

RELATIONSHIPS BETWEEN SERVICE QUALITY, IMAGE, AND CUSTOMER SATISFACTION AFFECTING INTENDED PURCHASE BEHAVIOR OF LOW-COST AIRLINES SERVICE IN UPPER NORTH REGION, THAILAND

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Abstract- The main purpose of this study was to examine relationships between service quality, image, and customer satisfaction affecting intended purchase behavior of low-cost airlines service in upper north region, Thailand. There has been the high growth of low-cost airlines in Thailand by developing the service quality to reach the excellent standard for the last 5 years. Moreover, their services could be comparable to the full service airlines. This study has been integrated with the concept of Service Quality: SERVQUAL of Parasuraman (1985) This study was conducted as the mixed methods research, which developed the literature review, concept, and related research. The samplings were 400 customers who selected the services of low-cost airlines in Chiang Mai, Chiang Rai, Prachinburi, Nan, Mae Hong Son, and Lampang. Quantitative research was analyzed by correlation and qualitative research applied the in-depth interview for individuals.

Keywords- Low-cost Airlines, Service Quality, Image, Customer Satisfaction, Intended Purchase Behavior

I. INTRODUCTION

Air transportation industry or commercial aviation was established during 1939-1945 by the support of International Civil Aviation Organization: ICAO. This organization supported to bring the aircrafts used in the war to airline business. As a result, there was the popularity and led to the rapid progress and development of international air transport business [1]. In fact, there was only the international airline which was controlled by government. This international airline provided the domestic flights and international flights such as Thai Airways, Etihad Airway of The United Arab Emirates[2]. Then, the airline business around the world has been expanded since 2008. Presently, in the year of 2015, there have been approximately 44 new airlines launched annually. Likely, the Asia Pacific Aviation Industry which has served the needs continuously, therefore; several private companies offered the low-cost service for the last 5 years (2010-2015). These private companies have provided a low-cost strategy to establish leadership in cheaper prices than competitors along with a difference of quality and standardized product and service. Nowadays, it can be considered a positive image of the airline business influencing customer perception of customer on excellent service.

Later, the business services have been diversified such as airline ticketing agents, reservations, tour companies and hotels, booking flights service, logistics, and so on [3]. Meanwhile, three low-cost airlines have reached Thai aviation industry since the end of 2003; (1) One-Two-Go Airlines changing from Orient Thai Airlines which used to provide full service, (2) Thai Air Asia, and (3) Nok Air being as affiliated of Thai Airline. All mentions low-cost airlines offer

various services to passengers. Importantly, the lower price can increase the numbers of passengers rapidly [4].

Because of the price and service, they brought to the regional competitive market of aviation business. Moreover, the image promotion offering the low-cost service has been done precisely. Mostly, the domestic airline would be popular among Thai and foreign passengers [5].

The popularity of travelling both domestic and international destination with growth was the main factor driving the revenue of the aviation industry as well as incentives for the entry of new airlines. While the low-cost airlines had a growth rate as high as 49 percent, the full service airlines had a growth rate only 7 percent. However, the airlines which had the growth rate lower than low-cost airlines was a charter flights grew 48 percent during the same period [6].

According to the numbers of increased airlines in Thailand, they could serve the travelling of tourists and passengers for transportation. The airlines offered low cost and tended to expand domestic route continuously. That was attractive main factors and served many Thai and foreign passengers to travel to the provinces in upper north region like the expansion of airline business, specifically the route to domestic flights [7].

The service offering in the upper north region as in Chiang Mai, Chiang Rai, Nan, Prachinburi, Mae Hong Son, and Lampang, specifically Chiang Mai and Chiang Rai which were beneficial from the expansion of airline services towards hotel and resort businesses. The approximate income of tourism in 2014 was totally 4,600 million baht as 4.60 percent of the provinces' total income. Significantly, the passengers travelled more often with low-cost airline service, so there had

the gap of service business competition [8]. Although the numbers of passengers increased, they affected the costs of investment.

However, the most affected problems of the low-cost airline's operation which had the direct impact on the customer's service selection, including (1) the quality of service; passengers mostly concern with the safety issues, the fluctuations in the price of tickets, reliability of service, the availability of flights and the comfort during the trip [9], (2) the image of the airline, such as advertisements, corporate image, public relations services, advertisement with the actual occurrence [10], (3) the satisfaction of passengers, such as the low-cost airlines having the lack of enthusiasm of the staff, and inadequate staff [11], and (4) the passengers' intentions to repurchase the service. The other problems which affected the service selection and often occurred in the low-cost airline and may be spread to the others. For example, there were not enough flights of the low-cost airlines since they needed to decrease the cost of landing with the short time at the airport. If there is the flight delay, it can affect the airport and others. The passengers might decide not to use the service again although they satisfy with those particular airlines [12].

Review of the literature, concept, and related research revealed that most scholars focus highly on the factors associated with quality of service and customer satisfaction including the image of the airline. However, they do not intend to study the purchase behavior.

Thus, the researcher realized about the importance of service quality, airline image, and customer satisfaction affecting intended purchase behavior leading to the development of service quality and customer appeal of low-cost airlines. Moreover, the results can be the guidelines for development and improvement of better services being comparable to the full service airlines. Therefore, this is the beginning of conducting this research.

Research Questions

The researcher set the following questions;

1. How do service quality, customer satisfaction, and airline image influence the intended purchase behavior of low-cost airlines in the upper north region of Thailand?
2. How do causal relationship of service quality, customer satisfaction, and airline image influence the intended purchase behavior of low-cost airlines in the upper north region of Thailand?

II. RESEARCH OBJECTIVES

1. To examine service quality, customer satisfaction, and airline image influencing the intended purchase behaviour of low-cost airlines in the upper north region of Thailand

2. To study causal relationship of service quality, customer satisfaction, and airline image influence the intended purchase behaviour of low-cost airlines in the upper north region of Thailand

III. SCOPE OF THE RESEARCH

This research study has identified the scope of research in four areas: (1) the content focused on quality service, customer satisfaction, and airline image influence the intended purchase behaviour of low-cost airlines in the upper north region of Thailand, the populations were 400 Thai customers who used the services of low-cost airlines in Chiang Mai Airport, Chiang Rai Airport, and Airports under Department of Civil Aviation: Prae Airport, Nan Airport, Maghongsorn Airport, and Lampang Airport where provide the services in the upper north region of Thailand, (3) the areas included Chiang Mai, Chiang Rai, Phrae, Nan, Mae Hong Son and Lampang, (4) the period was from October 2014 to February 2016.

IV. LITERATURE REVIEW

Theory of Customer Behaviour

Its elements are cultural factor, social factor, individual factor, and psychological factors. The theory of consumer behaviour is the study of the processes associated with a person or group purchasing goods or services with a thought or experience that will satisfy their needs and desires. The customers express their needs and desires by seeking, purchasing, using, evaluating or consuming products or services, [13], [14], factors influencing the buying habits of consumers.

Studying the characteristics of buyers that can be useful as a target for marketers is to know the needs and characteristics of the client in order to stimulate various marketing mix and serve the needs of buyers who are targeted correctly [15].

Variables related Research

1. Service quality refers to the expectation and customers' perception relating to evaluation of service quality and influence in purchasing decision and service in the next time. This quality service of service industry pay the important role of strategic [16], [17] in creating competitiveness at the same industry with the growth of service quality for being a leader in competitiveness [18]. All the mentioned concepts and theories could be concluded that quality of service is due to the perception of service quality after using the services. Those perceptions have been divided into 5 major aspects of the trust, confidence, tangible things, customer care, and response of customer demand. These contribute significantly to the service of all the low-cost airlines staff in all levels.

2. Image means providers who offer the quality of services and lead to the customers' impression [19] consisting of two main elements as (1) working which is fair which is easily measure and evaluate and (2) a sense of attitudes and beliefs toward the organization. These two elements are affected by the gained experiences from providing services to the customers of the organization. The image and reputation are also the key factors in the overall assessment of the organization since they represent the recognition of the organization's reputation [20].

3. Customer satisfaction means the marketing plan to progress toward organizational goals to be set to effectively for excellence of organizations [21]. However, the importance of customer satisfaction for organizations is to be aware of keeping existing customers and acquiring new customers to replace the loss customers under the intense competitiveness of the aviation industry and the satisfaction of insufficient customer needs [22].

4. Intended purchase behavior is defined as the intention to choose the service as the first choice and intention to purchase as the customers royalty including 4 dimensions [23];

(1) intended purchase or selection of that service as the first option, (2) word of mouth behavior including recommendation and stimulating the others to use that particular services [21], (3) sensitivity to the price factor, which consumers would pay higher prices than others if the service is able to meet their satisfaction. (4) the behaviour of complaint when there is a problem. The customers may spread the news or even forward to the newspapers. This can measure the response of consumers' problems. All of mentioned issues, these are the first things that the organization needs to be aware of as the first priority.

V. THE METHODOLOGY AND MODEL

The methodology was mixed-methods research by integrating quantitative research and qualitative research which classified into 2 types as follows;

1. The quantitative research was conducted with the instrument as questionnaire developed based on review of literature, concepts, and related research in chapter 2. The data analysis was done by the descriptive statistics which were mean, standard deviation: S.D. and analysis of relationship between variables in equation model. Then, the results were concluded and discussed. The recommendations of the research were gathered from close-ended questions.

2. The qualitative research was conducted by using semi-structure interview that was developed from review of the literature in order to cover all the content of quality service, image, customer satisfaction, and intended purchase behaviour of low-cost airlines in the upper north region of Thailand.

VI. THE CONCEPTUAL FRAMEWORK

Review of the literature in Chapter 2 is illustrated as a summary of the concepts and hypotheses as follows.

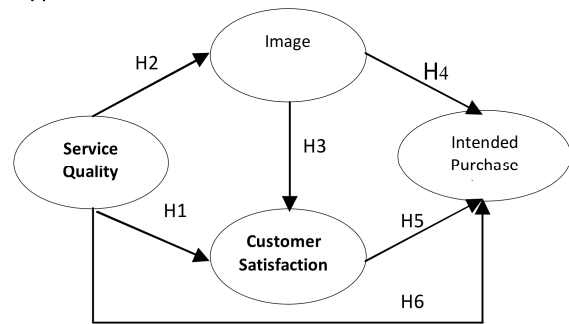


Figure 1 the Conceptual Framework

SUMMARY AND CONCLUSIONS

Low-cost airlines have developed strategies to strengthen its leadership in providing a lower cost than competitors. In contrast, the standardized quality of service was excellence and could be comparable to the airlines that provide full service. They made a difference of services as a result; it led to a good image, which customers could be recognized as satisfaction. Then, the customers returned and repurchased services. The low-cost airline business has developed potential for penetrating market share from airlines that provide full-service and low-cost airlines continuously.

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