

**FACTORS INFLUENCING THAI PEOPLE TO SELECTING
INTERNATIONAL FLIGHTS OF LOW COST AIRLINES**



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Chaturon Yurawan
.....
Mr. Chaturon Yurawan
Candidate

Parisa Rungruang
.....
Asst. Prof. Parisa Rungruang,
Ph.D.
Advisor

Kiattichai Kalasin
.....
Dr. Kiattichai Kalasin,
Ph.D.
Chairperson

Annop Tanlamai
.....
Assoc. Prof. Annop Tanlamai,
Ph.D.
Dean
College of Management
Mahidol University

Astrid Kainzbauer
.....
Dr. Astrid Kainzbauer,
Ph.D.
Committee member

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Chaturon Yurawan

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CHATURON YURAWAN 5549142

M.M. (ENTREPRENEURSHIP MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE : ASST. PROF. PARISA RUNGRUANG, Ph.D., DR. KIATTICHAJ KALASIN Ph.D., DR. ASTRID KAINZBAUER, Ph.D.

ABSTRACT

Today, Low-cost Carriers (LCCs) are considered fast growing sector in many developing countries, especially in Asia - the most populous continent in the world. Its quick expansion is directly linked to rapid economic growth and fast growing numbers of population which engage in business activities and demand to travel to remote locations within short timeframe. Such factors have also influenced Thai people to select the most affordable LCCs that offers international flights whether the traveller's goal is for business trip or vacation. Therefore, the objective of this research is to identify factors that influence Thai people to select LCCs which offer international flights. The research findings can be used as an industry insights analysis and guidelines for market planning and strategy formulation purposes in order to ensure customer satisfaction and brand loyalty in the long run.

The researcher selected samples based on a group of people who have travelled via LCCs. In this research series of in-depth interview were conducted with 16 Thai respondents who have travelled abroad by using LCCs at least once. The age group of respondents range from 22-31 years old. Samples were chosen based on purposive sampling method

This research study revealed that "price" was one of the most influential factors for selecting LCCs that offers international flights. Destination availability, type of an operating flight and crew's service are viewed as secondary factors that exert influence on travellers. In addition, the other potential factors that could have influential impact on travellers are the size of seat and reputation of food service and new experiences on board the plane such as entertainment.

KEY WORDS: LCCs / Thai people / international flight / key driver/ Thailand
32 pages

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CHAPTER I

INTRODUCTION

At present commercial airline industry has generated large amount of income and it has promoted economic growth in many developing and developed countries across the world. This is because airline industry allows people from all over the world to comfortably connect with another within a short timeframe. In particular, air transportation has been developed and enhanced in order to meet consumers' high expectation, especially in terms convenience, speed and service quality. Majority of consumers, when choosing transportation and communication services, make their purchase decisions based on wide variety of factors such as airfare rate, airline reputation and service quality. In contrast, many airline companies need to cut its costs in order to stay competitive and to acquire higher returns. In the old days, air transportation was an expensive choice of traveling due to its limited resources and unique cost structure. However, competition has changed airline industry across the world. Many air transportation providers constantly change their marketing strategies and have been trying to lower its costs in order to meet consumers' demands and expectation. It was first introduced by Southwest Airline (SWA) in the United States in 1971 (Chowdhury, 2007). The success of SWA led to a fast spread of the LCC model in Europe and then to Asia. Low-cost carriers (LCCs) has been popular for over a decade and it is considered a strategic move for airline business, especially when airline company tries to reduce irrelevant expenses such as in-flight entertainment and catering services. This way air tickets can be offered at competitive price. Moreover, tickets can be sold in advance via the internet so that airline company can efficiently manage flight schedules and minimize risk of empty seats.

Nowadays, there are 512 airline companies across the world. In Thailand, there are 108 airlines operating at six international airports which are Suvarnabhumi, Don Mueang, Chiang Mai, Hat Yai, Phuket and Mae Fah Luang-Chiang Rai (AOT annual report, 2013). Moreover, more than 40 airline companies are operating in the

form of low-cost airline which offers international flights. In a highly competitive business environment, especially Low-Cost Carriers segment, providing high quality service with minimal costs in order to satisfy passengers satisfaction is considered the main core competitive advantage that help airline companies to generate profit and promote sustained development (Lu and Ling, 2008). While previous studies revealed factors that influenced customer to select domestic low-cost airline include customer's expectation and satisfaction (Charoensettasilp and Wu, 2012), attitude and needs (Charoensettasilp and Wu, 2012), satisfaction and loyalty (Qin and Foosiri, 2013, Sarker, Hossan and Zaman, 2012), electronics Word-of-Mouth (Lerrthaitrakul and Panjakajornsak, 2013), customer's perception of LCCs (O'Connell and Williams, 2005). Apart from the abovementioned comments, no study has investigated other factors which exert influence on Thai people who select low-cost airline which offers international flights for their travel. Therefore, this research aims at identifying factors that exerts influence Thai people to select low-cost airline for their international travel. The research findings can be applied directly to and served as basic insights and guidelines for market planning in order to ensure customer satisfaction, profitability, risk minimization and brand loyalty in the long run.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction of Low cost carriers (LCCs)

Low-cost Carrier (LCC) or low-cost airline is an airline that generally offers low airfares rate and fewer comforts. To make up for revenue lost in decreased ticket prices, the airline may charge for extras like food, priority boarding, seat allocating, and baggage etc. (Qin and Foosiri, 2013)

The term, originated within the airline industry, tends to refer to airlines with a low operating cost structure as compared to its competitors. While the term is often applied to airline companies which offer low airfares rate and limited services, regardless of their operating models, LCC should not be confused with regional airlines that operate short flights, or those full-service airlines that offer low airfares, but use large size aircraft to transport large numbers of people.

In due course, some airlines have actively sought to market and advertise themselves as low-cost, budgeted, or discount airlines while maintaining service quality at the minimum standard, usually associated with traditional mainline carrier's services which often result in increased operational complexity. These products tend to increase complexity, reduce operational efficiency and are not preferred by many truly low-cost airlines. Some of complex services offered are, for instance, luxury seating, vast choices of beverages, differentiated premium cabins, satellite communication, ground based WiFi internet service, and in-flight audio and video entertainment.

2.2 LCCs and Passenger movement in Thailand

During the fourth quarter of 2003, low-cost airlines started to emerge in Thailand due to the rising popularity of air transportation (AOT annual report, 2012). At that time, ticket price of such airlines were relatively similar to those of other modes of transportation. Wide variety of benefits offered by low-cost airlines include

expanded domestic aviation market, shortened traveling time, enhanced domestic tourism business, and boosted numbers of Thai and foreign tourists, etc. Hence, more and more investors and frequent air travelers are now interested in low-cost airlines.



Source: Airports of Thailand, Air transport statistic (2014)

Figure 2.1 The LCCs passenger Movement



Source: Airports of Thailand, Air transport statistic (2014)

Figure 2.2 The LCCs Aircraft Movement

Figure 1 showed the trend of LCCs passenger travelling by air transportation. The left side of the Y-axis is the numbers of passenger. Figure 2 showed the trend of LCCs aircraft movement. The right side of the Y-axis is the numbers of flights (AOT aircraft statistic, 2014).

The LCCs's passengers are expected to reach three million passengers by 2014, and more than twenty thousand LCCs's flights are expected to serve these airline passengers at six International Airports across Thailand by the end of 2014.

2.3 LCCs offering to customer

Traditionally, LCCs based its value proposition on low prices and low fees. Low prices and low fees are not enough (Boer and Browning, 2013). An increase in competition, coupled with the growing focus on business travelers, has led LCCs to test its new business models including forming airline alliances, operating long-haul, and offering more products and services to meet their customer's expectation, satisfaction while gaining a sense of loyalty from the customers.

2.4 Consumer's expectation theory

Expectation means attitudes related to desire or demand that consumers expect to receive from each service. Consumers make purchasing decisions to meet specific demands and consumers will evaluate results of purchase from expectations (Berry et al., 1990).

Demands arise from human subconscious which resulted in each individual well-being and status. When consumers demand products or services, there must be motivational factors as well as expectation to meet such demand. The three factors of consumer's own expectations are word-of-mouth communication, personal needs, and past experiences. The other factor includes external communication made to the customers. These factors all affect customer's expectations (Zeithaml et al., 1990). Customer's expectations can be divided into 2 levels: Expected level of services and past level of services. The first level arises from customer's expectations, whereas the second level will be accepted if customers receive the same services as before (Zeithaml

et al., 1985). Five factors affecting service receivers are word-of-mouth or advice from others, personal demand, past experiences, news from media and service providers and prices.

2.5 Satisfaction theory

Sureerat (1995) stated that satisfaction means contentment when demand is met. A supporting satisfaction theory is Maslow's Hierarchy of Needs which stated that human needs are in a pyramid shape-once one need is satisfied; another need will be desired in a higher level (Maslow, 1943). Campbell (1976) stated that satisfaction is internal feelings, especially when each individual compares their thoughts to expectation or desired situation. Whether or not the results are satisfied is based on a personal judgment.

2.6 Marketing mix theory

Marketing mix is the tool that organizations apply to achieve marketing objective among target groups. It consists of product, price, place, promotion, people, physical evidence and process. Marketing mix is the motivation that influences the decision of consumers to use the product or service (Kotler, 2003).

2.7 Marketing mix in airline industry

People services are deeds, processes and performance. Service is distinguished from products mainly because they are generally produced at the same time as they are consumed and cannot be stored away or taken. An enhanced marketing mix needs to be deployed. It is not only about reaching out to the customers with the right service, but it is also about creating that right desire to the service (Charoensettasilp and Wu, 2012).

4P's of marketing mix and 3P's of service marketing mix for airline industry consist of product, place, price, promotion, people, process and physical

evidence. (1) Firstly, product mix will consider design, quality, range, brand name and product features. In order to empower the “Product” to attract consumers, especially among service providers, airline company must consider that fact that consumers are demanding not just the physical products or features of products, but it should consider quality of the service and the benefits it offered. The airline product includes two types of service which are on-the-ground and in-flight services. (2) Place takes into consideration distribution channels, methods of distribution, coverage, demographic, on-line reservation system and consolidation between tour operators and travel agent. (3) Price is targeting at a list of current prices, discounts, commissions, surcharges, extra service charge, economic pricing, and valuable pricing. (4) Promotion takes into account advertising strategy which airline company needs to keep in mind such as its image, positioning, image of the country, the scenic beauty, tourist attractions, rich cultural heritages or those that attract foreign and local tourists, publicity, receptionist and travel agents. (5) People consists of crew members who possess competence, reliability, ethics and codes of conduct, caring attitude, responsiveness, initiative, capacity to solve problem and goodwill. (6) Process takes into account shortening reservation process (i.e. mobile application), flight information, and facilities at the airport, luggage handling, catering service, in-flight entertainment and quality service. (7) Last but not least, physical evidence takes into account on-the-ground and in-flight components which are ticket booking offices or ticket counter, paperwork, brand and official logo, airfares, aircraft, seating configuration, good interior and exterior design, cleanliness, crew’s uniform, ambience, baggage, and labels or tags. (Ghosh, 2009).

2.8 Related research

According to previous study which studied 7Ps marketing mix (i.e., price, place, promotion, people, process and physical evidence) that affect consumer’s decision to select domestic low-cost airline (Chareonsettasilp & Wu, 2012; Lerrthaitrakul & Panjakajornsak, 2013; O’Connell & Williams, 2005; Qin & Foosiri, 2013; Sarker, Hossan & Zaman, 2012)

2.8.1 Price

Price is the monetary value of the products and services. A customer is likely to compare the value and price of service, and decide to purchase if the value exceed price. Therefore, service fee charged should be clearly determined in correspond to service level so that the customers can understand its difference. Moreover, a service provider must concern about non-monetary expense, including time spent in service, unfavorable physical and mental conditions, and dissatisfaction due to under-expected service (Charoensettasilp and Wu 2012, Qin and Foosiri 2013).

2.8.2 Place

Place is the environment of service that affects perception of the customers in terms of value and benefits of offerings. Place is referred to the location and channel for delivering service. Important factors of service delivery include location, speed, and convenience in which preliminary service can be offered through email or website (Charoensettasilp and Wu 2012). It is clear that passengers travelling on low-cost carriers place great importance on price and appear to arrange their itineraries using the least expensive airfares (O'Connell and Williams, 2005).

2.8.3 Product

Product can fulfill the needs and requirements of people as seller offer product to the customer, and customer gain benefits and value of such products. Commonly, product is categorized into 2 groups which are tangible product and intangible product. Management must select main and additional services that properly satisfy customer needs and remain competitive against those of competitors (Charoensettasilp and Wu 2012).

2.8.4 Promotion

Promotion is the communication tool that informs or motivates customers to have particular attitude and behaviors and promotion becomes the key factor of relationship marketing. Products without proper communication are likely to fail. Communication plays important role in conveying information to customers, promote the possible benefits, and stimulate purchase. Key benefits of communication in service

marketing focus on sharing customers how they gain benefits from service, when, where, and how to purchase a service (Charoensettasilp and Wu 2012).

2.8.5 People (employees)

This factor requires recruitment, training, and motivation to be capable of creating better customer satisfaction than competitors do. It is about the relationship between service provider and customer, so employees must be competent and possess an attitude to respond to customers, problem-solving skills, be creative and be able to create value to the organization. Many services require the involvement of both customer and employee, such as barber service (Charoensettasilp and Wu 2012).

2.8.6 Process

Process refers to practice guidelines, rules and regulations and standard procedures which ensure safety, accurate and quick services. It may also include reservation process, flight information, facilities at the airport, safety procedure, baggage handling process, catering service and in-flight entertainment.

2.8.7 Physical evidence

Physical evidence and presentation offer quality service in terms of neat attire, polite communication, ethical practice, quick service, and others benefits that customers deserve, to ensure quality, appropriateness, and efficiency. These factors include building, equipment, cloths and etc.

All of 7Ps are directly linked to customer's satisfaction. Finally, decision making process is the final step that customer will take when selecting domestic low-cost airlines. Customer satisfaction is defined as "overall effective response to a perceived discrepancy between prior expectation and perceived performance after consumption" (Oliver, 1980, p. 460). Service marketing mix (7Ps) factors have positive effect on passenger satisfaction, service quality factors also have a positive effect on passenger satisfaction (Qin and Foosiri 2013). Place, Product, Process and People mostly affect Thai passengers' satisfaction after receiving services from Thailand's domestic low-cost airline, including ground service at the airport. The aircraft used for commercial travel must have gone through standard safety check procedure and

verification process set forth by airline industry. Promotion such as special privileges (i.e. passenger lounge), mileage program, special privilege for baggage weight, convenience and quick speed for check-in process, convenience and speed of baggage claim, and convenience and speed of preparing for flight departure. Follow by physical evidence and price respectively, while promotion is among the bottom ranking (Sittichai and Wu, 2012). Last but not least, consumer's decision making process is the most important factor that offers award to the airline company. Customers' satisfaction must be measured and recorded at the end of the flight in order to evaluate service quality. The marketing main factors such as product, price, place, promotion, people, process and physical evidence are highly correlated with customer's buying-decision of low-cost airline (Udomkitti 2006, Thanasupsin and Chaichana 2007).

As mentioned earlier, no study has investigated low-cost airline that offers international routes. Therefore, this research objective is to conduct a study on factors influencing Thai people to select low-cost airline which offers international flights. The result of this research study serves as basic insights and guidelines for market planning purposes which attempt to fulfill customer satisfaction and increase LCCs brand loyalty in the long run.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research design

This research will use qualitative design approach which is a scientific research methodology, and it can be defined as primarily an inductive process of organizing the data into categories and identifying patterns (relationships) in each category (McMillan and Schumacher, 1993) or a strategy, is predicated on underlying assumptions and perspectives (Wiersma, 1995).

The main goal of this research is to provide a meaningful understanding of and insight into low-cost airline segment in Thailand as well as describes customer's experiences, ideas, beliefs and values of customer who have used LCC for international travel purposes. The findings can be used as an input for strategy formulation and market planning purposes. Such insight information is directly linked to an in-depth understanding of consumer behavior, especially frequent international travelers and profitable routes that LCC should pay attention to.

3.2 Population and sample

In this research, the researcher selects samples based on travelling experience of the sample group. Selected individual sample must have at least one travelling trip with LCC's international flight. The research process involves an in-depth interview with 16 interviewees who are willing to share their flying experience in this research study. Age of an interviewee ranges between 20-35 years old. Samples will be chosen by using purposive sampling method.

Purposive sampling is an informant selection tool widely used in ethnobotany. However, the use of the method is not adequately explained in most

studies. The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Sheppard 2006).

3.3 Research Instrument

In applying qualitative and purposive sampling method in this research paper, informal interview with sample was chosen because an interview will enable face-to-face discussion with an experienced customers who have used LCC for their international travel. Therefore, note taking and voice recording were used during the interview session. In addition to face-to-face discussion, the researcher also used telephone interview which is popular way too (Kvale, 1983). Ten interviewees were scheduled within two weeks of an interview process. This study employed both types of closed- and open-ended questions. In-depth interview questions are optimal for collecting data on individuals' personal histories, perspective and experiences, particularly when sensitive topics are being explored (Denzin et al, 2000).

In order to analyze the result of research findings for low-cost airlines that offer the international flights, a list of open-ended interview questions were formulated and used with 10 interviewees. Regarding open-ended interviews questions, interviewees are being asked to feel relax and free to provide as much as possible their responses as well as express their opinions. It is more effective than simply use interview questions likes "yes" or "no" (Denzin et al, 2000). A list of interview questions are shown below:

- How often per year do you travel aboard?
- How long have you started planning to travel aboard?
- Do you know how the difference between low-cost airlines and full-service airlines?
- What do you think about low-cost airlines?

- How do you feel when you are using low-cost airlines?
- Have you ever travelled abroad by using low-cost airlines?
- Which low-cost airlines that you have used before?
- How often do you book your flight?
- What are some of the factors or criteria that influence you to select low-cost airlines for international route?
- Could you please share your experience flying with low-cost airline? Is it good? Or does it need to improve?
- Could you please share your expectation toward low-cost airlines?
- Are you interested in the outcome of the low-cost airline research?

In addition to demographic information of low-cost airline's passenger who entered interview session conducted by researcher, the main focus of an interview is on age, gender, educational background, income and passenger's lifestyle. Voice recording and reflective note taking are being used to record the information as well. The result of interview was processed in April, 2014. In order to categorize an interview and interpret the information obtained from each interviewee, an interview session was set at the minimum of 30 minutes. The complete set of interview questions is listed in the appendix.

- What is your education background?
- What is your favorite activity when you have free time?
- How much is your salary?
- How old are you?

3.4 Data analysis

In order to analyze the information, content analysis methodology was used and applied in this research. Content analysis technique is a widely used in qualitative research. Rather than using a single method, current applications of content analysis shows three distinct approaches: conventional, directed and summative. All three

approaches are used to interpret the meaning of the content of text data and, hence, adhere to the naturalistic paradigm. The major differences among these approaches are coding schemes, origins of codes, and threats to trustworthiness. In conventional content analysis, coding categories are derived directly from the text data. With a directed approach, analysis starts with a theory or relevant research findings as guidance for initial codes. A summative content analysis involves counting and comparisons, usually the keywords or content, followed by the interpretation of the underlying context. Therefore all approaches were used by research analyst for interpreting data appropriately (Hsieh and Shannon, 2005).



CHAPTER IV

RESULTS AND DISCUSSION

This research is a study of “Factors influencing Thai people to select low-cost airlines that offer international flights”. This section focuses on the analysis of general data in order to present the research outcome in terms of key influences that entice Thai customers to make purchase decision and to elaborate their satisfaction level toward service offered by low-cost airlines. Information used in the research analysis is based on an interview conducted on 16 interviewees. The research analysis reveals the following results:

4.1 Demographic Data

The total of 16 respondents is divided into 8 females and 8 males. The youngest respondent is 22 years old and the oldest respondent is 31 years old. There are 12 respondents who are between 22-29 years old and 4 respondents who are 30-31 years old. Ten of respondent are currently master-degree students, and the remaining 6 have graduated with bachelor degree. Twelve respondents are office workers, and the other 4 are unemployed.

4.2 Data Analysis

With regard to factors listed in the dimensions of 7Ps marketing mix namely price, place, product, promotion, people, process and physical evidence, sixteen Thai consumers were interviewed regarding factors that exert influence on the selection of low-cost airlines that offer international flights. They are listed below.

Table 4.1 Seven attribute towards Thai customers decision to buy low cost airlines product for international route.

Price	Product	Place	Promotion	People	Process	Physical evidence
Cheap price	Type of an aircraft	Main operate hub	Pre-reservation discount	Crew's service attitude	Easy to reserv the ticket online	Small booking office
Resonable price	Type of seat	Destination availability	Travelling package	Pilot's skill	Quick check-in	Limit of check-in counter
Promotion price	Size of seat		Seasonal discount	Quick service	Calling check-in	Exciting brand's signature
	Safety concern		Accomodation discount		Good webpage design	
	Flight frequency					
	Food during flight					
	Limit of luggage's weight					
	Additional fee					
	Direct flight					

After grouping all information into seven attributes, several elements were categorized according to responses provided by interviewees (Please see Table 4.1).

Based on series of interview conducted on interviewees, it appears that all respondents prioritized their purchasing decision based on popular key factors such as airfares and their past experiences. If low-cost carriers provide service below respondents' expectation and industry standards, the respondents will change their mind and choose other low-cost airlines immediately. The most important factor among top three factors is the airfares charged to the consumers. Every respondent who used to travel with low-cost airline tends to buy air tickets because it is affordable. Table 4.2 demonstrates factors that each respondent considered their priority when buying plane ticket.

Table 4.2 The respondents' prioritized factors

Respondents	1st Ranking	2nd Ranking	3rd Ranking
1	Price	Destination availability	Size of seat
2	Price	Destination availability	Flight frequency
3	Price	Destination availability	Direct flight
4	Price	Size of seat	Destination availability
5	Destination availability	Price	Crew's service
6	Price	Destination availability	Size of seat
7	Price	Destination availability	Crew's service
8	Price	Destination availability	Crew's service
9	Price	Crew's service	Quick check-in
10	Direct flight	Price	Destination availability
11	Price	Destination availability	Direct flight
12	Destination availability	Price	Direct flight
13	Price	Destination availability	Flight frequency
14	Price	Direct flight	Destination availability
15	Price	Destination availability	Direct flight
16	Price	Destination availability	Crew's service

Ticket price ranks first in the table when respondents prioritize factors that exert influence their purchasing decision, followed by availability of flight destination, crew's service quality and direct flight respectively.

Regarding the ticket price, more than 81% of respondents expect low ticket price from LCC because it fits in with their budget constraint. In terms of availability of destination, more than 69% of respondents expect LCC to offers key destinations that best meet their travel goals. Both crew's service quality and direct flight ranked third according to 25% of respondents. Therefore, all of the abovementioned information can be referred to the first priority such as low ticket price which exerts influence on Thai's customer to select low-cost airline that offers international route. These group of customer want to save their budget as much as they possibly can in order to meet their budget constraints. The availability of flight destination of low-cost

airlines can simply provide customer with choices and these group of customer also expect low-cost airline to provide them with the lowest price possible. Last but not least, after they consider the ticket's price and availability of flight destination, then, the customer will look at factor such as service convenience. They expect crew members to provide them with quick and quality services, good facilities and in-flight satisfaction (i.e. entertainment and quick catering service). These group of customer also prefer direct flight instead of connecting flight because it can save them time and energy.

4.3 Discussion

4.3.1 Price dimension

Price ranks first among factors that exerts influence on respondents' decision making, especially when selecting low-cost airline that offers international route. This finding is relevant of the first factor that influence Thai's consumers who select domestic low-cost airline. Price and promotion are among the bottom ranking (Charoensettasilp and Wu, 2012). Based on the interviewed data, the standard price charged to the customer must be cheaper than full-service airline. All respondents agreed with above statement, for instance, one of the respondents said, *"I have selected low-cost airline to travel aboard because I prefer cheap ticket price in order to decrease my overall travel expenses."* Moreover, some of them consider the ticket's price first before considering the flight destination. If the ticket price is affordable and the destination is made available by low-cost airline, then they are likely to choose such low-cost airline which provide the cheapest ticket price.



4.3.2 Place dimension

Place is one of the first factors that exerts influence on Thai's people to select low-cost airline which offers domestic route, (Charoensettasilp and Wu, 2012).

While, in this research analysis, availability of destination also includes main operating hub of each airline. This data analysis shows that place was ranked second while most of the respondents consider the availability of flight destination after they got the price of the ticket sorted out. Sometimes the customers already have their destination that they wanted to go, but if the ticket price is not affordable, then they would simply find a bargaining ticket price offered by other low-cost airlines that could provide them with the most affordable ticket price. Moreover, some of respondents mentioned about the importance of the main operating hub of low-cost carriers. They believe that the low-cost airlines which operate at Donmuang International Airport offer much easier access to travelers as compared to Suvarnabhumi International Airport which located far from central Bangkok. Suvarnabhumi International Airport tends to have complicated process and place airline's check-in counters far away from the boarding gate. Passengers have to prepare themselves at least 2-3 hours before the boarding time as compared to Donmuang International Airport which takes about 1-1.5 hours to get the passengers on board the plane. Some of respondents said *“Suvarnabhumi Airport are clouded with people and I have to arrive at the airport at least 3 hours before check-in process and boarding time, but at Donmuang Airport, it only takes 1 hour”*.



4.3.3 Product dimension

In term of product, respondents prefer standardized products (i.e. modern aircraft, quality of service, etc). They spend quite a lot of time on issues such as size of

an aircraft, size of seat, food service, safety features and protocol, direct flight, connecting flight and luggage weight limit, etc. All respondents prefer big aircraft, bigger seat, more personal space, quality food service, better service from on-the-ground and in-flight crews and etc. Ultimately, these items are just the customer's expectations that most consumers expect to receive from LCC as well as full-service airlines. Consumers make purchasing decisions that best meet their specific demands, financial constraints and consumers' expectations. They will evaluate the results of purchase from expectations (Berry et al., 1990). All of them already know that the low-cost airline is different from full-service airlines. Therefore, all of them believe that it is acceptable if the price is affordable and the flight duration is short. Product dimension, therefore, could have a direct impact on the customer's decision making process when selecting low-cost airline. However, respondents think low-cost airline could further improve their products and services, especially when competition is intensifying. This way consumers will be empowered to choose and receive more benefits for airline industry. One of the respondents mentioned that, *"Nowadays, there are many low-cost carriers such as, Nokair, AirAsia, JinAir, JetStar and new comers are AirAsia Go and LionAir. All of these airlines are offering international route from Thailand to other countries such as Japan and Malaysia. They compete against each other by offering discount and convenience services."*



4.3.4 People dimension

Crew's service mind and pilot skills are considered one of the most important components of people dimension. All of them prefer airline crew members to possess a service mind and interpersonal skills. But evidently, respondents did not expect too much because it is low-cost carrier. Most respondents prefer crew members

to have some sense of respect instead of being aggressive or completely ignore customer's requests. While few respondents talked about pilot's skills, but they also believe that LCC pilot's skill is not much different from those pilots who works on other commercial airlines. They said, "Pilot is a licensed pilot, they earn some sense of trust from airline company. These pilots are required to possess license and pass standardized health check." Ultimately, pilot's skills and health condition are not customer's priority when selecting low-cost carrier.



4.3.5 Promotion dimension

Promotion is the communication tool that informs or motivates customers to have particular attitude and behaviors and promotion becomes the key factor of relationship marketing. Products without proper communication are likely to fail to capture customer's attention. Communication plays important role in conveying information

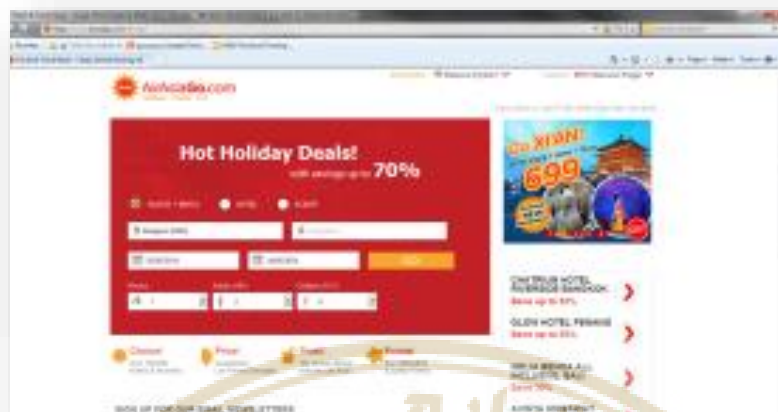


to customers, promote possible benefits and stimulate purchase (Kotler and Keller,

2006). All respondents mentioned about low-cost airline promotion being offered through on and off the Internet depending on business environment and competitive landscape. Some of them like to make a reservation at least 2-3 months before travelling date; this is because they need the cheapest ticket rate and they already planned out their vacation ahead of time. Some of them had booked a flight during seasonal promotion. Sometime they booked the ticket that comes with travelling package or special discount on accommodation and car rental. But some respondent said, “Low-cost airline cannot provide special benefits throughout the year.” Therefore airline promotion is merely short-term or seasonal, but promotional package which encourages the customers to travel aboard more could come in the form of “mileage points”. These customers knew that they have to travel during such period; therefore they tend to book a flight ahead of time and many of them tend to use collected mileage to minimize their travel expenses. However, some customers prefer to purchase regular ticket without any discount because they have no time to wait for airline promotion. This is because they have little time to make a decision before embarking on a trip.

4.3.6 Process dimension

Booking plane ticket and ground service (i.e. check-in procedure) are considered important elements of process dimension according to all respondents. Once they are satisfied with the booking process, all respondents is likely to book the ticket online because it is very convenient. Some of them like low-cost airline webpage because it provides user friendly interface and services as well as secure access. Online check-in procedure are well appreciated by some respondents because it helps them save time. The LCC’s check-in procedure is much quicker than full-service airline by at least five to ten minutes on average. They said, *“I used to go aboard by Thai Airways and I have to wait in line for check-in around 30 minutes. But when I went to Singapore last month by AirAsia, it took me less than 10 minutes to check-in”*.



4.3.7 Physical evidence

Airline's service office and branding are two important elements in physical evidence. Few respondents mentioned this factor, but they think some branches of low-cost airline are too small. Some of them think that the check-in counter was limited in numbers. But such limitation did not cause too much problem at check-in counter and small branch office because some customers already use online check-in process which shorten the timeframe, therefore, there is no need to spend twenty minutes at the counter service. Branding is another important factor that reflects reputation and quality of service. Respondents believe that low-cost airline branding is becoming more attractive than full-service airline. They said, *"I think when I saw AirAsia, Lion Air or NokAir logo, they are more colorful and more attractive than full-service airline such as Thai Airways or Singapore Airline"*.



CHAPTER V

RECOMMENDATIONS AND LIMITATIONS OF THE STUDY

5.1 Recommendations

The Low-cost Carriers (LCCs) are a growing sector in many developing countries today, especially in Asia – a region that has the largest population in the world. Its expansion is linked with rapid economic growth and an increasing numbers of populations which demand to travel and conduct businesses. The main factors that exert influence on Thai people to select low-cost airlines which offer international flights are the airfare and quality service. Such factors are the main key drivers that entice people to select air transportation for business and vacation trip over land or sea transportations.

The findings of this research study reveal the fact that cheap airfare is the main reason that entice customers to select Low-cost Carriers (LCCs) for their international travel as compared to Full-service Carriers (FSCs). However, LCCs are definitely not low in term of service quality. For the availability of destination, product's components such as quality customer service is considered an important factor for LCC's sustainability whose focus is on cost reduction at all times (Hardy, 2009). As for the price dimension, an alliance with network carriers is beneficial to LCCs as they facilitate travel at lower cost, especially for international passengers who travel regularly by using domestic routes. Such frequent travel has enabled LCC to acquire more market share while reduce its initial costs of route development. On the other hands, an alliance with network of carriers is considered beneficial in terms of other market dimensions such as place, product and promotion which contributed to brand enhancement. Better flight management could help LCC increase its flight frequency, choices of destination and joint promotion with other members of carrier network.

For people and process dimensions, LCCs could benefit from these opportunities only if they develop their capacities and competencies by providing training sessions for crew members such as those crew members who work on-board and at ground service. These crew members could be trained to enhance their service-minded attitude. Furthermore, they could reduce work process by implementing new technologies which aims to reduce work process such mobile application which allows customer to verify their identities and check-in online in order to minimize congestion at the airport. An implementation of this strategy will enable LCC to utilize its existing resources efficiently while avoiding any disruption that may occur and affect the reputation of the LCC. Brand signage and counter service are two important components for brand building. This is because brand signage and counter service tend to communicate LCC information directly to the customers at the front level, therefore it must effectively represents positive image (i.e. professional) as well as remains attractive to customers who enjoy low airfare. They may have solid plan to improve their aircraft color or the tone of signage by revamp aircraft design as well as service offering (i.e. promotional package according to travel season.) Other improvements include offering of fresh fruits for short destination flights and internet service.

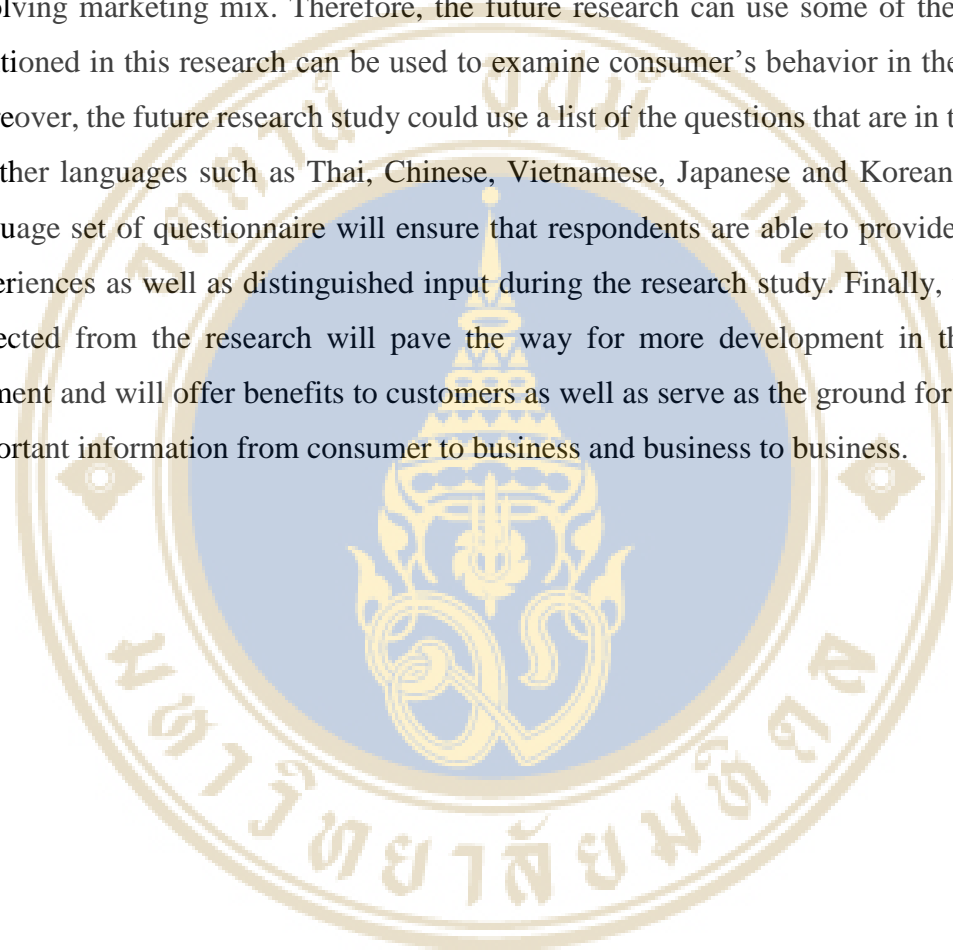
5.2 Limitations of the study

The findings of the study should be viewed in light of the following limitations. First, numbers of respondent are small in size where (N=16) and the age group ranges between (22-31) years old. Second, the sampling group in this study mostly have travelled aboard at least once by three main low-cost airline companies such as Air Asia, Lion Air and THAI Smile. All of which are currently operating in Thailand. Moreover, an interview session is set at a minimum of 30 minutes in order to acquire qualitative information from respondents. Therefore, the sampling group had to spend a descent time to provide their responses as well as comments and opinions during the interview session. Sometime, respondents were in a hurry, therefore, the answers might not correspond to their feelings. For this reason some of responses made

by respondents are being discarded because it is irrelevant to the research findings (i.e. traffic jam).

5.3 Suggestions for Future Research

For the future research, this research model can be used as reference for low-cost airline industry to formulate business strategy, especially its marketing plan involving marketing mix. Therefore, the future research can use some of the factors mentioned in this research can be used to examine consumer's behavior in the future. Moreover, the future research study could use a list of the questions that are in the form of other languages such as Thai, Chinese, Vietnamese, Japanese and Korean. Multi-language set of questionnaire will ensure that respondents are able to provide unique experiences as well as distinguished input during the research study. Finally, the data collected from the research will pave the way for more development in the LCC segment and will offer benefits to customers as well as serve as the ground for sharing important information from consumer to business and business to business.



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