FACTORS AFFECTING CONSUMERS IN PURCHASE INTENTION OF

E-TICKETING SYSTEM IN AIRLINES SERVICES

By

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The Degree of Bachelor of Technopreneurship with Honor

Faculty of Technology Management and Technopreneurship Technical University of
Malaysia Melaka

JUNE 2015

# DECLARATION

"I declare that this project is the result of my own research except as cited in the references. The research project has not been published for any degree and is not concurrently submitted in candidature of any other degree."

Signature : .........................................

Name : .........................................

Date : .........................................

*Special dedication of this grateful moment to my beloved late father, beautiful mother, supportive siblings and lastly my super guy.*

# ACKNOWLEDGMENT

My greatest gratitude to Allah SWT, the grandest and Almighty, most gracious and the most merciful for giving me the chance, and ability to perform this study and for all the change, He has given to me until now. My greatest gratitude to prophet Muhammad SAW for the teachings and love that he has spread to the whole world completing this study. First and foremost, I would like to thanks to my supervisor Madam Norazan binti Abd Gani, my evaluator Dr Izmi Rajiani, for their help, time, contribution and effort in providing guidance and constructive suggestion in performing this study, and for the understanding and support they has given.

I would like to show my deepest love and thank you to my beloved parent. My late Father Haji Mansor and My Mother Hajjah Mazlah. I am grateful to them for their sacrifice, help, support, prayer, wishes, trust and understanding they have given to me. I also to thank to all my sibling members, thank you so much for making me keep on realizing that I am not alone in this boat. Thanks you for cheer me up with your love.

I am also would like to thank all individual that helped me to consultation and completing my research, that is my supervisee mate, Noradibah and Farah Harnani For their prayer, love and support to me to distribute my questionnaire. All contributed in special ways through their knowledge, experience and attention to detail. I thank to each of them for their unique contribution and also their love to me.

To all my friends, classmate, and roommate that willing to help me and support me in this study thanks you for your patience, caring and understanding. My beloved friend Nurul Hazlyana Nor Azli for contribution given for me this study, this study could not be performed without your help. Alhamdullilah.

# ABSTRACT

Internet nowadays is not only a networking medium, but also a transaction medium for online consumers. There are many benefits of purchasing tickets over the internet. Consumers are able to procure lower ticket rates through e-ticketing as compared to purchasing ticket from travel agents. The airlines companies are also able to provide an effective distribution channel through the implementation of e-ticketing besides reducing the cost of issuing air tickets. This study purposes to examine and analyze consumer's intention on purchasing airlines e-ticket on airline consumer around Malaysia and oversea. In this study, the factors that influence or affect consumer's purchase intention are perceived usefulness (PU), perceived ease of use (PEOU) and online trust and also attitude. Further, a set of questionnaire has been used as a collecting data method distributed to 100 respondents among airlines consumer around Malaysia and oversea. The respondent or sample was chosen is 100 samples based on purposive sampling, which the respondent taken by some criterion. The data were analyzed by using Multiple Regressions and formulated by SPSS. The finding shows the good relationship between both variables. As the conclusion, attitudes give a strong and positive relationship in consumer's purchase intention towards airline's e-ticketing services.

*Keywords*: E-ticketing, Perceived ease of use, Perceived Usefulness, Trust, Attitude, Intention

# ABSTRAK

Internet pada masa kini bukan sahaja medium rangkaian, tetapi juga medium transaksi untuk pengguna dalam talian. Terdapat banyak faedah membeli tiket melalui internet. Pengguna boleh mendapatkan kadar yang lebih rendah tiket melalui e-tiket berbanding dengan membeli tiket dari ejen pelancongan. Syarikat-syarikat penerbangan syarikat juga dapat menyediakan saluran pengedaran yang berkesan melalui pelaksanaan e-tiket di samping mengurangkan kos mengeluarkan tiket penerbangan. Ini tujuan kajian untuk mengkaji dan menganalisis niat pengguna mengenai pembelian syarikat e-tiket penerbangan pada pengguna di seluruh Malaysia dan luar negara. Dalam kajian ini, faktor-faktor yang mempengaruhi atau memberi kesan kepada niat pembelian pengguna yang dilihat kegunaannya (PU), kemudahan dilihat penggunaan (PEOU) dan amanah dalam talian serta tingkahlaku pengguna. Di samping itu, satu set soal selidik telah digunakan sebagai kaedah pengumpulan data yang diedarkan kepada 100 orang responden di kalangan pengguna perkhidmatan penerbangan di seluruh Malaysia dan luar negara. Responden atau sampel dipilih adalah 100 sampel berdasarkan persampelan bertujuan, dimana responden yang diambil dikira dalam beberapa kriteria. Data yang diperolehi dianalisis dengan menggunakan dan dirumuskan oleh SPSS. Dapatan kajian menunjukkan hubungan baik antara kedua-dua pembolehubah. Sebagai kesimpulan, sikap memberi hubungan yang kuat dan positif dalam niat pembelian pengguna terhadap perkhidmatan e-tiket syarikat penerbangan itu.

Kata Kunci: E-tiket, kemudahan Persepsi penggunaan, Kegunaan Persepsi, Amanah, Sikap, Niat

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# CHAPTER 1

# INTRODUCTION

## 1.1  Background of Study

E- ticketing solutions produce ticket coupons in an electronic format. As mention by Sutra, 2008, E- ticket are modified by the system in a real-time fashion, as the passenger's status changes through the airport handling process. As mention by Eri et al. ( 2011), internet nowadays is not only a networking medium, but also a transaction medium for online consumers. It has been as an alternatives to conventional shopping due to consumers are swamping crowed stores for one-click convenience and in the future online shopping become dominants retailers.

Meanwhile, Lee Jeshi and Bae,(2009) concluded that from the second half of the 90's, the number of internet users have increase significantly from 160 million in 1998 to 2.5 billion in 2012(Internet World Stars, 2012). According to Nielsen,2008, airline E-ticketing has been in the fourth level of popularity with 24 % and 3% growth in comparison to 2005 and this report reveals that one in four online users purchase airlines tickets by using internet. Alba et al.(1997) mention that online shopping is increasingly become attractive with penetration of the internet in the modern times. It also saves times and offer convenience. Also, it reduces the costs

which is otherwise would have been involved in searching the goods,( Seo and Kim, 1999).

In several studies show that online shopping experience is a suitable predator to online search behavior ( Klein, 1998; Eastlick, 1996; Weber and Roehl, 1999; Liang and Huan, 1998; Shim et al.2001). It also has been well known that online purchase behavior model can be developed from Technology Acceptance Model (TAM) and many of these previous researchers on internet acceptance were done using TAM that were been establish by Davis (1989). But the researcher has an intention to do a study more on online trust that do not have in TAM and a lot of rule on online trust and attitude of the consumer that lead to the purchase intention of the airline's e-ticketing systems.

There are many benefits of purchasing tickets over the internet. Consumers are able to procure lower ticket rates through e-ticketing as compared to purchasing ticket from travel agents. The airlines companies are also able to provide an effective distribution channel through the implementation of e-ticketing besides reducing the cost of issuing air tickets.

This research is conducted to study according to the phenomenon of huge growth of online ticket industry, researcher interest to analyse it, and in this study the concern is about how online trust, perceived usefulness, and perceived ease- of- use can influence consumer to purchase intention of e-ticketing and to relate the relationship in termed of attitude of the consumer intention to purchase airline's e-ticketing. This research begins by reviewing the relevant literature to provide the theoretical framework of this research. It also been conclude with a discussion and the implication of the findings and results.

**1.2 Research Questions**

This study is to concern about how perceived usefulness, perceived ease of use and online trust influence to purchase intention of airline's E-ticketing system. The researcher had formulated problems that would be solved by this research.

1) To what extent perceived usefulness affect purchase intention of consumers in using airline's E-ticketing service?
2) To what extent perceived ease of use affect purchase intention of consumers in using airline's E-ticketing service?
3) To what extent online trust affect purchase intention of consumers in using airline's E-ticketing service?
4) What is the strength of the relationship between attitudes of consumers towards purchase intention by using airline's E-ticketing service?

**1.3 Research Objectives**

The objectives that have been achieved in this research are:

1) To determine the extent of perceived usefulness can affect purchase intention of consumer on using airline's E-ticketing system.
2) To determine the extent of perceived ease of use affect purchase intention of consumer on using airline's E-ticketing service.
3) To determine the extent of online trust affect purchase intention of consumer in using airline's E-ticketing service.
4) To determine  the relationship between attitudes of consumer  towards purchase intention by using airline's E-ticketing service

**1.4 Scope and Limitation Of The Study.**

The scope of this research is focused among students and consumers that mostly study and stay in Malacca and in another state in Malaysia also at overseas. Those subjects are usually and mostly use airlines as their main transportation. Also, students that have not any choice of transportation besides using airlines to back to hometown are the target respondent in this research. Most of the respondent are study and stay in Peninsular Malaysia but hometown in Sabah Sarawak and vice versa.

**1.5 Significance Of The Study.**

Most airlines in Malaysia provide an electronic ticketing facilities that is very important to students in local universities in Malaysia in terms of time reduced, cost efficiency and energy saving. There are consumer that are studying and staying in Peninsular Malaysia but hometown in Sabah Sarawak and vice versa. Therefore, this airlines service is highly importance to them. Consumer that stay outside of the Malaysia also use airline as their main transportation. This study also can help Airline companies in order to know consumer behavior and intention about their e-ticketing system. By understanding the antecedents behind the intention behavior, the airline company then will able to re-design their e-reservation system and provide better services to the consumers.

## 1.6 Summary

In this chapter, the researcher examines the research questions and also the research objectives in help to answer the statement above. Introduction of E-ticketing also have been concluded precisely. There are four develop research question and research objectives. The scope and limitation of the study to the researcher also have been included in this chapter. Significances of the study to the consumer and airline companies also have been discussed clearly in this chapter

**CHAPTER 2**

**LITERATURE REVIEW**

**2.1 Introduction**

This chapter discuss about literature review that had been used in this research. In this chapter, the literature reviews obtain information from different sources of secondary data such as journals, books, other author thesis and mass media. These substances can be used in order to understand and construct the research or theoretical framework. In this chapter also focus on the theory and finding from the previous studies. Due to this, the theoretical framework have been created and formulated.

**2.2 Overview About E-Ticketing Trend**

Yang, 2001 mentioned that many e-commerce businesses realize that the key determinants of success and failure are the quality of the electric services. Moreover, Janda et al,2002 said previous studies have also revealed that services quality in online

environment also important determinant of an effective E-commerce. Bisignani and Peters, 2005 mentioned the main function of an airline ticket are to confirm to airline staff that the passenger has paid for travel, to document sales and manage inventory.

Meanwhile, E-ticketing concept, instead tracks the sale and use of tickets through data which is stored in a central database and updated by the validating, enabling the passenger to check- in and board the flight without holding a paper ticket. For the airline, E-ticket offer a number of clear benefits. They reduce document distribution costs, eliminate paper-ticket fraud, enhance passenger check-in options, stop revenue leakage through information of check-in and ticket change control, eliminate lost or stolen tickets and eliminate the need for per-paid tickets. Based on previous research that have been conducted, the researcher focused on the factors affecting purchase intention of E-ticketing in Malacca.

Fiels,2004 mentioned in North America, it is reported that cost savings is the factors that drives the major airlines company to issue ticket electronically. While e-ticketing creates cost saving for the airlines company, consumers get their benefits in terms of convenience. Ainin et al, 2006 stated that the consumer do not need to carry a paper ticket, which mean tension of misplacing a ticket is eliminated. Besides that, the consumer are allowed to check-in online over the web, see what of seats and make the choices accordingly.

There are different behavioral theories that purchase intention can be explained by using them that are the Theory of Reasoned Action (TRA) that have been proposed by Fishbein and Ajzen,(1975), Triandis model (1980), the Theory of Planned Behaviour(TPB) proposed by Ajzen(1991), and an information system theories such as Technology Acceptance Model (TAM) that have been created by Davis,1989. The researcher would like to explain more in TAM that have been proposed before by Davis,(1989).

## 2.3 Technology Acceptance Model (TAM)

From the preview on previous literature such as by Sam and Tahir (2008), Dehbashi and Nahavandi (2007) and C. B. P. Lee and Wan (2010) on this e-reservation or some known as e-ticketing was done by previous researches had more linkages to the Technology Acceptance Model (TAM) which introduced by Davis,( 1989). Meanwhile, TAM also proposes that perceived ease of use and perceived usefulness of technology are predictors of user attitude towards using the technology, subsequent behavioral intentions and actual usage of e-ticketing system.

Based on TAM, if the product is perceived to be easy to be used and meaningful, the consumer would have positive attitude towards the product. This then affect the consumer's decision to buy or use the product. In another study conducted by D. Gefen, Karahanna, and Straub (2003), the author had used the TAM model in their study on the component of trust and found the antecedent, perceived ease of use of the web site can increase trust in the company and subsequently increase the perceptions of the usefulness of the site by the user.

## 2.4 Purchase intention

Dodds et al.(1991) and Zeithhaml(1998) have defined purchase intention as the possibility for consumers to buy a product offered as an example , the possibility for consumers to consider buying a product offered by a tour agency, the possibility for consumers to recommend this tour agency and its products to others, and the possibility for consumers to buy much product. All this is been view from travel purchase contexts.

Meanwhile Fiskien, (1975) defined purchase intention as the perception of an individual towards performance of a particular behavior.

Purchase intention as mentioned by Huang and Su (2011) also can be considered as a part of cognitive behaviour of consumers that cause specific brand is to be purchase by individual.Therefore, in a digital context, it refers to the situation that the customers are willing to involve themselves in online transactions. Thonpapanl and Ashraf, (2011); Abdul-Muhmin, (2010);Yin-Fah, Osman and Foon, (2011 said that purchase intention of the consumer known as a predictor of actual buying behaviour and subsequent purchase, and firms by using this predictor can anticipate actual purchasing behaviour of their consumers . Meanwhile Anand, Holbrook, and Stephens (1988), Laroche, et al. (1996)testified that advertising endorser's exposure rate can change consumer preference and attitude and promote purchase intention toward airline e-commerce

## 2.5 Attitudes

Attitude is referred as an individual's positive or negative evaluation of behavior and is composed of an individual's, salient beliefs regarding the perceived consequences of performing behavior. Helander and Khalid (2000) found that a positive attitude toward e-commerce has a significant influence on shopping from the internet.The relationship between attitude and purchase intention toward the traditional retailer has been intensively investigated in the past (George, 2002). Similarly, in the internet context, a number of past studies (e.g. Goldsmith and Bridges, 2000; Shim et al, 2001) showed that attitude toward the internet shopping was positively related to internet shopping intention.

The positive attitude toward the internet shopping important increased intention to use the internet for purchasing. Moreover, Kim et al (2003) found that consumers who had more favorable attitudes toward online shopping had greater intention to purchase

clothing via the internet. Watchravesringkan and Shim (2003) also confirmed a positive causal relationship between attitude toward online shopping and online purchase intention focusing on apparel.

## 2.6 Perceived usefulness

Perceived Usefulness (PU) is defined as "the degree to which a person believed that using a particular system would enhance his or her job performance" Davis (1989). TAM mentioned that "usefulness" is influenced by "ease of use", because the easier a technology is to use, the more useful it can be (Venkatesh, 2000; Dabholkar, 1996; Davis et al., 1989). According to the research of (Monsuwe and Ruyter, 2004) they found that "usefulness" refers to consumers' perceptions that using the Internet as a shopping medium enhances the result of their shopping experience and that perceptions influence consumers' attitude toward online shopping and their intention to shop on the Internet. According to Burke (1996), perceived usefulness is the primary prerequisite for massmarket technology acceptance, which depends on consumers' expectations about how technology can improve and simplify their lives (Peterson et al., 1997).

A website is useful if it delivers services to a customer but not if the customers' delivery expectations are not met (Barnes and Vidgen, 2000). The usefulness and accuracy of the site also influence customer attitudes. Users may continue using an e-commerce service if they consider it useful, even if they may be dissatisfied with their prior use (Bhattacherjee, 2001a). Consumers likely evaluate and consider product-related information prior to purchase, and perceived usefulness thus may be more important than the hedonic aspect of the shopping experience (Babin et al.,1994). In addition, perceived usefulness predicts IT use and intention to use (Adam et al. 1992), including the using of e-commerce (Gefen and Straub 2000).