Chapter 5: Discussions and Conclusion

5.1   Introduction

With the presentation of SPSS results in Chapter 4, this chapter will elaborate further on the indications and implications of the key elements of this study. This chapter will give a brief overview of this study followed by discussions of the major findings, marketing implications, limitations of the study and suggestions for further research.

5.2   Overview of the Study

The increasing intensity of competition in the LCC industry in Malaysia has fueled the service providers to improve its service quality, both physically and electronically, in order for them to outperform their competitors. The bottom line is that whoever possesses majority of market share will be the market leader.

Therefore, it is imperative for the LCCs to determine the strengths and weaknesses of the services provided by them. Continuous improvements on their strategies, business models, marketing plans and operations can strengthen their organisational capabilities to surpass their competitors and to ensure sustainable profitability in long run.

Based on the literature review, a few significant antecedents were adopted to inspect the perceived value of online service quality in Malaysian context. Later, its influence on the customer satisfaction, customer trust and customer loyalty were established in electronically context.

5.3   Discussion of the Research Results

As far as the author is concerned it is the first time that this conceptual framework has been tested in Malaysian LCCs online ticketing context. Previously, there is abundant research conducted in the field of online service quality. Chapter 2 has confirmed that the significance of online service quality attributes in electronic environment (refer section 2.4.6). However, there are some contradictory results to the previous findings were presented in this study.

According to the section 4.3, contradictory the previous studies, the results express that the Malaysian LCCs online ticket purchasers do not place very important weight onto the System Availability and Privacy as their online service quality perceptions. In the author's opinion, the significance of System Availability of online ticketing systems is not so great mainly caused by the level of tolerance of price-sensitive consumers. According to Lovelock and Wright (1999), the zone of tolerance provides a range within which customers are willing to accept variation in service quality. Service performance that is above the minimum tolerable level will ensure customer satisfaction. If customers have relatively large zone of tolerance, customers may tolerate a greater range of service quality (Kettinger and Lee, 2005). This has explained the reason of customer's willingness to re-visit or wait for the web site to be live again to perform online ticketing transactions. It is because passive service is unlikely to satisfy consumers' desires but at the same time passive service will not dissatisfy the consumers for service quality due to an extended lower boundary in the zone of tolerance (Imrie, 2004). Perhaps it is the Malaysian culture to be tolerance and patience towards downtime of the

internet and web sites. They consider this phenomenon is acceptable especially during promotional period or when free seats are given away by the LCCs.

For Privacy dimension, consumers find that this dimension will not contribute to online perceived value because they presume it is the duty and responsibility of the LCCs to make sure that customers' personal information and confidential is well-kept in their database. It is also in the knowledge of consumers that the government and relevant authorities have imposed certain controlling measures and policies to the LCC online ticketing mechanism to protect customer privacy before online business approvals were granted to the LCCs. Srivastava and Teo (2005) suggest that to build public trust, government must addresses the people's needs and establish a sound legal environment. If the customer doubts the commitment underlying a web site, any flaws can be attributed to perception of low quality (Griffin, 1994). Public probably trust the government will sternly regulate, monitor and enforce compliance of all the online business rules and policies by the LCCs. They therefore do not take the privacy issue into consideration when purchasing online tickets.

The study highlights that Trust Propensity has a significant moderating effect in influencing the degree of e-Satisfaction towards e-Trust (refer to Appendix F). As mentioned in section 2.2.3, Rotter (1980) and Mayer *et al.* (1995) confirmed that the propensity to trust or the general willingness to trust other grounded in the individual's personality, life experiences, cultural background, education, perceived trustworthiness and trust behaviours. Therefore, in terms

of corporations, the LCCs are advised to enhance its brand name, reputation, organisational culture and level of trustworthiness to gain propensity to trust from its customers. This Trust Propensity will determine the level of online trust by customers which will lead to customer loyalty.

E-Loyalty is crucial in online service marketing. As the switching cost is getting lower, customers can easily buy from other LCCs if the offers are attractive. Previous findings suggest that it is more costly to find new customers than to retain the existing customers (Reichheld and Kenny, 1990). It is advised that the LCCs to make extra efforts to retain its customers as the repurchase intentions and positive word-of-mouth will determine the long term profitability of the LCCs.

5.4   Marketing Implications

This study finds that LCC service providers can benefit from understanding the consumer expectations of online service quality and its influences toward online purchase behavior and loyalty. The results of this study have several implications.

In line with the previous findings, the Efficiency, Fulfillment and Price dimensions are perceived as prominent elements in their online perceived value determinants. Therefore, the enhancement of web site efficiency, fulfillment of promises and offer competitive prices will lead to better perceived value for customers. The LCC marketers can leverage its online service quality by eliminating or reducing each individual gap for those three dimensions.

However, according to the section 4.3, the study indicates that the Malaysian LCCs online ticket purchasers do not perceive System Availability and Privacy as major determinants for their online value perceptions. This result does not confirm the E-S-QUAL scale suggested by Parasuraman *et al.* (2005). Even though the System Availability and Privacy dimensions are insignificant in determining online perceived value in this study, it does not mean that the LCCs can ignore these two dimensions. Their web sites must always be online and ready for business as this will directly affect the company's brand name and reputation. Low System Availability will eventually tarnish the image of the airline as the customers presume the airline is not reliable and undependable. Since switching cost is quite low, customers will evaluate and compare the value that each airline can provides before making purchase decision. As mentioned in section 2.5, online customers are demanding and have power. Therefore, good reputation and trustable airline will have a better competitive advantage in this situation.

As price is one of the major determinants of perceived value in LCC online business, the marketers must carefully manage price discounts as frequently using promotional price discount will lead customers to become acclimatised to the price discounts and decrease their level of response to the promotional campaigns.

In the oriental world, trust is an important element in the interpersonal and business dealings. It is difficult to earn trust from people. It is a time consuming and fragile effort. Consumers will base on some external cues to measure the propensity to trust to a LCC. Therefore, airline companies must

always fulfill their promises to earn trust and respect from its customers. A good corporate image and brand name will reinforce trust from the customers.

Loyalty is a key concern in service marketing. Understanding of the fundamental key drivers to e-Loyalty will help the LCCs marketers to improve online customer retention rate. Losing customers or reduction in re-purchasing rate entails a decline in revenue in short term (Zins, 2001) and sustainable profitability in long run. It is purported that gaining new customers is much expensive than serving present customers (Reichheld and Kenny, 1990). Savings from serving a large number of loyal customers can benefit the service quality improvements to meet the constantly growing customers' expectations and create higher values to them.

Building e-loyalty is not an easy task. As proposed by Smith (2001), it is essential that the marketers have to persuade consumers to establish a relationship and collect feedback to improve the web site service quality. Customers are not desperate to form emotional bond with a database on a server. But customers need to know how they can contact the seller when the need arises. Customers need to clearly understand that the value of having a relationship. Communication of this value and trust and responsiveness will be instrumental in persuading customers to establish a relationship. Moreover, measurement is important in determining success. Gain information by stimulating customer feedback, measuring participation in promotional programmes, tracking online behaviours and routinely conducting e-loyalty research are the steps need to undertake by marketers to improve online customer re-purchase intention. By listening to customers and measuring their

feedback, the LCCs can obtain the information needed to significantly improve their web sites.

The author hopes this study can provide some guidelines to the LCC marketers to craft suitable strategies and sustainable solutions to leverage its online competitiveness.

5.5   Limitations of the Study

The limitations of the study are defined as follows:

a) The survey instrument was prepared in English only. In the event only English literate respondents are able to fill up the questionnaires, respondents whose first language is Bahasa Malaysia, Mandarin or Tamil are not included in the survey.

b) As the data collection was conducted at two shopping malls in Kuala Lumpur city centre, the tendency of the respondents are city dwellers is higher. Hence, the respondents who are residing outside Kuala Lumpur were not taken into account. The results of the surveys might not be generalisable to the overall population in Malaysia.

c) The findings of this study are interpreted based on 230 responses from respondents. A larger sample size is required to produce better quality results.

d) Majority of the respondents is categorised in the middle income group and tends to be younger respondents. More feedbacks from the older age respondents will provide more generalised results in this study.

e) Convenience sampling method was used in the study due to limited resources and time constraints. The mall intercept technique was adopted to randomly select respondents. Biasness may occur in using this technique. Also, the samples may not reflect the gender, ethnic group and age ratio of the current Malaysian population.

All the above limitations are acknowledged but the author finds that these limitations do not detract from significance of the findings.

5.6   Suggestions for Further Research

In addition to the findings in this study, there are some areas in which further research can be conducted on online service quality to gain a better understanding of the impact on the LCCs.

First of all, this study was conducted based on the samples collected from Kuala Lumpur city centre. Perhaps future study can be carried out at different geographical areas in Malaysia. A larger sample size can be collected from various regions of Malaysia such as northern, western, eastern, southern and center region in Peninsular Malaysia, Sabah and Sarawak. Area sampling can be designed to collect samples from clusters within an area. This is necessary as people in a different geographical area may have different perceptions and purchasing behavior. With a larger and more diverse sample size, the results will be more reliable and generalisable.

Secondly, the survey instrument was prepared in English language. To collect more diverse samples, survey instruments may design in a few languages such as Bahasa Malaysia, Mandarin and Tamil. As Malaysia is a multi-racial

country, the collection of responses from various ethnic groups will provide more realistic results.

Thirdly, from the demographic profile, majority of respondents are from younger group. In future, data can be collected from the Baby Boomers to reflect better outcome.

Fourthly, future research can be done to measure the moderating effects of trust to government and customer's zone of tolerance towards the perceived value of online transactions. The insignificance of Online Privacy and System Availability may be caused by these two possible moderators.

Beside, future research can be done on the influence of cultural dimension on the online perceived value. This is because in countries like Malaysia which has cultural heterogeneity, the adoption of cluster sampling method would suit better to gather information from each of the members in the randomly chosen cluster.

5.7   Conclusion

The literature suggests that all the four online service quality dimensions in the E-S-QUAL by Parasuraman *et al.* (2005) are significantly influenced Perceived Value. This scale has provided direction for empirical testing. However, the results show that System Availability and Privacy dimensions were found to be contradictory to the previous findings. This is discussed being due to the relationships between the online service quality and perceived value of the Malaysian LCC industry is more complex than the literature suggested. In the low cost service atmosphere, price is regarded as

an important element in the determination of perceived value to the customers. Also, cultural, trust to government and customer's zone of tolerance is some of the important elements in a multi-racial country.

In addition, this study suggests that Trust Propensity has a significant impact in the relationship of customer satisfaction and trust. Propensity to trust moderates the effect of trustworthiness attributes on the formation of trust. Consumers look for cues such as ability and integrity of the merchant to determine to what extent they can trust a company. Most of the trust maybe influence by brand name, advertising and marketing campaigns, visible company policies and design of the web site interface. It is important that the LCCs to capitalise these cues in order to boost customers' trust.

Consequently, the LCCs must leverage its online capabilities and truthfulness through honesty and strict adherence to company policies and principles accepted by consumers. This differentiation strategy which incorporates consumer-desired attributes into its service offering will clearly set it apart from rivals. This differentiation allows the LCC to increase revenue and gain customer loyalty because consumers are won over by the distinctive features of the service offerings.

In conclusion, it is important for the Malaysian LCCs to understand how online service quality influence customer loyalty. The findings obtained from this study will enable LCCs to craft and implement strategic moves and sustainable solutions to win the customers and outperform its rivals.