

CHAPTER V

CONCLUSION AND DISCUSSIONS

The chapter 5 is composed of 3 parts. The first part is the conclusion of research. The second part is the discussion of passengers' adoption of low cost airlines as an innovation. The final part is the limitation and recommendation for the low-cost airline industry and for future research.

Conclusion

This research aims to investigate factors that influence the passengers' adoption of low cost airlines. Three major objectives are to identify the characteristics of low cost airlines as an innovation and the characteristics of adopters. The researcher used Chi-square to identify the relationship between characteristic of low cost airlines as an innovation and the factors to fly with low cost airlines.

The demographic result showed that most of respondents were female, aging between 16-30 years old, with the bachelor degree and the average salary of lower than 20,000 baht per month. From the survey, it was found that the respondent's main purposes in traveling are for holiday and for company business. Over fifty percent of the respondents stated they flew with low cost airlines more than one time.

The finding found three reasons that lead the passengers to fly with low cost airlines. They are money-saving, getting new experience, and no alternative choice available. Moreover, the research found that the most of the passengers plan to fly with low cost airlines for their next flight.

The passengers received information about low cost airlines from newspaper, television, internet and travel magazine. They also got messages about low cost airlines from advertising in newspaper, television, and internet.

The most important characteristics of low cost airlines as an innovation that influence the passenger to adopt are relative advantage, compatibility, and observability. In contrast, trialability and complexity are not factors that influence them to adopt low cost airlines.

The research identified the characteristics of low cost airlines adopters as appearance consciousness, isolate or conservative style, bargain seeker style, and relying on brand name. However, the respondents stated they are not of social communicator styles.

The passengers with different levels of education did not specify their difference regarding their intention to fly with low cost airlines. However, salary and income are found as factors influencing their adoption of low cost airlines.

Discussion

The finding of this research identified the factors that influence the passengers to adopt low cost airlines. Those factors are communication process, characteristics of low cost airlines, and the characteristics of adopters of low cost airlines.

The research revealed that the communication process of low cost airlines in Thailand is successful due to the different types of media used that coincide with the lifestyle of the customer. According to Assael (1987, p. 465), the innovator tends to read magazines with editorial content relevant to the product category. However, there are some groups of passengers who ignore the service after they get the information of low cost airlines. The reasons are they might have another better choice such as the special promotion of the full standard airlines, or they might feel disappointed with the services of low cost airlines or may get information about bad service from their friends.

The best practice of communication process of low cost airlines in Thailand encouraged the passengers to adopt with the services of low-cost airlines. It can be clearly seen that the low cost airlines industry in Thailand has so far been experiencing a major growth and high competition. In 1999, there was only one low cost airline operating in Thailand. At present, there are three low cost airlines. So it may be concluded that the communication process of low cost airlines was one factor that promotes the product of low cost airlines and it is another tool that promotes their product to be well known.

The characteristic of low cost airlines as an innovation is another point worth being discussed. Roger (1995) classified the factors of an innovation that influence the customers to adopt it. They are relative advantage, compatibility, complexity, trialability, and observability. Low cost airlines in this research could be identified as an innovation, and it has to be analyzed based on the characteristics of innovation.

The first factor is relative advantage. In this research, it was found that the main purpose of the passengers to fly with low cost airlines is its perceived higher value than other types of airlines. There were many theories that support this result. For example, Henry (1981, p.459) said that the most important factor in encouraging adoption was relative advantage. It could be said that it is more important than the personal factors. So the low cost airlines passengers tend to adopt low cost airlines service as it is a product with a higher relative advantage.

The second characteristic of low cost airlines is the compatibility. The passengers feel that low cost airlines services are compatible with their need and lifestyle. For example, they stated that online booking can help them save time in contacting with a travel agency. Low price is also mentioned as one of many factors that influence them to adopt the low cost airline services. Since the increasing fuel price makes the airlines ticket price double increase, the low cost airlines will be another choice available for them because it helps them save money as well.

However, complexity and trialability were found not to affect the passengers' adoption of low cost airlines. This may be because the passengers who never have experience with low cost airlines service might feel that it is complex to fly with. This includes information search about the airlines ticket price and the in-flight service. However, the low cost airlines industry has been attempting to provide as much information their potential customers as possible so that confusion and perceived complexity is reduced. In this case, Horner and Swaebrooke (2003, unpagged) explain that the marketer must understand the passengers' behavior, opinion, and lifestyle. Even though the passengers may not be able to "try" low-cost airlines before making decision, the experiences of their significant others (friends and relatives) may serve as their 'trial' before making decision to fly with low cost airlines.

The last characteristic of low cost airline is observability which is one of the factors to affect passenger to adopt low cost airlines. Flying with low cost airlines may be regarded as related to the characteristics of adopters. Those who stated that they fly with low-cost airlines are of a focused lifestyle, interested in technology and best bargain. This is suitable with the characteristics of low cost airlines services themselves. For example, the online booking may be too complicated for the passengers aging are over 50 years old, since it's difficult for them to access internet hence feeling reluctant to accept the low cost airlines service or self- service.

Salary is another factor found to affect the passengers to adopt low cost airlines. Those with lower salary tend to adopt low cost airlines more than those who earn higher salary. This may be because they are price sensitive and will choose only the airlines that offer the lowest price.

The different lifestyle of passengers is the important factors that affect their adoption of low cost airlines, since it helps people make decision to purchase the products or service. It was found that the passengers who adopt low cost airlines are isolate, conservative, and being the best bargain seeker. According to Henry (1987), the innovator or adopter were of various styles, e.g. being style and appearance conscious, being socially oriented and self-confident, communicating about new products, looking for products that save time and rely on the brand names. Although there was no research regarding the characteristics of low cost airlines adopters in Thailand before, it can be concluded that the passengers of low cost airlines mainly concerned with time- and money-saving, self-confident, and socially-oriented.

The personal demographic of the passengers is another factor that influences them to adopt low cost airline service. According to the research finding, the young generation passenger will be adopt low cost airlines faster because it is suitable with their lifestyle, while the older generation may reject it or may be reluctant to adopt it. The cheap ticket price is another factor that attracts the passengers to purchase. However, the passengers who have highly income might not choose to fly with the low cost airlines because they might have another choice other than the low cost airlines. For example, the full standard airlines might provide attractive promotions of their special price or service. Therefore, they will select the product that might be more comfortable to fly.

The passengers who have low income are one main target of low cost airlines. It can be said that the passengers who have low salary will make decision to select the low cost airlines because it save their money. The income is the major factor that influences the passengers to choose the low cost airlines service because the low income person may be more interested to fly with the low cost airlines more than those with high salary. This may be because the latter may have more experience with full standard airlines before, so they feel no interest in low cost airlines service. In this regard, the neither passengers who have nor previous flying experience may feel that low cost airlines are more worthy of their money. They will be easier to adopt with low cost airlines.

In conclusion, the low cost airlines in Thailand still have bright business future since they utilized effective communication in reaching their prospective customers. As revealed in the research finding, even those with high income tend to adopt more of low cost airlines.

Limitation

The researcher encountered some problems while doing this research as follows:

The first limitation is the period of time used in collecting data at the airport. Usually, the passengers were in the process of waiting to boarding their flight. Therefore, they would stay at the gate for approximately 45 minutes only before boarding. As a result, some of them could not complete their questionnaire some, moreover, refused to fill in the questionnaire since they were waiting in line. The passengers of low cost airlines are particularly serious with their boarding time since they need to rush on board to pick the best seat. Thy, therefore, lose their concentration in answering the questionnaire when getting close to the boarding time.

The second limitation is the discrepancy between times of data collection and data analysis; the researcher collected data for in 2005 but analyzed them in 2008. Some changes regarding low cost airlines may have occurred during this time lapse, e.g. services, policy, passenger's perception, etc. Therefore, the findings of this research may not coincide totally with the present contexts of low cost airlines.

The third limitation is data collected from the 4 low cost airlines in Thailand. AirAsia, Nok air, Tiger Airways and One Two Go airlines, and Since each airline may provide different quality in terms of products and services due to their management policy, it may generate different perception among its passengers. Therefore, the passengers of each airline might have different perception. It could be said that the factors that affect the passenger to adopt each low cost airline might be different. As a result, the analysis of aggregate data across four cost airlines may not provide the information about the actual factors determining their adoption. For example, some passengers may fly with low cost airlines due to the unavailability of alternate airlines, special price promotion, and the like.

Recommendation for the Low Cost Airline Industry

The low cost airlines may initiate a number of strategies from this research. The first strategy is the safety policy, next is reducing the complicated process of low cost airlines; and third is increasing the value of low cost airlines service.

As for the safety policy, the passengers are sensitive about the traveling. They will consider the safety policy of airlines as priority. The low cost airlines should promote to their customers the similar safety policy as the standard airlines.

The Skytrax (2005)'s article about low cost airlines stated that some customers would not be happy with the service and no longer use low-cost airlines. Therefore, the second recommendation is adding more value to the low cost airlines services such as packaging, brand standard and internal audit.

Refer to the marketing mix (4P's), it is the another tools that the use to solve the problem of low cost airlines. That is adding product value, adding the distribution channel, promote their new release service and distribution channel. Since the results of this research found that the customer selected the low cost airlines as cheapest but there were not satisfy in their service. In the future it might have problem because the war of pricing in airlines industry might increasing, as it can be seen from the full standard airlines also decrease their price. Moreover, the low cost airlines can not maintain the lowest price because the fuel surcharge was higher, so the low cost airlines have to adjust their marketing strategy. There are some samples value products that can be applied, the traveling package, set up the premium customer who always

fly with low cost airlines, can be upgrade their services, the check in express counter, and the online reservation seat.

For the adding distribution channel, the low cost airlines should add more counter service for easy to access. So the customer will have various channels to use the low cost airlines service. The counter service is another strategy to influence the customer to adopt because it is easy to access all groups of low cost airlines, for example, the group of passenger those who aging over 50 years old might not access to the online booking, they will use the counter service instead of.

Finally, the low cost airlines should promote their service via different media type. For example, the low cost airlines should promote their service in different with other full standard airlines, it's not only cheapest ticket. In conclusion, all the strategy of low cost airlines might not effective, if they will not promote to their passengers. The low cost airlines should promote their service such as launching new services, to recall the service of airlines, to promote the cheapest price. It helps the passengers' decision to purchase their service.

Two ways of marketing communications, the low cost airlines should promote their service and also they should get the feedback from their passengers. The feedback information will be another ways to improve their service. For example, the airlines might use the random call to passenger who flown with them regarding their service. In another ways is satisfaction form, the airlines might add the satisfaction form for the passengers to fill up.

Recommendation for Future Research

The future research may contemplate on surveying one low cost airline at a time to compare differences regarding passengers' perception and satisfaction. The data will be clearer and be of more advantages to the airlines. For example, the airline will know their weakness and their strengths.

Moreover, there are some additional methods of data collection that should be considered, such as in-depth interviewing with the passengers or related functional manager regarding their opinion. The qualitative research will serve this purpose. Moreover, the passenger's satisfaction with low cost airlines should be an interesting variable to study since it will reflect the business success or failure of low cost airlines in the highly competitive airline services.