

The trend of airline industry marketing essay

[Business](#), [Marketing](#)



Chapter One Introduction Background information The trend of airline industry As the carrier's capacity increased, many companies assumed much more active roles in convincing consumer to purchase the new services offered. It caused the airlines to move from sales-oriented marketing to consumer-oriented marketing. The services are more focus on the consumer's needs and expectation. The consumer will repurchase the airline service after the service meets their expectation. The airline has a needs to find out the who are use the airlines service, the reason of use the airline service, what the consumers wanted and liked and what they could afford by doing marketing research and research analysis. Moreover, the airline needs to add a new product or service for different kinds of tests and surveys to discover what the consumers really want (Wensveen 2008). Hyper-competitive in airline industry In addition, the competition of the airlines is tight competition in the airline industry. The low-cost carriers have entered the market in recently. Before the low-cost carriers enter the market, the competition between airlines was based on price, frequency and less for focus on what customer expectation on the service attributes. The competition of the airlines is more increased after the low-cost carriers. The low-cost carriers are offer lower prices for the consumer to use the service. It often operates the short distance flights for the consumer. Based on the price's competition, the low-cost carriers have the advantage in the airline industry. The low cost carriers use the low cost fare to absorb the air passenger to use their service. The figure-1 has shown the capacity share of low cost carriers had continued growth in every year. It reflects the air passengers are willing to use the low cost carriers and repurchase the low

cost carrier service. C: UsershpDesktopYuenCITY391KMFYP
proposalgenerated_chart-135850864625. pngWhy doing this studyThe
competition in airline industry is keen. To improve the profit and competitive
in the industry, airline needs to understand the passenger's need and
perception. The satisfied passenger will produce repurchase intention with
the airline. Repurchase can bring the profit with the airline. The study is
identifying the passenger's perception through the research. Moreover it will
suggest the improvement way for airline to increase the competitive in the
airline industry. Hence, the study is essential. Who will benefitThe finding of
this study would help the airline for comprehend factors which are affect
passenger's repurchase intention. The airline can construct appropriate
strategies to retain the existing customer. The appropriate strategies can be
meet the air passenger's satisfaction and construct the loyalty with the
airline. The air passenger will repurchase the service after they are satisfied
with the service provided by airline. The airline can be increase the
competitive in the airline industry and expand its market share. Problem
StatementThe airline industry has tight competition after the low cost
carriers entered. For the full service carrier to attract the passenger
repurchase intention, Lee & Luengo-Prado (2004, pp. 378) state that full
service carriers can " differentiate themselves from low-cost carriers by
offering a number of service characteristics typically unavailable from low-
cost carriers such as extensive national and international route networks,
pre-assigned seats, some degree of in-flight meal service on longer flights,
multiple service/cabin classes, and comprehensive frequent flyer programs
that permit passengers to earn and redeem miles in a wide range of

domestic and international partners . Recently, the low cost carriers continue to improve their service and similar with the full service carrier. The Air Asia detruedes a new type of fare " AirAsia X Premium FlatBed", establish a Quiet Zone in the flight and detrudes a loyalty prograded (Air Asia 2012). The new product and service will increase the air passenger's satisfaction and the interest with the low cost carrier more than full service carriers. The Air Asia has increase the opportunity of the passenger repurchases after increase the new service. Hence, the full service carriers need to differentiate their service to affect the existing customer to continue use their service.

Research Question What are the factors affect the passenger's repurchase intention with airline service? What factors are important affect the

passenger's repurchase intention with airline service? Why the factors are important? Overall aim The aim of the study is to understand the reason of

air passengers repurchase intention and how the airline to make

improvement. Research objective There are four objectives in this paper.

Firstly, it will identify the factors which are affecting the passenger's repurchase intention for the airline service such as price, service quality and image. To achieve the first objective, this study will identify the factors through the literature review. The literature review will review the airline industry and other industry to explore the factors influence the customer's repurchase intention in different industry. After the literature, it will identify the factor which is influence repurchase intention in airline industry through the research and data analysis. Secondly, identify the factors which are the most important to affect the passengers produce the repurchase intention with the airline. Through the data analysis, it can identify the identify the

factors which are the most important to affect the passengers produce the repurchase intention with the airline. Thirdly, find out the reason of the factors are important to affect the repurchase intention. In this study, it will research the important factor influence the repurchase intention with the airline service and why the factor is important for repurchase intention. Do the questionnaire and personal face to face interview can obtain the view of the air passenger to explore the important factors and why the factors are important. Lastly, suggest the way to make improvement for the airline. After the data result, it will make the suggestion for the airline to increase its competition in the airline industry. Overall research approach

In the study, it will conduct the exploratory approach, qualitative and quantitative approach. For the exploratory approach, it reviews the literature review to clarify the problem and obtain the data about the factors which would affect the repurchase intention. For the quantitative approach, the survey will use in the paper. The large amount of the view of passenger can obtain in the survey. For the qualitative approach, it will conduct the interview in the study. The interview can understand the passenger's view of the repurchase intention with airline service deeply. Sampling approach

In the sampling approach, it will apply the convenience approach and random approach in the study. To implement sampling approach, it would apply 50% of convenience approach and 50% of random approach. Limitation of the study

There are some constrains or limitations in this study. The result of study may not be confidently generalized to the general flying population of global due to the survey is conduct only in Hong Kong district thus the sample size was small to consider the whole scenario. Moreover, limitation of

time is one of the major constrain. Sometimes participants may not will to answer and it was difficult to convince them to answer all the questions of the questionnaire. Chapter Two Literature review What is repurchase intention Repurchase intention refers to the likelihood of using a service provider again in the future (Fornell, 1992). Jackson (1985) views " repurchase intent" as a " consumer behavioral intention" that measures the tendency to continue, increase, or decrease the amount of service from a current supplier. Phillip K. Helloer (2003) views repurchase intention is the individual's judgment about buying again a designated service from the same company, taking into accounts his or her current situation and likely circumstances. Repurchase intention refers to the customer's aim to maintain a relationship with a particular service provider and make his or her next purchase in the category for this service provider (Jones and Taylor, 2007). Repurchase intention as a consequence of satisfaction or dissatisfaction is a critical factor affecting customers' future relationship with an organization, its profitability, and therefore its business success (Reichheld and Sasser, 1990; Weun, 1997). The theory of planned behavior ICEK (1991) views the theory of planned behavior as provide a useful conceptual framework for dealing with the complexities of human social behavior. The theory incorporates some of the central concepts in the social and behavior sciences, and it defines these concepts in a way that permits prediction and understanding of particular behaviors in specified contexts. Attitudes toward the behavior, subjective norms with respect to the behavior, and perceived control over the behavior are usually found to predict behavioral intentions with a high degree of accuracy. The theory of

planned behavior postulates three conceptually independent determinants of intention. Attitude refers to overall favorable feelings. It measures the degree of an individual's like or dislike towards specific objects (Ajzen and Fishbein, 1980). Customers will have favorable attitudes when they feel there is an adequately high level of desired features. Conversely, they will have unfavorable feelings, if they feel that the level of desired features is not adequate or if there are many negative effects. The overall evaluation is associated with the desired benefits and product attributes that influence the customers' thoughts and perform the particular outcomes (Schiffman and Kanuk 2004). Subjective norm refers to an individual is influenced by other people with regard to his/her attitudes, attentions, norms, and buying behavior. Subjective norms, an external variable, are social influences capable of affecting specific actions of consumers (Ajzen, 1991). These influencers and referents, such as family, friends, coworker, social status, or media, are part of the customer's decision making. The affectability of interpersonal relations is considered as one crucial factor for studying the purchase behavior of customers. Perceived behavioral control The third antecedent of intention is the degree of perceived behavioral control which, as we saw earlier, refers to the perceived ease or difficulty of performing the behavior and it is assumed to reflect past experience as well as anticipated impediments and obstacles (ICEK 1991). Factors affect passenger's repurchase intention (airline) There is some research study about the passenger's repurchase intention with the airline in different country. Most of the researcher is identify the important service attribute to affect the passenger to choose or repurchase the airline service in their research study.

Australia (Service quality and image) In 2005, Jin-Woo Park, Rodger Robertson and Cheng-Lung Wu were done the research study about the air passenger's behavioural intention from the Australia international air passengers. It investigated the relationship between airline service quality, airline image and the passenger behavioural intention. In the study, it divided into three part of the service quality: Reliability and customer service, Convenience and accessibility, Inflight service. They are found the level of each part of service quality which affects the passenger's behavioural intention and the airline image through the data analysis. As the result of the study, they find that the relationship between the dimension of convenience and accessibility, the dimension of inflight service, airline image and the passenger behavioural intention are significant. The study has stated that those variables are directly or indirectly affect the passenger's repurchase intention and word of mouth. Failure to provide quality service is damage the airline image and affects the passenger cause the negative behavioural intention. The study had suggested the airline develop the strategies to guarantee the airline's service quality to the passenger.

European (Service attribute) In 2011, AALTO University School of economics' student Kari Ylioja was done the research study about airline service attribute. Its aim is find out an importance and value of airline service attribute which affect the passenger to choose the airline and the passenger's repurchase intention. The study had analysis the importance service attribute on routes between Germany and Helsinki-Vantaa Airport. It had done the survey with 166 passengers. For the result of the study, it finds that the most important service attribute is low price of the ticket. The direct flight to the destination and safety of the aircraft is the

second and the third. Those attributes are the most affect the passenger to choose the airline and bring the repurchase intention. For the table -2, it is the rank of the important service attribute after the data analysis in the study. C: UsershpDesktopYuenCITY391KMFYP proposalService attribute. pngSouth Africa (Service attribute)In 2012, B. Campbell and D. Vigar-Ellis had done the research study about the importance of choice attributes and the position of the airlines within the South African domestic passenger airline industry as perceived by passengers at Durban International Airport. The aim of study is to identify the attributes which the customer consider to choose the domestic airline in South Africa and what customers perceive to be the most important attribute to choose the domestic airline in South Africa. In the study, it had done the survey with 185 respondents. The majority of 54% respondents were leisure or holiday travelers and 36% were business travelers. After the data analysis, the most important attribute which affect to choose airline and repurchase the service is safety. The punctual/ reliable flights and careful handled baggage are the second and the third. The table-3 has shown the rank of the important service attribute in South African domestic passenger. C: UsershpDesktopYuenCITY391KMFYP proposalservice attribute South Africa. pngThailand (Customer satisfaction and switching cost)Parawee Kitchathron had done the study of the factor influencing customer repurchase intention in low cost airline in Thailand. The aim of the study is to find out the customer satisfaction whether to drive of the customer repurchase intention and identify the direct effect of switching barriers on repurchase intention. The switching barrier is any factors make the customer difficult to change the service provider. There are four

switching barriers in the Parawee's research study. They are interpersonal relationship, attractiveness of alternative, switching costs and service recovery from service failure and compliant. In the research, it collected 600 complete questionnaires at the airport. The target of interviewee is the passenger who was decision maker for the airline ticket and also on Leisure traveler/passenger. After the data analysis, it stated that the customer satisfaction has a main effect or directly effect on customer repurchase intention. In four types of switching barrier, it found that only the switching cost is main effect on customer repurchase intention. The Switching cost (Porter, 1988) is formally defined as the cost involved in changing from one service provider to another. These costs can be real, perceived, monetary or non-monetary (Gremler, 1995). These are consistent with the findings in social psychology and marketing management concept, which explain that many customers may not switch service providers because the expense of doing so is too high. Service Recovery Davoud Nikbin (2010) has applied the service recovery and justice theory in the research study. He examining the relationship of the service recovery and justice theory on repurchases intention in the airline industry. As the finding of the study, the relationships between perceived justice with service recovery, and repurchase intention demonstrated that all three dimensions of justice namely distributive, procedural and interactional justice are positively related to repurchase intention. The distributive justice refers to the assignment of tangible resources by the firm to rectify and compensate for a service failure (del Río-Lanza, 2009). In a service failure/recovery context, it refers to the perceived fairness of the service failure/recovery outcome. Procedural justice refers to

the methods the firm uses to deal with the problems arising during service delivery in aspects such as accessibility, timing/speed, process control, delay and flexibility to adapt to the consumer's recovery needs (del Río-Lanza et al. 2009). In service recovery context, procedural justice means the customer's perception of justice for the several stages of procedures and processes needed to recover the failed service (Mattila, 2001). Interactional justice focuses on interpersonal interactions during the process of service delivery. It means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service organization during the recovery process (Sparks and McColl-Kennedy, 2001). In service recovery context, interactional justice means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service firms during the recovery process (Sparks and McColl-Kennedy, 2001). Davoud Nikbin (2010) has some suggestion for the airline. First, airlines should train employees to understand what aspects of perceived justice, the fair distributive treatment, proper procedures, interpersonal communication is important to the customers. If airline can improve these aspects of service recovery, the customers will repurchase from the same service provider that benefits the company in future. Second, in order to enhance distributive justice which had a stronger relationship with repurchase intention, airlines should develop specific monetary compensation guidelines while training both full-time and part-time employees to quickly and properly react to various service failure situations. Factors influence repurchases intention (other industry)Clothing retailer (Satisfaction, product quality and product design)Kornrawit Itsarintr

had done a case study of clothing retailers in Bangkok. As the result of the case study, it found that the relationship between retailer satisfaction and repurchase intention is highly positive. For influence the satisfaction of the retailers, the research finding show that the product quality and product design is the most factors influencing the satisfaction of the retailers.

Customer satisfaction Customer satisfaction pertains to the satisfaction of a customer's need and desire. It also relates to the evaluation of the surprise inherent in a product acquisition and/or consumption experience. Hunt (1977) suggested that satisfaction means that the product experience was at least as good as it was supposed to be. Anderson and Sullivan (1993) demonstrated that customer satisfaction positively affected his/her repurchase intention. They considered satisfaction to be the most important factor in creating repurchases intention. Product quality The product quality depends on the expectation of each customer and it is unique. Quality can be defined in broad terms as the combination of product attributes, real or imagined, which are held to be most important in the opinion of the customer in arriving at a subjective assessment of a product worth (Anderson et al., 1994). Product quality from a consumer's perspective is associated with the capacity of a product to satisfy consumer needs (Archibald et al., 1983). Quality is a measure of how well a product performs and how long it performs well. It is common sense that if quality is too low, the buyer will not repurchase. But if quality is too high, it will also hurt sales because buyers may not be willing to pay the higher price it commands. Gotlieb et al., (1994) explained that perceived quality and satisfaction have also been evaluated as antecedents of behavioral intentions, and purchase

intentions. Berry et al., (1994) confirmed that there is a positive relationship between product quality and customer satisfaction. It is consistency with the Kornrwit's study findings. Product design Vonderembse and Raghunathan (1997) found that product design is one of the most important factors affecting customer satisfaction. A good style and design can attract attention, improve product performance, cut production costs and give the product a strong competitive advantage in the target market. It also affects the decisions of the purchasing agents as well as that of the ultimate consumers. Some consumers buy the products of professional designers in an effort to achieve such goals as ease of use, enhance eye appeal or satisfaction. The design can be a basis of product differentiation or a variety of products Kornravit suggest that the wholesaler can add more facilities, deliver product to retailers free of charge if retailers buy large quantities. Cosmetics (Perception) Rossarin Wangwiboolki's study find that perception is influence the customer's repurchase intention. Perception According to Zeithaml et al. (1990), perception is multidimensional and involves the following aspects: appearances, reliability, responsiveness, assurance, and personalization. Appearances represent the physical characteristics of a product that the consumers perceived. Reliability is the capability to deliver the promised services dependably and correctly. Responsiveness can be defined as the readiness to supply the services promptly. Assurance refers to the ability to create confidence and trust. As to personalization, it is the ability to provide personal attention to each consumer. Perceptions can affect the repurchase intentions of current consumers and the primary purchase of new consumers. Fornell (1992) stated that the consumers who

are disappointed with the performance of a product or a service tend to reveal their experiences to more persons and may also move to competitors who possessed better perceived qualities. As the finding of Rossarin Wangwiboolki's study, the physical and psychological have direct effect the perception. Physical features can provide functional advantages to personal perceptions and respond to the tangible wants of customers. Specifically, they feel pleasure and therefore desire the cosmetics; the psychological characteristics can offer symbolic advantages to personal perceptions. It also finds that mass media (TV, magazine, newspaper and radio) is a good means to convey the product appearances and details to the targeted customers. Customers' opinions of physical products can be derived from advertising and their own experiences with them. Furthermore, psychological characteristics come primarily through advertising that can create positive feelings, enhance customers' confidence, and desire for the products.

Insurance (brand preference, environmental, credence) Phillip K had done the study in 2003. As the study's finding, the view that customer satisfaction does not influence repurchase intention directly, but indirectly via brand preference. The strength of brand preference has a direct positive effect on repurchase intention and expected switching cost has a direct positive effect on brand preference. Brand preference is extent to which the customer favours the designated service provided by his or her present company, in comparison to the designated service provided by other companies in his or her consideration set. Moreover, the study state that the unconstrained customer responses indicate that environmental factors appeared to have an important influence on personal superannuation repurchase intention.

Similarly, credence factors appeared to have a considerable effect on repurchase intention. Online shopping According to In-Keun Chung et al.'s study in Korea (n. d.), Results of analyses verified that product price, product quality, product variety, responsiveness, assurance, reliability, tangibility, empathy, perceived ease of use, site image, promotion, innovativeness and preference of credit card use have positive impact on repurchase intention. The social interaction orientation has negative influence on repurchase intention. Product perception The study stated that product perception influences overall level of consumers' satisfactions and their repurchase intention. Price, quality and variety of products are selected as factors to explain product perception. Customer service The responsiveness, assurance, reliability, tangibility and empathy are the variable of the customer service. Perceived ease of use Perceived ease of use is a category indicating the extent to which users feel easy to handle a certain system without much difficulty and efforts (Davis, F. D. 1989). If other things are equal, users will choose a more convenient system. Promotion In In-Keun Chung et al.'s study, customer incentive, stimulators (free gifts etc.), and advertisement (banners, etc.) were selected as appropriate promotion methods Smartphone (Brand awareness, ease of use) In Wong Chee Hoo et al.'s study in Malaysia, results of analyses verified that brand awareness and ease of use have positive relationship with the repurchase intention. Brand awareness Brand awareness is defined as the brand recognition and brand recall of a particular brand. Higher awareness of a brand can be achieved through advertising. Advertisement has been found to be able to influence the attitude towards a particular brand. Munusamy and Wong (2007) suggested

that the awareness for a new product was the most significant factor in explaining the attitude towards advertising. Marketing a new brand can be done by placing advertisement in the media to increase awareness. Brand awareness can be increased through the familiarity of the brand by repeated exposure (for brand recognition) and forging strong associations the appropriate product category or other relevant purchase or consumption cues for brand recall (Alba and Hutchinson, 1987). Ease of use Even though a product is useful, it also needs to be easy to operate. A product that is difficult to use will result in more frustrations and complaints. Several studies find significant relationships between perceived ease of use (or complexity) and use intentions (Van Slyke et al., 2004). Chain store supermarket As the Han-Shen Chen's study finding, the age, monthly income, functional quality, service and product image are directly influence the repurchase intention. Image Ataman and Ulengin (2003) views brand image is the major reason that customers make choices from different brands. Hsieh et al. (2004) consider the corporate image and country of origin have significant impact on customer choice, while local culture features and traditions can adjust the effect of product image. Quality Oliver (2010) thinks customer satisfaction is the concentrated performance of customer expectation on quality, the perception of actual quality, the perceived service quality, the perception of brand image and the perception of cost performance. Integrating the theory of planned behavior and the factor of repurchase intention The theory of planned behavior will applied in this study to understand the factor which is influence the passenger's repurchase intention. The figure had shown the theory of planned behavior. Fishbein and Ajzen (1975) stated that there are

three constructs predicting intention: attitude, subjective norm and perceived behavioral control. Attitude is formed from cognitive beliefs and refers to an individual's positive or negative feeling about performing the target behavior. Subjective norm represent the social influences on behavior and refers to the perception about whether others who are important to a person believe that he or she would engage in a particular behavior. The perceived behavior control represents the constraints on behavior and refers to the perceived ease or difficulty of performing a behavior. IPTIt had identified the factors which is influence the customer's repurchase intention through the literature review. They are brand awareness, brand preference, customer service, ease of use, environmental, image, perception, promotion, satisfaction, service attribute, service design, service recovery and switching cost. In this study, it will integrate the theory of planned behavior and the factors influence the repurchase intention which are identify in literature review. The integration is useful to explore the factors influence the repurchase intention and the important factors affect the repurchase intention in airline industry. Belief StructureCore

ConstructsDefinitionsAttitudinal BeliefsBrand preferencelt is extent to which the customer favours the designated service provided by his or her present companyBrand awarenessThe brand recognition and brand recall of a particular brand. Perceived behavioral controlCustomer serviceThe responsiveness, assurance, reliability, tangibility and empathy are the variable of the customer service. Ease of useThe extent to which users feel easy to handle a certain system without much difficulty and efforts. PerceptionAppearances, reliability, responsiveness, assurance, and

personalization are variable of perception. Promotion Stimulators (free gifts), and advertisement (banners, etc.) are variable of promotion. Satisfaction It pertains to the satisfaction of a customer's need and desire. Service attribute Price, safety, Inflight service, service quality, convenience and accessibility are the variable of service attribute and the measure in this study. Service design A good style and design can attract attention, improve product performance, cut production costs and give the product a strong competitive advantage in the target market. Service recovery The perceived justice with service recovery is positively related with repurchase intention. The perceived justice had three elements. They are distributive justice, procedural justice and interactional justice. Belief Structure Core Constructs Definitions Subjective norm Image The brand image is the major reason that customers make choices from different brands and directly affect the repurchase intention. Switching cost It is formally defined as the cost involved in changing from one service provider to another. These costs can be real, perceived, monetary or non-monetary. Environmental An external variable, are social influences capable of affecting specific actions of consumers. The economics environment is the variable of the environmental. Attitudinal Beliefs (Brand awareness, Brand preference) Subjective norm (Switching cost Environmental, image) Intention Behavior Perceived behavioral control (Customer service, Ease of use perception, Promotion, Satisfaction, Service attribute, Service design, Service recovery) Chapter Three Research Method The objective and purpose of this study is to identify the factors affect the passenger's repurchase intention for the airline service. Secondly, identify the factors which are the most important to affect the

passengers produce the repurchase intention with the airline. Thirdly, find out the reason of the factors are important to affect the repurchase intention and suggest the way to make improvement for the airline. This study will conduct qualitative and quantitative approach to achieve the purpose of the study. The design of research It will be validity, reliability and generalizability. To achieve the validity, measuring questions are designed based on measuring constructs. The reliability refers to consistency. It ensures a large enough sample size to represent the target population under study. For the generalizability, the design of the research can be obtain useful data to achieve the objective of the study. The result of the research can apply in global not only in Hong Kong. Quantitative approach The self-administered survey would apply in this study. The questionnaire would use to obtain the data which is useful for this study. For the location to do the survey, it will be progress in Hong Kong International Airport. This study is related with air passengers. The Hong Kong International Airport is the best choice to progress the questionnaire with the air passenger. Compare with the shopping mall to do the questionnaire, the Hong Kong International Airport can find the target interviewees easily. In this study, the target interviewees are the air passengers. The quantitative approach can obtain the views of different air passengers and the quantitative of the views from air passengers are large. However, the quantitative approach's data is preliminary obtain the views of air passengers. It is because the questionnaire is not obtaining the views of air passengers in depth. So it also conducts the qualitative approach in this study. Qualitative approach The personal face to face interview would use in this study. The personal face to

face interview can understand the air passenger's view in depth. The data can be useful to achieve the objective and the purpose of this study. For the location to do the personal face to face interview, it will be progress in coffee shop. The coffee shop can be provided a comfort environment to do the personal face to face interview. It will be choose the coffee shop which is located in Hong Kong International Airport. It is because it is convenience for the air passenger to do the interview. The person face to face interview may pre-schedule with the interviewee. So the quantitative of the interview is not large. However, the data obtain form the interview is more useful in this study. Sample size For the self- administered survey, it will be conduct 100 to 200 completed questionnaires. It is the preliminary goal to conduct the survey. The large amount of the completed questionnaires can bring more the view of the air passenger. It obtain the large amount of data to investigate the factor influence the repurchase intention of the air passenger and identify the most important factor affect the passenger's repurchase intention. For the personal face to face interview, the preliminary goal of completed the face to face interview is 10 person. Although the quantity of the interview is low, the information obtain from interview is abundant and useful with the research study.