Challenging factors for the business include high fuel prices and increase the cost burden for operators. Moreover, intense competition from major foreign carriers has increased the coverage of passenger and cargo flights to Asia and the burden of increasing costs from complying with various safety criteria. Even though the COVID-19 has subsided, forcing airlines to continually adjust. These factors could hurt business profit margins as smaller operators struggle to compete due to funding constraints, fleet numbers and market share on routes (Sathapongpakdee, 2023).

The purposes of this research paper were to study attitude towards marketing mix and consumer behavior of the passengers of low-cost airlines service. The expected benefits for this study were getting the basic information that is useful for companies to use to improve the service, product planning and marketing strategy of low-cost airlines service to meet the needs of consumers and the present competitive situation. As well, low-cost airlines business will get the basic information that is useful for the company to use in branding and creating the consumer's loyalty towards service.

LITERATURE & THEORY

Marketing Mix (Kotler & Keller, 2016) refers to the key elements in marketing operations that are factors that the company can control. It is necessary to have an appropriate marketing mix for use in marketing strategy, consisting of 7 factors, namely Product, Price, Place, Promotion, People, Process, and Physical Evidence, which are known as 7Ps.

Product means something that the company offers to sell to cause interest by consumption or use of the service which can make customers satisfied. The customer will receive the utility and the value of the product. The product may be something that is tangible called goods or things that are intangible called services. Formulating product strategies need relevant factors such as product differentiation mean products or services that are different from other service providers in the market in order to create outstanding competitiveness. Including the product component or the properties of the product refers to product features, efficiency and benefits. As well as the appearance of the product uses in presenting and responding to the needs of consumers correctly.

Price refers to the value of a product, service or fee for receiving a service, which the consumer is willing to exchange for that service. Consumers tend to consider the price they pay along with the value they receive. If the value is higher than the price, the consumer will decide to purchase. Therefore, pricing must be including cost of services, value perceived by users, and pricing to be competitive and superior to competitors. Transaction fees per transaction affected confidence in using financial services through applications due to the comparison of transaction fees per time of service users.

Place means distribution channel where service providers deliver goods or services to consumers both directly and indirectly. Whether the distributor will be effective or not must be reflected through the convenience and satisfaction that consumers receive. Therefore, service providers must take the determination of distribution channels which can be comfortable and suitable for the lifestyle of the target group. The accuracy of the information that it is easy to use, fast, and the application is beautiful and attractive, which has influenced the decision to use phone banking of the Government Savings Bank.

Promotion means marketing communication tool between seller and buyer. Its purpose is to inform and induce attitudes, needs and attract behaviors in using that service. Communication mix consists of communication by using personal selling and communication without a non-personal selling, which requires the principle of Integrated Marketing Communication. This will enable users to be exposed to information, resulting in users having confidence in using financial services through mobile banking applications.

People means people who participate in the process of providing services, including employees of the Company. customers who come to use the service and other customers who come to use the service as well. People are an important element in both service production and service delivery. Therefore, the acquisition of quality personnel requires a process of selection, training, development of employees to have knowledge, skills, and willingness to serve to create satisfaction for users effectively. The service providers who have knowledge can provide complete information about credit cards and can answer questions from users that affects the decision to choose mobile banking.

Process refers to the process to deliver quality services to consumers with speed, accuracy and impress customers. A process involves a system or method, machine or tool, and a person. If a business can manage both systems, tools and people effectively, it will be able to create satisfaction for customers.

Physical Evidence refers to what the customer can be touched by choosing goods and services. It creates a difference and quality such as clean, tidy, gentle negotiations and prompt service which is necessary in service. It may also refer to a symbol that customers understand the meaning of receiving information from marketing communications to the public.

Related research was used to define the conceptual framework and research hypothesis. The research of the study of Chinratanalab (2015) found that different demographic factors in terms of education level, occupation and average monthly income did not affect the decision to choose a low-cost airline for domestic routes of Thai customers. Moreover, the domestic routes of Thai service users consisted of 3 factors, ranked in descending order of influence on the decision to use the service, namely, the process factor, the employee factor, and the distribution channel factor, respectively. The study of Srisuwan (2018) found that Factors influencing satisfaction of domestic airline users of the Company Nok Air Public Company Limited in Songkhla Province was statistically significant at 0.05, including 2 factors, sorted by the coefficient of the regression equation from the most to the least, namely

the physical factor, and distribution channel factors. In addition, the study of Pengyai and Chomsuan (2018) on marketing mix factors influencing the decision to use low-cost airlines of the Generation Y population compared to Thai AirAsia and Thai Lion Air, found that 7Ps marketing mix including product factors, price factor, price factor, distribution channels factor, marketing promotion factor, personnel factor, physical presentation factors and service process factor influencing the decision to use low-cost airlines of the population of Generation Y.

From the literature review, concepts, theories and related research, it can be concluded that marketing mix factors consisting of product, price, place, promotion, process, person, and physical evidences affect the decision to use low-cost airlines. Have related to the consumer behavior on the aspects of duration of service and frequency of service.

METHODS

The target population is the consumers who have ever used the services of low-cost airlines in the country and live in Bangkok. The exact number of populations is unknown. A total of 400 samples in this study are the consumers who have ever used the services of low-cost airlines in the country and live in Bangkok. The method of sampling was randomly selected using the purposive sampling with the travelers at Don Muang Airport and then using convenience sampling by collecting data from 400 samples at Don Muang Airport.

The research conducted pre-test with 40 sampled consumers who have ever used the services of low-cost airlines in the country and live in Bangkok to find the reliability of the questionnaire by using Cronbach's Alpha coefficient. Cronbach's Alpha value is an indicator of the stability of the questionnaire. It has a value between 0 to 1, the value close to 1 indicates that there is very high confidence of the questionnaire. Reliability values were between .808-.914. The statistics used for data analysis were descriptive statistics and inferential statistics were used to test the hypothesis of this study which were factors of marketing mix 7 P's and image have correlation with behavior service usage of low-cost airlines in Bangkok, by adopting statistical analysis of simple correlation of Pearson Product Moment Correlation Coefficient.

RESULTS

The study found that most of the respondents were male, aged less than 25 years old, single, working as employees of the company. Their average monthly income was less than or equal to 20,000 baht and they held a bachelor's degree. Most of the respondents had the behavior of using the low-cost airlines one time was the least and most 10 times was the most by an average of about four times. The least frequency of using low cost airlines was one time per year, and the most frequency was 20 times per year, with an average of about five times. The minimum airfare of low-cost airlines spending of most of the respondent cost was 800 baht / visit and the most spending was 10,000 baht/time by an average of about 3,235 baht per one trip.

The respondents had attitudes of the marketing mix of low-cost airlines included products and services, prices, distribution channels, marketing promotion, personnel or employees, service process and physical attributes at the moderate level. The service usage behavior of low-cost airlines on the duration of using, the results of the hypothesis testing revealed that the attitude of the marketing mix for product, price, place, promotion, and the process had correlation with the service usage behavior of low-cost airlines in the aspect of duration of using the service of low-cost airlines at the significance level of .05. For the attitude of marketing mix on staff, and physical evidence, there were no correlated with the service usage behavior of low-cost airlines on the duration of using the service of low-cost airlines. The service quality and the company had correlation with the service usage behavior of low-cost airlines on the duration of service using low-cost airlines at the significance level of .05.

As well, the service usage behavior of low-cost airlines on the frequency of service usage, the results of the hypothesis testing revealed that the attitude of the marketing mix on product, price, place, marketing promotion and the process had correlation with the service usage behavior of low-cost airlines on the frequency of service usage of low-cost airlines at the significance level of .05. For the attitude of marketing mix in the aspect of staff and physical evidence had no correlation with the service usage behavior of a low-cost airline on the frequency of use. Moreover, the results of the hypothesis testing revealed that the image of the low-cost airlines in the aspect of the brand, the operational features of the organization, service quality and the company had correlation with

service usage behavior of low-cost airlines in the aspect of the frequency of service using of low-cost airlines at the level of statistical significance .05.

Moreover, the results of the hypothesis testing showed that the attitude of the marketing mix on product, price, place, marketing promotion, the staff and physical evidence had no correlation with the service usage behavior of a low-cost airline for the spending of the service of low-cost airlines. However, the results of the hypothesis testing revealed that the image of the low-cost airlines in the aspect of the operational features of the organization, service quality, and the company had correlation with service using of low-cost airlines on the airfares of low-cost airlines at the level of statistical significance .05.

CONCLUSION AND FUTURE WORK

Conclusion and discussion

The consumer attitudes of marketing mix had correlation with service usage behavior of low-cost airlines in Bangkok on the frequency of the use of low-cost airlines which corresponded to Kotler (2016). Generally, marketing mix has four aspects: product, price, distribution channels, and marketing promotion. Engel, James (1995) noted that for service business, marketing mix is different from the marketing mix of products because there are three more factors; the staff, service process, and physical evidence, which is a mix of the three main factors in service delivery, so the marketing mix of service business is comprised of 7P's include products and services, price, place, promotion, people, serving process and the physical evidence, e.g. The product, consumers are motivated in such products from public relations, product packaging, service to consumers, guarantee the quality of products, and low-cost airlines has limited budget made lesser public relations. For the price, consumers use the money to obtain goods and services according to the principle of value for money. Most consumers take decision from various sources such as reasonable prices on services, the differences of various services, price reduction of the service and discounts to those who use the service. Since the low-cost airlines sell tickets cheaper they have to save money in other areas cause the services become low quality. For the channel of distribution in the aspect of the place that offers the convenience to consumers as the venue ticketing, parking lots, etc. The low-cost airlines have low budget, often have a problem in arranging the place to sell ticket. For marketing promotion, consumers often pay attention to the information from both direct and indirect services such as direct sales or public relations from various media. Low-cost airlines should provide some services such as sending information to the consumers. Since the low-cost airlines have low budget and less promotion, they could not build confidence and impression on service users. For personnel and staff, good service is what consumers expect and require from the staff at every level. Yet, the low-cost airlines often have problems of staff in every operational level of the company, thereby causing the consumer to feel disappointed in service using and would not repurchase. For service process, consumers want good service and innovative tools that can satisfy the needs of the customer and causes the impression of them in the service, but the lower costs airline often have problems of service from the bottom to the top, thereby causing the consumer, do not want to reuse the service. For physical environment, most consumers perceive the physical environment as one factor in the choice of services because it means that the quality of services such as uniforms, furnishing a place, clean toilet on the plane and posters, etc. However, the low-cost airlines have a small budget, thus the physical environment has been reduced that makes the passengers dissatisfied in using the services.

Therefore, the consumers perceive the image of the low-cost airlines more negative rather than the general airlines since they often think or imagine that the low-cost airlines offer cheap service because of low price airfares. Sometime, the consumers have their bad first experiences in using the services of low-cost airlines or receive the information on the services by those who have used the service of the low-cost airlines in the bad side. So, they do not appreciate the services of low-cost airlines and there is no incentive to go back for the services.

Recommendations and future work

Implication of this research suggested as low cost airline business should improve the attitude on the marketing mix of low-cost airlines about goods and services by increasing the variety of routes and the number of flights. Even the ticket price is, but it should improve good services to consumers such as no charge for boarding luggage provide more distribution channel with revised better system. If there is any problem with the consumer should receive feedback and resolve, not to pass them. In addition, low cost airline business should have marketing promotion of attracting consumers such as member card of the airline, frequent flyer program by traveling with

the airline 10 flights, free one flight or making a gift in return for the consumer etc. The personnel should be trained in the service mind program. The service process should serve as a quick check of boarding pass and baggage with punctuality and should be liable for any damages of the consumer. For physical evidence, the airlines should provide the security to the airlines whether they are internal or external aircraft. These will stimulate the consumers to use more low-cost airlines. Moreover, low cost airline business should improve the service usage behavior of consumers on low-cost airlines by creating incentives for service, increase punctuality, security measures, a variety of routes, increasing number of flights, reasonable price of the airfare, more distribution channels and ensuring the safety of the aircraft to motivate the consumers to have loyalty in using the services of the low-cost airlines.

For further research should be studied in conjunction with other relevant or expected factors influencing purchasing decisions in order to gain more insights covering all dimensions such as factors of brand equity, brand image, service quality and word-of-mouth marketing, etc. In addition, it should study in other population groups or other areas to get wider and more comprehensive information and compare the differences of each area.

ACKNOWLEDGMENTS

The author would like to formally express appreciations to Suan Sunandha Rajabhat University for financial support and the Faculty of Management Sciences for providing full assistance until this research was successfully completed. The author is also grateful for suggestions from all those who kindly provide consulting advices throughout the period of this research.

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