APPROVAL

I hereby declare that I have checked this project and in my opinion, this project is adequate in terms of scope and quality for the award of the degree of Bachelor of Technology Management with Honours (High Technology Marketing)

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FACTORS AFFECTING CUSTOMER LOYALTY THROUGH CUSTOMER
SATISFACTION ON AIRLINE E-TICKETING SERVICES

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DECLARATION

"I hereby declare that the work of this exercise is mine for the quotation and
summarize that have been duly acknowledge"

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DEDICATION

To my beloved family and all who support, encourage and guide me from start till the end.

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Abstract

Over the past decade, electronic ticketing become more important to airline industry. Electronic ticketing make purchasing of ticket easier. Customer loyalty on e-ticketing become challenging as it is hard to maintain as customer tend to change according to their preferences. Many studies have been conducted regarding the customer purchasing in attracting them to be loyal to one product or services. The aim of this research is to identify the best factors in order to contribute to customer loyalty. The data has been collected by distributing questionnaire. 100 samples of respondent were tested in survey involving respondent are from those who are using airline e-ticketing services in Kuala Lumpur International Airport (KLIA). The data from questionnaire are interpreted using SPSS software. In this research, service quality shows the important factor in order to gain loyalty from customer. Finally, it is hoped that this study will help airline industries to facilitate on gaining customer loyalty in airline e-ticketing services.

ABSTRAK

Sepanjang dekat yang lalu, tiket elektronik menjadi lebih penting kepada industri syarikat penerbangan. Tiket elektronik memudahkan pembelian dibuat dengan lebih mudah. Kesetiaan pelanggan kepada e-tiket menjadi cabaran kerana ia sangat sukar untuk dikekalkan kerana pelanggan cenderung untuk berubah mengikut pilihan mereka. Banyak kajian telah dijalankan mengenai pembelian pelangan dalam menarik mereka untuk menjadi setia kepada satu-satu produk atau perkhidmatan. Tujuan kajian ini dijalankan adalah untuk mengenal pasti faktor-faktor yang terbaik untuk menyumbang kepada kesetiaan pelanggan. Data dikumpul dengan mengedarkan soal selidik. 100 sampel responden telah diuji dalam kajian ini yang melibatkan responden yang terdiri daripada mereka yang mengunakan perkhidmatan e-tiket untuk penerbangan di Lapangan Terbang Kuala Lumpur (KLIA). Data daripada soal selidik dianalisis dengan menggunakan perisian SPSS. Dalam kajian ini, kualiti perkhidmatan adalah aspek terpenting dalam mengekalkan kesetiaan pengguna. Akhir sekali, adalah diharapkan kajian ini akan membantu industri penerbangan untuk memudahkan mendapat kesetiaan pelanggan dalam perkhidmatan e-tiket untuk penerbangan.

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LIST OF ABBREVIATION

KTM	=	Keretapi Tanah Melayu
QR	=	Quick Response
KLIA	=	Kuala Lumpur International Airport
SITA	=	Specialist in Air Transport Communications and IT solutions
STOA	=	Science and Technology Option Assessment
SPSS	=	Statistical Package for the Social Sciences

LIST OF SYMBOLS

%	=	Percent
>	=	Greater than
<	=	Less than
&	=	And

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CHAPTER 1

INTRODUCTION

1.1   Introduction / Background of study

Electronic ticketing (E-ticketing) is making a phenomenon since early 1970 started with Us Airways and penetrate Malaysia in early 2000 and booming until now. With the rapid global growth in electronic commerce (e-commerce), businesses are attempting to gain a competitive advantage by using e-commerce to interact with customers (Aljunaid, 2006). As for 2013, with almost 30, 000, 000 people, almost half of Malaysian which 20, 000, 000 which carry 67.0% of Malaysia using internet in their daily basis (www.internetworldstats.com). Nowadays the Internet is not only a networking medium, but also as a transaction medium for online consumers (Chan et al., 2013).

Table 1.1: Internet Usage and Population Growth in Malaysia

(Source: Internet world statistic, 2013, on internet usage, population statistic and

Facebook information)

MALAYSIA
MY- 30, 073, 353 population (2014) – Country Area: 329, 758 sq KM
Capital City: Kuala Lumpur – population 1, 627, 172 (2011)
20, 140,125 Internet users as of Dec.31, 2013, 67.0% penetration, per ITU
13, 589,520 Facebook subscribers on Dec 31/12, 45.2% penetration
6.03 Mbps Broadband download speed on August, 2014, per Net Index

According to Nielson Company report in 2013, in global average online browsing and buying intention in the next six month, clothing, accessories and shoes come in the first place followed by tours and hotel reservation is the second place that customer will purchase (www.nielsen.com). From the report, it clearly illustrate that Malaysian are getting dependent on internet purchase that can act as the medium to do buy or doing survey on tours and hotel. The reason why online purchasing are getting in the heart of the users is mainly because the internet bring ease to customers. Online shopping, games, books, and even groceries can be purchase online.

In 2013, the internet usage among Malaysian increase by a whopping 51% compared to 2012. The increment in smartphone user nowadays, it contribute in driving Internet accessibility worldwide. Customers use the Internet not only limited to buy products and services online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product or services from a particular store (Sulaiman A. et. Al., 2006). Therefore, it is important for the marketer to widen their market coverage to reach customer worldwide.

E-ticketing has widely used in Malaysia, not only in airline industries, but somehow goes to land transportation such busses and train which owned by Keretapi Tanah Melayu (KTM). Besides on transportation, e-ticketing also are spreading to entertainment industry such as cinemas, concerts, banking and sports. The spreading usage of ticketing bring benefit to those who are using the services. The efficiency, reliability, convenience and safety make e-ticketing widely used.

E-tickets substitute the paper-based flight coupons by an electronic ticket image that is stored in the airline's database system (Wong, 2008). E-ticket is a paperless electronic document used for ticketing passenger and particularly used by airline industry. By having e-ticketing, it make the traveler do not have to bring physical paper, instead they just need to bring the bar code that have been given to them. With the trending QR code (Quick Response), QR code can be act as e-ticketing as the function of QR code is exactly same as e-ticketing where all the information about customer are kept in the QR code. QR code are the square made up of black module on a white background (www.qrreaders.org). Airline companies will send boarding past along with the link of QR code where passenger can scan the QR code when boarding to verified the customer information.

In today's world, the widespread of zeal for e-commerce is leading the airline industry into electronic ticketing system. In the Asia Pacific region, particularly in Philippines, Thailand, Hong Kong, and Malaysia, the e-ticketing services is gaining popularity (Tee et al., 2014). In Malaysia, Air Asia is the pioneer who introduce e-ticketing as a medium to sell ticket airline ticket, followed by other company.

Online services such as flight booking, selecting seat, web check-in and more importantly, buying tickets all considered as essential for airline companies to succeed (Saleh et al., 2013). For the travelers' point of view, the main benefit

are the stress-free nature of paperless ticket. As he travelers do not need to carry a paper ticket, which mean that the tension misplacing the ticket is eliminated (Wong,2008).

1.2   Research Problem

As almost all airline industry provide e-ticketing to traveler, it is hard to meet all customer need at once and therefore, it is essential to prioritize certain customer and their need (Sara and Erica, 2005). In Malaysia, with the presence of high competitive airline company, it's hard to earn the trust of customers. Therefore, this study intend to find the best factors that can help airline e-ticketing services to get loyal customer. As services is an intangible product and depends directly on customer's experience and feeling to be satisfied and be loyal.

Satisfaction in using services is vital as it can determine the repetitive use of customer on using the service again. Many airline industry services are not up to the expectation of customers. Some of the e-ticketing services might have problem on the website. Lagging, too much or very little information, buffering, too much rules and regulations, and the services is not to expectation of customer make customer change to other airline e-ticketing services.

Three elements from customer satisfaction have been selected to measure whether it has relationship with customer loyalty in airline e-ticketing services. Therefore, this research is aim to explore the customer satisfaction perception on e-ticketing services which brings to customer loyalty.

1.3   Research Question

This study is intend to answer few questions:

1. What is the elements of customer satisfaction that effect customer loyalty?
2. Why the relationship between each elements of customer satisfaction and customer loyalty is important?
3. What is the best factors that contribute to customer loyalty?

1.4   Research Objectives

The objectives of this studies is to study the factor affecting customer loyalty on airline e-ticketing services. Airline e-ticketing is widely used by all traveler who using airline as medium of transportation. As Malaysian love to travel, this study will discuss on the finding of customer loyalty towards one's airline e-ticketing services.

Specifically, this study intends to:

1. To determine the elements of customer satisfaction towards customer loyalty.
2. To explore the relationship between each element of customer satisfaction and customer loyalty.
3. To identify the best factor in order to contribute to customer loyalty.

1.5   Scope

As the competition in airline industry is facing more aggressive competition in the coming year, cost of operation and gaining profit become major measurement for the industry to be competitive. E-ticketing is one of essential and smartest solution to reduce cost. According to Taneja (2002), e-solution can give direct and indirect operation cost reduction and making enterprise more efficient, productive and customer centric. Utilization of internet to provide service is important for Airline Company to success. However, encouraging customer to use e-ticketing and be loyal to one Airline Company is vital in order for Airline Company to success.

Airline industry is a most common industry on using e-ticketing nowadays. Because of its easy to access, reliability, convenience and safe, airline industry choose to use e-ticketing. In this research, the reason why airline industry is chosen is because many people use e-ticketing in purchasing the ticket. Therefore, in term of getting honest and no default in questionnaire is high. In addition, there are a lot of research on airline e-ticketing purchasing. But how far people are discussing on the services on e-ticketing itself. Therefore, this research is intend to study on the e-ticketing services. Services is a main thing when dealing with intangible product. Customer's satisfaction that contributing to customer loyalty mainly depends on the service provided by the service provider.

This research will using survey based approach to collect the data on customer perception on customer loyalty through customer satisfaction on airline e-ticketing services. 100 numbers of questionnaire will be distributed to 100 numbers of respondents in order to gain information and their feeling about airline e-ticketing services. The questionnaire will be distributed at Kuala Lumpur International Airport (KLIA), Subang, Selangor. The respondent will be from

public people who are using and experience in using e-ticketing services. The reason why respondents come from KLIA is chosen is because the respondents there might have knowledge and experience on using e-ticketing before. Plus, KLIA is an international airport, therefore, the respondents might come from different country. Thus, perception on airline e-ticketing can be broaden up to international respondents.

1.6   Limitation

Due to the time and resources constrains, the survey respond might have respondent who are not really aware on customer loyalty and the respond will be negative. Respondent also may ignore certain question. Therefore, default questionnaire will be obtained.

This survey is conducted in small scale within the limit of sample size (N= 100). Therefore, the finding might not be accurate to represent overall customer loyalty on the airline e-ticketing. A larger sample would be preferable in order to obtained more accurate interpretation large sample size can provide more comprehensive result. A small scale of respondents are not represent as a whole. Therefore, only those selected people will be chosen and the researcher know their respond.

The survey only taking place at Kuala Lumpur International Airport (KLIA). Therefore, some of the sample size might know and not know about of e-ticketing usage. Different airport would be preferable as it can help to gain the whole view on customer loyalty on airline e-ticketing.