

6. Discussion and conclusion

6.1 Chapter overview

This chapter mainly critically evaluate the research findings from Chapter 5 and assesses the implication of the study from business perspective. In addition, a comparison between the current study and prior research is discussed in details followed by conclusion of the research.

Given the prevalence of price bundling strategy among marketing practitioner, numerous studies have been done to examine consumer perception toward bundle product or service. However, most of the researchers are indifference between product bundle and service bundle and as a result the construct may be measuring on a different bundling experience of the respondent. This study add value to this growing body of literature since all respondents are required to answer the question based on a preset scenario and hence the results are consistent as it is measured against the same parameter.

Basing on the results from the inferential analysis, three independent variables are significant and positively related to the dependent variable. Hence, the first second and third proposed hypotheses are accepted and the outcome of the present study is consistent with the works of other researchers.

6.2 Comparative findings

The current study supported the Hypothesis that impose there is a positive relationship between Perceived value and Purchase intention, which similar to the research findings of Chu et al (2007) and Shahrudin, Pani, Mansor, Elias, and Sadek (2010). This provides evidence that perceived value is a significant predictor on Purchase intention under the context of price bundling.

With regards to Perceived usefulness, the current study suggest that there is enough evidence that support this variable as statistically significant predictor on purchase intention of service bundle and is consistent with Shivraj et al. (2004) findings. In comparison to this paper, Shivraj's study examines the antecedent of purchase intention in an electronic commerce environment. Although it differs from the scope of the current study which investigates purchase intention in service industry using scenario simulation of leisure traveling, the results from both studies suggest that the relationship between Perceived usefulness and Purchase intention can be generalized across different sector and sample population.

Interestingly, another research paper that study purchase intention under World Wide Web (electronic commerce) context in United States indicated that the relationship between Purchase intention and Perceived usefulness is not statistically significant (Salisbury, Pearson R., Pearson A. & Miller 2001). It appears that the use of Perceived usefulness in study of purchase intention yield different outcome even when it is on

the same field of study. Hence, the *author* is of view that the variation could be risen from the different antecedents use for each study which resulted in differential interaction among the variables.

The current study also found there is a negative relationship between Perceived risk and Purchase intention of service bundle which is in line with the findings from Pavlou (2001) and Chang & Chen (2008) who held that Perceived risk is a significant predictor on purchase intention in their research studies on electronic commerce. It is also noteworthy that the findings from the current study is contradicting to Shivraj et al (2004). Since the t value for Perceived risk in this study is significant at $t = -3.814$ ($p = 0.000$), the research findings of Shivraj et al (2004) might not be applicable to this study since the risk perception of consumer in United States could be relatively different compare to Malaysian population..

Criterion	Predictor	Current study	Previous study
Purchase intention	Perceived value (Positively related)	Supported	Supported (Chu et al 2007, Shaharudin et al 2010)
Purchase intention	Perceived usefulness (Positively related)	Supported	Supported (Shivraj et al 2004) Not supported (Salisbury et al 2001)
Purchase intention	Perceived risk (Negatively related)	Supported	Supported (Pavlou 2001, Chang et al 2008) Not supported (Shivraj et al 2004)

Table 6.1 Summary of findings from current study and previous study

In addition, the results also suggest that price bundling strategy is capable of affecting the purchase intention on services given its significant influence on perceived value, perceived usefulness, and perceived risk. In particular, this study shows that perceived value and perceived quality are positively related to purchase intention of services bundle while perceived risk being negatively related to purchase intention in light of the rational that being discuss in Chapter 3. A summary of the results on hypothesis testing is presented in **Table 6.2**.

	Hypothesis	Significance level	Result
H1	Perceived value has positive effects on Purchase Intention of service bundle	P = .000	SUPPORTED
H2	Perceived usefulness has positive effects on Purchase Intention of service bundle	P = .002	SUPPORTED
H3	Perceived risk has negative effects on Purchase Intention of service bundle	P = .000	SUPPORTED

Table 6.2 Results of hypothesis testing

In conclusion, this study is successful in testing the proposed hypotheses and all the research objectives are achieved. In other words, this study is complete, and the findings of this study could be beneficial to both consumer and service provider.

6.3 Managerial implication

Through this study, Malaysian consumers have clearly shown that the proposed variables have contributed in their purchase intention on a service bundle and it would

be interesting to further investigate the impact of those on their purchase intention. The practical implication of this study is that it provides reliable prove that price bundling can add intrinsic value to services and with this understanding service provider may consider to introduce more service bundle to mitigate some undesirable characteristic of services that we have discussed in Chapter 1.

Apart from the above mentioned, the conceptual framework develop in this research project may act as a blueprint for service provider in designing a service bundle. For instance, since the findings in this study suggest that perceived usefulness is positively related to purchase intention of service bundle, a service provider can improve the competitiveness of their offering by designing a bundle that combine a set of high complementarity component items to yield the highest perceived usefulness. Similarly, other findings in this research paper can be interpreted in a similar fashion.

With reference to **Table 6.1**, there are three statistically significant variables that affect the consumer in making decision over purchasing a certain service. In essence, it is suggested that service provider with low value added and poor perceived quality to consider price bundling as an alternative to individual pricing in light of the findings from this study. It will enable the service provider to serve the market better and develop competitive edge over competitors. To survive in an increasingly competitive environment, service provider need to think of innovative way in

delivering their services and adopt necessary innovation to synergies their organization.

6.4 Recommendation

The overall service industry plays a pivotal role in the economical growth in Malaysia and service provider needs to take into consideration of the various intrinsic elements associated with the service they offer. The decision make to purchase a service can either be low purchase involvement or high purchase involvement depending on the type of services that a consumer dealing with. Hence, normally many attributes are taking into account by the consumers in evaluating a service before reaching to the final decision.

According to the findings presented in this study, both significant variables and insignificant variables are identified and service provider may make use of these findings and tailoring their pricing strategy to price bundling setting to maximize market potential and frequency of purchase. For instance, aviation operator may consider partnering with car rental company, travel agency and hotelier in creating a service bundle that offer seamless one-stop service to tourist since the findings from this study suggest that service bundle offer better perceived value and perceived usefulness that standalone service does not. In ensuring the perceived risk remain low, the aviation operator may opt to outsource the online payment process to another reputable third party vendor such as Verisign.

6.5 Limitation

The *author* is aware of the weaknesses that are associated with this study but nevertheless the study does provide some insight to the practitioner. Firstly, the sample population was not representative of the population as a whole since the study was limited to respondents within the Klang Valley region. Similarly, a sample size of 200 may limit the generalizability of the findings since it is surreal to draw conclusions from less than 0.01% of the total population.

Another limitation is that this paper did not include socio-demographic variables into the analysis. No attention was paid to variables like gender, age, income, occupation and educational level. Various services are used by many different consumers and there is a strong possibility that every individual is different in choosing a service in accordance to their socio-demographic profile.

Last but not least, this study employed a great number of undergraduate students as subjects in a paper-and-pen questionnaire. The use of undergraduate respondents may hinder the generalizability of this research study since Peterson (2001) has discovered that there is a difference in student response compared to the overall population in his second-order meta-analysis.

6.6 Suggestion for future research

Further research is suggested to investigate some other underlying concepts that are not included in this study:

- 1) To identify the differences among consumers' socio-demographic factors concerning their purchase intention on service, future studies could compare the differences between consumers' socio-demographic factors such as gender, income level, ethnicity, education level, which may potential affect purchase intention of services.
- 2) Additional research is needed to develop a richer understanding of how the various aspect of price bundling composition - such as the number of item to be include in a bundle, as well as the complexity, uniqueness and similarity of the component products affect the purchase intention of a service bundle.
- 3) Since this study mainly focus on price bundling's impact on consumer's perception which at time difficult to quantify, it will be fruitful to empirically examine the impact of price bundling in dollars and cents by comparing two service providers that adopt different pricing strategy.