

Factors Impacting Customers' Loyalty toward Thai Air Asia in Thailand

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Abstract: This research points to investigate factors impacting customers' loyalty toward Thai AirAsia in Thailand. This research survey the relations between perceived price value, service quality, customer satisfaction and customer loyalty. Methods that were used in this research were non-probability, convenience sampling, and snowball technique. Moreover, this research analyse data collected by using simple linear regression, multiple linear regression, and variance analysis to examine influences, differences and relationships between independent variables and dependent variables. This research examined 200 Thais living in Thailand and have experience in flying with AirAsia. The research found that service quality, customer satisfaction, perceived price value have an influence on customer loyalty.

Keywords: Perceived price value, Service quality, Customer satisfaction, Customer loyalty, Low-cost airlines, Air Asia

Introduction

In recent years, aviation market of Thailand has grown at a huge rate, which achieved over 100 million seats. In 2018, the number of low-cost airline seats in Thailand's market overtook the number of full-service airline seats for the first time. Moreover, the number of full-service airlines seats were 50.6 million seats compared with the number of low-cost airlines seats which were 52.6 million seats, has grown dramatically from less than 8 million seats in 2009.

Understanding the influence of factors impacting customers' loyalty may show information about customers' feeling and thinking which are Service quality, Perceived price value and Customer satisfaction. Also, it is to understand the relationship of customer behaviour in the past that will lead to a future behaviour. This research objective is to understand the factors that impact on customer loyalty toward Thai AirAsia in Thailand.

Literature Review

1. Customer loyalty (CL)

Customer loyalty is a manifestation of behavior including, re-purchasing products and services. As a psychological facet of customer loyalty included attitudinal loyalty, studying on customer loyalty are more general. Moreover, re-purchase intention, willingness to recommend the service to others and resistance to change to competitors' service can characterize customer loyalty. Furthermore, customer loyalty in this research was measured by re-purchase intention of customer along with convince other people to use a service and simultaneously still remain loyal to the organization.

2. Service quality (SQ)

The result of the evaluation process that perceived service and expected service are compared is service quality. A form of attitude also clarified a service quality, as customers will judge the superiority of the service provided by an organization. Competitive advantages of an organization also come from focusing on delivering high levels of service quality to customer. When they received a higher level of quality of services than level of their expectations, customers' perceived value can be driven by the service quality. Moreover, in order to gain a higher customers' perceived value, the organization should give a better service quality.

3. Perceived price value (PV)

Perceived value is when customers compare the cost such as time, money and energy given with the benefits that they receive from their purchased products or services. If customers recognize that they received quality of a service or value of a service exceed the costs, it will lead to high satisfaction and positive affect to loyalty. Moreover, customer perceived price value can give a positive effect on customer satisfaction. If the perception of value offered is high, the customers' satisfaction also high.

4. Customer satisfaction (CS)

Customer satisfaction is the results of customers' expectations of service performance compared with their perceptions of service quality. To make customers have a good perception of the brand, the organization should make them satisfy with a product or service

Methodology and Framework

Framework

The conceptual framework of this research (Figure 1) is adjusted from the theoretical framework of the topic study of "The impact of service quality, customer engagement and selected marketing constructs on airline passenger loyalty" of Raditha Hapsari & Michael D. Clemes and David Dean, (2016). This research identified and discussed the relationship between perceived price value, service quality, customer satisfaction and customer loyalty. Thus, this conceptual framework is adapted to understand the influence of perceived price value, service quality, customer satisfaction, related to customer loyalty of Thai who live in Thailand and have been flying with AirAsia.

Figure 1: Conceptual Framework

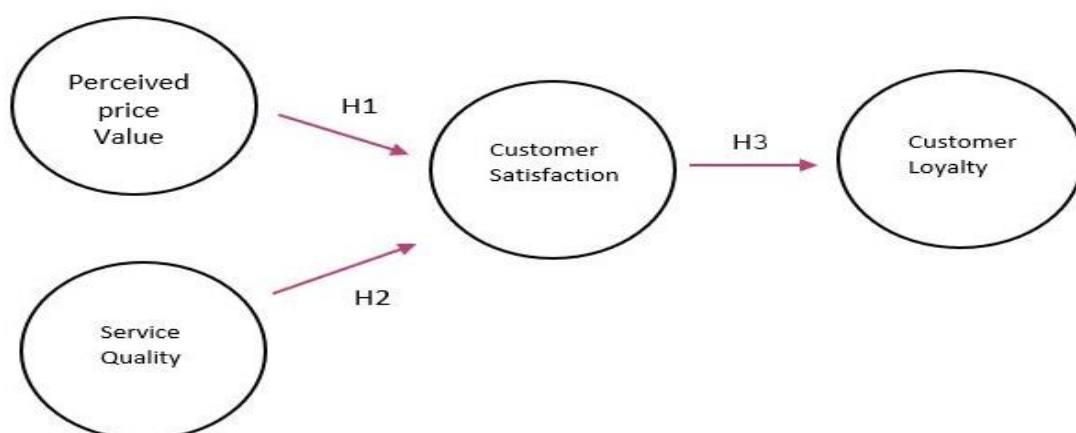


Table 1: Defined Hypotheses

No.	H	Hypothesis
1	H1	Perceived price value (PV) has a significant impact on Customer satisfaction (CS).
2	H2	Service quality (SQ) has a significant impact on Customer satisfaction (CS).
3	H3	Customer satisfaction (CS) has a significant impact on Customer loyalty (CL).

Research methodology

This research used the quantitative approach to find the hypothesis related to factors impacting on customers' loyalty which are Perceived price value, Service quality and Customer satisfaction. Sampling data was collected by using non-probability method, convenience sampling method, and snowball technique method from target group who are Thai and live in Thailand. This research separated the questionnaires into 3 parts which are screening questions, demographic questions and measurement of variable. Measurement of variable done by using a five-point Likert scale. Measured variables are 5 as Strongly Agree, 4 as Agree, 3 as Neutral, 2 as Disagree and 1 as Strongly Disagree. In this research, the screening part is to screen Thai who live in Thailand and have an experience in flying with AirAsia. Also, the factors impacting on customers' loyalty was found out by using a sampling test of 200 Thai respondents who live in Thailand.

Measurement of variables

The target respondents of this research were Thai who live in Thailand and have an experience in flying with AirAsia. Measurement of variable done by using a five-point Likert scale. Measured variables are 5 as Strongly Agree, 4 as Agree, 3 as Neutral, 2 as Disagree and 1 as Strongly Disagree. Hypothesis H1 and H2 were tested by using Multiple Linear Regression (MLR). And Hypothesis H3 was tested by using Simple Linear Regression (SLR).

Reliability Test

Table 2 shows the reliability test that was examined by using 30 sets of the pilot test and Cronbach's Alpha Coefficient to define the level of reliability of each variable that it is higher than 0.6 and be able to accept or not. In the table 2, the ranges of Cronbach's Alpha Coefficient were between 0.777 to 0.897. Also, the minimum value was greater than 0.7, which mean all variables of this questionnaire are acceptable.

Table 2: Consistency of the scales test (N=30)

Variables	No. of Items	Cronbach's Alpha
Customer loyalty (CL)	4	0.785
Service quality (SQ)	7	0.777
Perceived price value (PV)	4	0.897
Customer satisfaction (CS)	4	0.847

Result and Discussion

Demographic Profile Summary

Table 3: Demographic Profile

Demographic	Characteristics	Frequency	%
Gender	Male	81	40.5
	Female	119	59.5
Age	15 - 18 years old	1	0.5
	18 - 25 years old	28	14
	26 - 35 years old	107	53.5
	36 - 45 years old	34	17
	46 - 55 years old	10	5
	Over 55 years old	20	10
Education	Lower than a Bachelor's degree	25	12.5
	Bachelor's degree or equivalent	133	66.5
	Master's degree	35	17.5
	Doctorate degree	7	3.5
Occupation	Student	14	7
	Company employee	110	55
	Government officer or bureaucrat	16	8
	Business owner	27	13.5
	Retire	8	4
	Unemployed	16	8
	Other	9	4.5
Income	0 - 15,000 baht	29	14.5
	15,000 – 30,000 baht	67	33.5
	30,001 – 60,000 baht	42	21
	60,001 – 90,000 baht	28	14
	More than 90,001 baht	34	17

Table 3 shows the summary of the characteristics of demographic factors from the total collected samples of 200 respondents.

Most of respondents are female 59.5% and male 40.5% of the total sample size.

Respondents in the age between 26 - 35 years old are the largest sample size of 53.5% and age between 36 - 45 years old are the second with 17%. Followed in sequent by age of 18 - 25 years old (14%), over 55 years old (10%), 46 – 55 years old (5%) and 15 - 18 years old (0.5%).

Most of the respondents graduated a Bachelor's degree or equivalent (66.5%), Master's degree (17.5%), lower than a Bachelor's degree (12.5%) and the smallest is Doctorate degree which is only 3.5%

Most occupation of respondents are company employee (55%) come up with business owner (13.5%) in the second, Government officer or bureaucrat and unemployed are 8% ranged in the third, Student (7%), Other occupation like freelance are 4.5% and retire are 4%.

The income range of most respondents are 15,000 – 30,000 baht (33.5%), 30,001 – 60,000 baht comes in the second (21%), income more than 90,001 baht is 17%, income 0 - 15,000 baht is 14.5%, and 60,001 – 90,000 baht (14%) ranged in the last.

Pearson’s Correlation

Table 4: Pearson’s Correlation Matrix

Pearson’s Correlation	Mean	SD	CL	CS	PV
CL	4.1688	0.72419			
CS	4.1800	0.74566	0.810*		
PV	4.1343	0.68574		0.878*	
SQ	4.2163	0.68071		0.861*	0.831*

The Pearson’s Correlation Matrix in table 4 shows that all variables have positive correlations between each other. PV and SQ related to CS, CS related to CL. According to Mukaka (2012), the size of correlation between 0.0 - 0.3 is negligible correlation, 0.3 - 0.5 is low positive correlation, 0.5 - 0.7 is moderate positive correlation, 0.7 - 0.9 is high positive correlation, and more than 0.9 is very high positive correlation. In this research shows high correlation in all variables.

Inferential Analysis and Multicollinearity Validation

Table 5: Simple Linear Regression (SLR) result (H3): Dependent variable: CL

Hypothesis	Variables	Standard Coefficient (β)	Sig	VIF	Result
H3	CS	0.810	0.000	1.000	Rejected
R Square		0.656			
Adjusted R Square		0.654			

Table 5 shows R square at 0.656 means that independent variables which is Customer satisfaction (CS) can predict dependent variable which is Customer loyalty (CL) by 65.6% or means that Customer satisfaction (CS) gives an impact to Customer loyalty (CL) by 65.6%. Sig or P-value of Customer satisfaction (CS) is 0.000 that less than 0.05, means Customer satisfaction (CS) and Customer loyalty (CL) have relationship to each other so, H3o is rejected. Moreover, Standard coefficient (β) is at 0.810 means Customer satisfaction (CS) gives a significant impact

on Customer loyalty (CL) by 81%. Furthermore, VIF is 1 which less than 5 means that the multicollinearity problem will not occur.

Table 6: Multiple Linear Regression (MLR) result (H1, H2)

Hypotheses	Variables	Standard Coefficient (β)	Sig	VIF	Result
H1	PV	0.525	0.000	3.232	Rejected
H2	SQ	0.425	0.000	3.232	Rejected
R Square		0.827			
Adjusted R Square		0.825			

Table 6 shows R square at 0.827 means that independent variables which are Perceived price value (PV) and Service quality (SQ) can predict dependent variable which is Customer satisfaction (CS) by 82.7% or means that Perceived price value (PV) and Service quality (SQ) impact Customer satisfaction (CS) by 65.6%. Sig or P-value of Perceived price value (PV) and Service quality (SQ) are 0.000 that less than 0.05, means they have relationship to each other so, H1o and H2o are rejected. Standard coefficient (β) of Perceived price value (PV) is at 0.525 and Service quality (SQ) is at 0.425 means Perceived price value (PV) gives the most significant impact on Customer satisfaction (CS) by 52.5% and Service quality (SQ) gives a significant impact on Customer satisfaction (CS) by 42.5%. Moreover, both VIF of Perceived price value (PV) and Service quality (SQ) are 3.232 which less than 5 means that the multicollinearity problem will not occur.

Conclusion

The study of this research shows that perceived price value, service quality and customer satisfaction are significant impact on customer loyalty. This research is to find out factors that impact on customer loyalty that is the most important finding as it is based on perceptions of Air Asia passengers. The research proofs that perceived price value, which has the most significant effect, and service quality can lead to customer satisfaction. And customer satisfaction can lead to customer loyalty.

The framework of this research divided in two parts. First, the impact of perceived price value and service quality towards customer satisfaction. Second, the impact of customer satisfaction towards customer loyalty. There are many methods such as Pearson’s correlation matrix, Simple linear regression (SLR), and Multiple linear regression (MLR) that were used to analyse in this research.

The total sample size of this research are 200 respondents represent the population samples in this research. The Pearson’s correlation matrix displayed positive correlations among each variable which means they are linked and have a relationship to each other. Also, they have an effect to one another.

The customer loyalty consists of independent variables which is customer satisfaction. Customer satisfaction consists of 2 independent variables which are perceived price value and service quality. The summary of the result was that customer loyalty can be explained by customer satisfaction, perceived price value and service quality.

Recommendations

The impact of Perceived price value, Service quality and Customer may useful to understand and interpret the factors that affect to customer loyalty. The results showed on the test of relationships between perceived price value, service quality, and customer satisfaction toward customer loyalty. The significant impact of customer satisfaction on customer loyalty explained that customers who satisfy with products or services they received are more likely to have the intention to support or repurchase the airline service again. Also, when the services provided can satisfied customers, their needs and wants were fulfilled by services they purchased. Customers who are happy with their decision to fly with the airline and satisfied with their flight experience are more likely to say positive things about the airline to other people. Thus, satisfied customers tend to choose and use the same airline

again instead of changing to other airlines. Service quality can give a direct impact on customer satisfaction. Customers who recognize that they received a high service quality level, they also have a high satisfaction level too. Moreover, resources and high levels of professional staff, inflight facilities, safety and security are factors to gain customer satisfactions. Service quality also has a direct and positive relationship to perceived price value such as to ensure a consistent level of service quality. No matter how high or low price they pay, they also want to get a high value of products or services back. If not, they will change to other airline

Future research

Limitation of this research, scoped and constructed in Thailand only. This research is focus on Thai who live in Thailand and have an experience in flying with Air Asia. This research can describe only Thai who live in Thailand and cannot describe foreigner or Thai outside Thailand. This research did not measure actual loyalty. However, if customers have any problem to loyalty, such as unavailable product, switching motivation and individual behavior, a loyal behavioral intention cannot be translated into the actual behavior. The demographic, culture, geographic and other factors differences may show different result to foreigner or people live outside Thailand.

For a further study is to study in-deep in understanding of the factors impacting on customers' loyalty, especially in the scope of customer relationship management. This research excludes foreigner and people who has no experience in flying with Air Asia therefore, a future study is to examine both Thai and foreigner customer loyalty. Furthermore, there is a need to investigate for other factors that can give an effect to customer loyalty, if this research can be generalized to all airline passengers.

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