THE RELATIONSHIP OF WEBSITE QUALITY AND CUSTOMER E-SATISFACTION IN LOW COST CARRIER

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UNIVERSITI TEKNOLOGI MALAYSIA
THE RELATIONSHIP OF WEBSITE QUALITY AND CUSTOMER E-SATISFACTION IN LOW COST CARRIER

WONG CHIET BING

A thesis submitted in fulfilment of the requirements for the award of the degree of Master of Science (Human Resource Development)

Faculty of Management
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ACKNOWLEDGEMENT

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The current trend in travel have witnessed travelers prefer to book their flight ticket online. As such, a good website design for an airline company is essential. This study was conducted to achieve the main objectives which are to identify the dimensions of website quality for low cost airline and to investigate the relationship between the website quality and customer e-satisfaction at low cost airline. Two pilot tests have been conducted and the results of cronbach alpha showed that all proposed variables are reliable. A total of 381 responses were conveniently collected among local passengers at Low Cost Carrier Terminal, Kuala Lumpur via questionnaire distribution. Descriptive analysis, factor analysis, validity test, reliability test, and multiple-regression analysis were applied to analyse the collected data. This study found that the five determinant factors of website quality for AirAsia were information content, navigation, responsiveness, personalization, and security and privacy. In descriptive analysis, information content was perceived as the most important by airline online users. In addition, the results of study revealed that there is a positive relationship between the five dimensions of website quality and customer e-satisfaction, and also information content was the most significant contributor to customer e-satisfaction. This study concludes with the implications of the findings to theory and practice, finally the suggestions for the future research with the respect to the limitation of present study are also discussed.
ABSTRAK

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<tr>
<td>LCC</td>
<td>Low Cost Carrier</td>
</tr>
<tr>
<td>LCCT</td>
<td>Low Cost Carrier Terminal</td>
</tr>
<tr>
<td>ICT</td>
<td>Information, Communication and Technology</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>FSC</td>
<td>Full Service Carrier</td>
</tr>
<tr>
<td>MAL</td>
<td>Malaysia Airline Limited (MAL)</td>
</tr>
<tr>
<td>MAS</td>
<td>Malaysia Airline</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>e-</td>
<td>Online/Electronic</td>
</tr>
<tr>
<td>UNWTO</td>
<td>The World Tourism Organization</td>
</tr>
<tr>
<td>HTML</td>
<td>Hyper Text Mark-up Language</td>
</tr>
<tr>
<td>B2C</td>
<td>Business-to-Consumer</td>
</tr>
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<td>B2B</td>
<td>Business-to-Business</td>
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<tr>
<td>C2C</td>
<td>Consumer-to-Consumer</td>
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<tr>
<td>P2P</td>
<td>Peer-to-Peer</td>
</tr>
<tr>
<td>M-commerce</td>
<td>Mobile commerce</td>
</tr>
<tr>
<td>US</td>
<td>United State</td>
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<td>e.g.</td>
<td>For Example</td>
</tr>
<tr>
<td>bps</td>
<td>Bit per second</td>
</tr>
<tr>
<td>ID</td>
<td>Identity Document</td>
</tr>
<tr>
<td>etc</td>
<td>et cetera (and other things or and so on)</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>KMO</td>
<td>Kaiser-Meyer-Olkin</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
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<tr>
<td>Max</td>
<td>Maximum</td>
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<tr>
<td>Min</td>
<td>Minimum</td>
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<td>FA</td>
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<td>R</td>
<td>Multiple Regression</td>
</tr>
<tr>
<td>β</td>
<td>Standardized coefficient</td>
</tr>
<tr>
<td>Y’</td>
<td>A predicted Value of Y (Dependent Variable)</td>
</tr>
<tr>
<td>a</td>
<td>The “Y Intercept”</td>
</tr>
<tr>
<td>b₁</td>
<td>The change in Y for each 1 increment change in X₁</td>
</tr>
<tr>
<td>b₂</td>
<td>The change in Y for each 1 increment change in X₂</td>
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<tr>
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Chapter 1

INTRODUCTION

1.0 Introduction

This chapter discusses the background of the study the online airline service in Malaysia. Following this is a discussion on problem statements, research gap, research questions, research objectives, scope of research, and significance of the study respectively.

1.1 Background

In recent years, information, communication, and technology (ICT) has been responsible for great changes throughout the world. The emergence of information technology (IT) has influenced the way in which businesses operate globally (Tagliavini and Ghiringhelli, 2008).
This expansion has opened out new trends of commercialization across the country and created a web-based business, called the “e-commerce marketplace”. Thus, an implementation of advanced internet technology onto modern business practices has replaced the previous traditional business model (Yau and Radha, 2008).

As a result of the emergence of e-development in all industries, the travel and tourism industry has also seen a need to develop its travelling tours’ operations, national tourism organizations, traditional travel agencies, airlines and hotels (Haghtalab, Tarzeh, and Nabizadeh, 2012). This trend has resulted in a new phenomenon called e-tourism.

1.1.1 E-commerce Market Size in Malaysia

Based on Figure 1.1 below, a recent study concerning online and mobile shopping insights conducted by PayPal estimated that Malaysia’s online market size increased significantly from RM 1.8 billion in 2010 to RM 5 billion in 2014 (Marketing-interactive.com, 2011). Hence, it is safe to predict that the e-commerce market size was around RM 4-5 billion for 2013.

Figure 1.1: Statistic for E-Commerce Market Size in Malaysia
Source: www.marketing-interactive.com
According to Figure 1.2 below, the survey results found that the majority of Malaysian customers have a spending pattern in online retail purchases as follows: on local websites contributing RM 825 million (45%), followed by RM 627 million on overseas websites (35%), and the remaining RM 371 million on websites of unknown countries. This finding is supported by Elias Ghanem, who is PayPal's managing director and the general manager for Southeast Asia and India. Mr Ghanem stated that Malaysian customers are more likely to shop on local websites and search for a variety of higher-quality products and services, as well as the lowest price. With the growth of the Malaysian online shopping market, local companies can be the biggest winners by offering a wide range of high quality products and services via their websites.

![Figure 1.2: Spending of Online Shopping on Local and Foreign Websites](www.marketing-interactive.com)

Figure 1.3 shows that the majority of products or services purchased online are for purposes of travel (airline and hotel bookings), contributing approximately RM 435 million (24%). Bill payments come in second with RM 329 million (18%) of online shopping. This is followed by items such as: entertainment and lifestyle with RM 255 million (25%), IT and electronics with RM 218 million (12%), general
insurance with RM 205 million (11%), and fashion and beauty with RM 181 million (10%). Finally, gifts and collectibles have the least purchase amounts via online shopping at only RM 68 million (4%) among all goods listed. Therefore, a variety of products and services categories shows that the current trend of online shopping is becoming a significant part of the daily lives of Malaysians. According to the Marketing-interactive.com (2011), around 2.5 times as many airline tickets were purchased by Malaysian customers from local websites (RM 173 million), compared with overseas websites (RM 72 million).

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>RM 435m</td>
<td>24%</td>
</tr>
<tr>
<td>Bill Payment</td>
<td>RM 329m</td>
<td>18%</td>
</tr>
<tr>
<td>Entertainment &amp; Lifestyle</td>
<td>RM 255m</td>
<td>14%</td>
</tr>
<tr>
<td>IT &amp; Electronics</td>
<td>RM 218m</td>
<td>12%</td>
</tr>
<tr>
<td>General Insurance</td>
<td>RM 205m</td>
<td>11%</td>
</tr>
<tr>
<td>Fashion &amp; Beauty</td>
<td>RM 181m</td>
<td>10%</td>
</tr>
<tr>
<td>Gifts &amp; Collectibles</td>
<td>RM 68m</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 1.3: Product and Services Purchases Online in Malaysia
Source: www.marketing-interactive.com

11.2 Travel and Tourism Sector

Tourism is regarded as one of the largest and fastest-growing, dynamic, and multidisciplinary industry groupings (Walker and Walker, 2011). “Currently, many
countries are seeing the potential of global travel and tourism as an important contributor to economic development, measured in terms of investment, enjoyment and balance of payment” (Middleton and Clarke, 2001). The tourism market is now serviced by the world’s largest industry. According to a recent study by the World Tourism Organization UNWTO (2012), international tourist arrivals grew by nearly 4 per cent in the year 2011 to 983 million, which also generated US$ 1,032 billion in export earnings. In addition, UNWTO forecast a growth in international tourist arrivals of between 3 and 4 per cent in the year 2012. It is clearly shown that the tourism industry is continuing to be among the fastest-growing economic sectors in the world. Further, it is expected that the dramatic growth in the tourism industry will continue in the future resulting from, specifically: the opening up of national borders, an increase in disposable income, lower transportation costs, longer life expectancy, and increased leisure time (Walker and Walker, 2011).

The travel and tourism sector is an information-intensive industry in which electronic commerce plays a significant role (Werthner and Ricci, 2004). In the tourism industry, online transactions have grown continuously even during the economic downturn in the late 1990s. The use of e-commerce has also been regarded as a powerful source of competitive advantage in global markets. In Malaysia, travelers increasingly purchase tickets via online processes. The growing importance of the internet as a source of information demands a greater understanding of users’ acceptance of electronic travel and tourism. The knowledge is needed not only for strategic marketing formulation, but also to enable the quality of the website features and design to be superior to those of competitors.

1.1.3 Airline Industry in Malaysia
There are two types of operations in the airline industry, namely: the Full Service Carriers (FSC) as traditional airlines and the emerging Low Cost Carriers (LCC). In Malaysia, Malayan Airline Limited (MAL) was the first airline corporation started in October 1937. It is now named Malaysia Airline (MAS) as a Full Service Carrier. A full service airline is perceived as being a more expensive service, including complimentary refreshments, as well as more luxury and comfort services (Diggines, 2010).

Low Cost Carriers are also known as discount airlines, “prizefighters”, and no-frills airlines which offer cheaper tickets compared to other carriers (Jensen, 2009). There are several Low Cost Carriers (LCC) in Malaysia, specifically: AirAsia, AirAsia X, Firefly, Maswings, Berjaya Air, and Sabah Air Aviation (Hogan, 2011) while Malindo Air is a new airline, launched in 2013. AirAsia is one of the low cost carriers in Malaysia and was established in 2001. AirAsia is also the first airline to have implemented fully ticketless travel and unassigned seats in the region. Currently, AirAsia was voted the world’s best low cost airline at the 2012 World Airline Awards (Skytrax, 2012). The founder and Chief Executive Officer (CEO) for the AirAsia group is Tan Sri Dr. Tony Fernandes and Aireen Omar is the current CEO of AirAsia in the Malaysian operation (The Star Online, 2012). AirAsia X was established in 2007 to focus on the low cost long-haul segment.

The second Low Cost Carrier in Malaysia is Firefly, which is a full subsidiary of Malaysia Airlines (MAS) and was founded in the year 2007. The development strategy for Low Cost Carriers (LCC) can be concluded as “low costs, low fares, and no frills”. However, AirAsia and AirAsia X have adopted the “no frills” service while Firefly includes light refreshments on board (Yeoh and Kim, 2011). Prime Minister Datuk Seri Najib Tun Razak announced the setting up of a new low cost carrier known as Malindo Air with collaboration between the National Aerospace and Defence Industries of Malaysia and Lion Air of Indonesia. It was inaugurated on May 1, 2013 and is based at KLIA 2 (The Star Online, 2012). The existence of new low cost carriers may drive the competitive airline market in the future. Table 1.1
summarizes the characteristic comparisons between the low cost carrier and the full service carrier.

Table 1.1: Characteristics of Low Cost Carrier versus Full Service Carrier

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Low Cost Carriers</th>
<th>Full Service Carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand</strong></td>
<td>One brand: low price</td>
<td>Extended brand: price/service</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Simple pricing structure</td>
<td>Complex pricing structure</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>Online, direct booking</td>
<td>Online, direct, and agent</td>
</tr>
<tr>
<td><strong>Checking in</strong></td>
<td>Web check in, no ticket (usually)</td>
<td>Web check in, Ticket, no ticket</td>
</tr>
<tr>
<td><strong>Airport</strong></td>
<td>Secondary (mostly)</td>
<td>Primary</td>
</tr>
<tr>
<td><strong>Network</strong></td>
<td>Point-to-point</td>
<td>Hub-and-spoke</td>
</tr>
<tr>
<td><strong>Classes</strong></td>
<td>One class (high density)</td>
<td>Multiple classes</td>
</tr>
<tr>
<td><strong>During Flight</strong></td>
<td>No frills</td>
<td>Frills (food and beverages provided)</td>
</tr>
<tr>
<td><strong>Aircraft Usage (Load Factor)</strong></td>
<td>Very intensive</td>
<td>Average – intensive</td>
</tr>
<tr>
<td><strong>Aircraft type</strong></td>
<td>One type / Multiple type</td>
<td>Multiple type</td>
</tr>
<tr>
<td><strong>Turnaround times</strong></td>
<td>25 minutes (or so)</td>
<td>Slow: congestion / complexity</td>
</tr>
<tr>
<td><strong>Customer service</strong></td>
<td>Generally underperforms</td>
<td>Full service, offers reliability</td>
</tr>
<tr>
<td><strong>Operation activities</strong></td>
<td>Focus on core (flying)</td>
<td>Extensions: e.g. maintenance, cargo</td>
</tr>
</tbody>
</table>

Source: Adapted from Holloway (2008); O’Connell and Williams (2005); and Jensen (2009)

1.1.4 Online Booking with Low Cost Carrier

Online airline bookings are gaining popularity as compared to other online shopping transactions such as entertainment, sport and etc. (Sulaiman, Ng and Mohezar, 2008). The majority of a low cost carrier’s passengers are more likely to book their flights via a website (45.6%) compared to full service carrier passengers.
Low cost carriers make extensive use of the Internet for functions such as: improving interactivity and relationships with customers and partners, online booking, electronic ticketing and maximizing the productivity of the new electronic distribution media (Buhalís, 2004; Cooper, et al, 2008). In Malaysia, AirAsia’s passengers predominantly use the Internet to book their flight tickets and generally avoid travel agents. Connell and William (2005) also found that the majority of AirAsia’s passengers (over 64%) made direct online bookings. This shows that the low cost carriers are forcing change through the competitive advantage of online distribution.

In a low cost carrier, the lower airfare charged is implemented with the “no frills” service concept with online ticket reservation, no in-flight food or beverage, shorter flight turnaround time, the utilization of secondary airports, as well as multi-tasking among the service personnel (Yeoh and Kim, 2011).

The first e-ticketing concept in Malaysia was initiated by AirAsia in 2001 and subsequently followed by Malaysia Airline in 2005. AirAsia was also the first airline in Asia to introduce online booking with online payments and ticketless travel, since it launched an online sales facility via www.airasia.com in its fifth month of operation in Malaysia (Connell and William, 2005). This was followed by Firefly which launched its online booking facility via www.fireflyz.com.my. The new low cost carrier, Malindo Air, launched its own online booking website via http://www.malindoair.com which commenced in May 2013. Online flight booking is a process of, specifically: selecting time and destination; filling out personal information; selecting other optional flight services (add-on); payment via various methods; and issue of an itinerary ticket via email or printout. Once the online booking has been successfully made, customers will receive copies of an itinerary statement which contains the booking number through email or printout.
There are many benefits associated with purchasing and booking tickets over the Internet. Online booking or purchasing tickets online enables customers to procure a lower fare rate compared to purchasing tickets through travel agents. Moreover, it may provide an effective distribution channel and reduce the cost of issuing air tickets (Lubbe, 2007; Lau, Kwek and Tan, 2011). According to the study by Carlson Wagonlit Travel (2011), online booking reduces the average air ticket price by 7 percent. Online booking is a more practical and faster option than traditional manual airline booking. E-tickets have replaced the paper-based flight coupons by means of an electronic ticket image that is stored in the airline’s database. In addition, passengers are allowed to perform an online check-in and select an appropriate seat via the website. Low cost carriers in Malaysia introduced a web check-in service in 2002. This service offers cost-efficiency, a problem-free travelling experience, avoids airport congestion, long queues and reduces waiting time at no extra cost. Overall, the practice of online bookings has changed the airline industry and customers’ behavior by reducing costs and providing a new channel for communication and support.

The airline’s website is the first place where the customer is connected with the airline company when making their flight reservation before departure. Basically, the initial impression regarding the quality of website will be made once they have searched for and completed the flight reservation. Since the website is a connecting tool between customers and company, the quality of the website is vitally important (Haghtalab, Tarzeh, and Nabizadeh, 2012). Normally, satisfied customers will intend to repeat purchases, share favourable experiences with their family and friends, retain loyalty, and not need to make complaints. The quality of the website is considered as the most significant aspect in the airline industry, although many arguments have been made over price being the most important element of concern among customers. It is crucial for low cost carriers to plan and execute continuous improvements to the website quality in order to maximize their business performance. Table 1.2 shows the flight booking websites for several low cost carriers in Malaysia.
<table>
<thead>
<tr>
<th>Low Cost Carrier</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>AirAsia</td>
<td><a href="http://www.airasia.com/my/en/home.page">www.airasia.com/my/en/home.page</a></td>
</tr>
<tr>
<td>Firefly</td>
<td><a href="http://www.fireflyz.com.my/">www.fireflyz.com.my/</a></td>
</tr>
<tr>
<td>MASwings</td>
<td><a href="http://www.maswings.com.my/">www.maswings.com.my/</a></td>
</tr>
<tr>
<td>Low Cost Carrier</td>
<td>Website</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Malindo Airway</td>
<td><a href="http://www.malindoair.com/">www.malindoair.com/</a></td>
</tr>
<tr>
<td>Berjaya Air</td>
<td><a href="http://www.berjaya-air.com/">www.berjaya-air.com/</a></td>
</tr>
<tr>
<td>Sabah Air Aviation</td>
<td><a href="http://www.sabahair.com.my/">www.sabahair.com.my/</a></td>
</tr>
</tbody>
</table>

Table 1.2: Website of Low Cost Carriers in Malaysia (Con’t)
1.1.5 AirAsia as the Largest and Leading Low Cost Carrier

In 2012, AirAsia was nominated as being the largest low cost carrier and fourth largest airline in Asia, having carried 37 million passengers, thus surpassing other legacy carriers (AirAsia, 2013). According to AirAsia’s online press releases (2013), AirAsia has dominated the airline industry, being rewarded as the “World’s Leading Low Cost Airline” at the prestigious World Travel Awards 2013. It was also voted as the “World’s Best Low Cost Airline” by Skytrax for five consecutive years from 2009 to 2013 (AirAsia, 2013, December 1). Thus, AirAsia’s success has shown that the phenomenon of low cost carriers has emerged all over the Asia Pacific Region. In this Region, Malaysia has contributed significantly to the low cost carrier segment. The report for the financial year ending 2013 showed that, in the traffic and capacity statistics, AirAsia in Malaysia maintained a strong load factor of 80%, and carried a total of 21.9 million passengers (AirAsia, 2014). On the other hand, the Malaysia Airline Group carried a total of 17.2 million passengers (Malaysia Airline, 2014). This reflects the fact that AirAsia continues to dominate the airline market in Malaysia which carries the highest number of passengers.

This phenomenon has also demonstrated that Malaysia now has a considerable market share; this has resulted in the competition between online retailers being very tense. Competition is now becoming even tougher since there are some new airline companies that have entered the market. Every airline company competes with each other in order to satisfy their customers. The evolution of customer behavior in purchasing products or services through the Internet leads to airline companies engaging in the e-ticketing process in order to maintain their business. In the Malaysia aviation industry, AirAsia is seen as a premier low budget provider which has been in operation for over 10 years, has built a strong brand and gained high popularity among customers seeking to book flights with the lowest fare through a website. Airasia.com was presented as a strong online presence having a total of 131.5 million average views per month and 8.6 million unique visitors per month (AirAsia, 2013). Based on the Table 1.3, AirAsia can be seen as the highest-
visited low cost carrier website with 3.4 million visitors; followed by Tiger Airways (1.8 million), Jetstar (1.2 million), Cebu Pacific Air (669 thousand), Goindigo (508 thousand), Skymark (453 thousand), Spicejet (430 thousand), and Fireflyz (269 thousand).

Table 1.3: Total of Low Cost Airline Website’s visitor in Asia Pacific

<table>
<thead>
<tr>
<th>Low Cost Airline Website</th>
<th>Total Unique Visitors (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Total unique visitors (000) to select low cost airlines sites in Asia pacific</td>
<td>February 2011</td>
</tr>
<tr>
<td>AirAsia.com</td>
<td>3,380</td>
</tr>
<tr>
<td>Tiger Airways</td>
<td>1,805</td>
</tr>
<tr>
<td>Jetstar.com</td>
<td>1,169</td>
</tr>
<tr>
<td>Cebupacificair.com</td>
<td>669</td>
</tr>
<tr>
<td>Goindigo.in</td>
<td>508</td>
</tr>
<tr>
<td>Skymark.co.jp</td>
<td>453</td>
</tr>
<tr>
<td>Spicejet.com</td>
<td>430</td>
</tr>
<tr>
<td>Fireflyz.com.my</td>
<td>269</td>
</tr>
</tbody>
</table>

*Excludes visitations from public computers (internet cafe, mobile phone or PDA)


According to the statistics of AirAsia’s red alert member base, Malaysia has the largest number of users who sign in as Red Alert members, subsequently contributing a total of 2.96 million members. This is followed by Indonesia (1.10 million), Thailand (1.06 million), China (797 thousand), Australia (626 thousand), and others (AirAsia, 2013). Further, given the easy link between online social platforms and airline websites, the social activity increases the number of visitors to AirAsia’s website. In 2012, a total of 2 million fans helped it to make the transition from social network to official website, where there is a greater possibility of them having converted into flying passengers (AirAsia, 2012). As the number of users of the Airasia.com website increases, a difficulty then arises for the airline company to handle such a large number of online visitors. These visitors all have markedly different experiences in the online environment. Hence, providing a quality website which will satisfy the customer is a considerable task. Thus, one of the greatest challenges for AirAsia remains to continually evaluate their website. As the number
of online flight bookings is expanding and its popularity is growing, more users have become familiar with it and adopted it as a medium by which to search and book flights. In addition, the enormous volume of passenger needs and aspirations regarding the quality of the airline keeps growing in variety. This study has focused upon an evaluation of AirAsia’s website quality.

1.2 Problem Statement

Website quality is vitally important in the airline industry by which to provide effective communication, support, and competitive advantage. In addition to the fare price factor, website quality has become one of the important aspects influencing travelers to fly with certain airlines, since online booking is more efficient compared to the offline method. As the airline industry continually undergoes a liberalization process, Malaysia is opening up new opportunities to other low cost carriers such as Malindo Airlines. Thus, the competition will increase not only in terms of price, but also customer experience and relationships. Previous studies found that a low fare alone is not the only key factor that helps to retain customers coming back to AirAsia. An efficient web service also contributes in influencing the customer’s decision to fly with AirAsia (O’Connell and William, 2005; Munusamy, Chelliah, and Pandian, 2011; Munusamy and Chelliah, 2011). Website is considered as a trust-making tool between customer and company. As there is no interaction between humans in an online transaction, specifically designed dimensions are necessary to accurately measure the website quality (Madu and Madu, 2002).

In Malaysia, the challenge in the airline markets is becoming globally tough as passengers’ needs are growing in variety (Ariffin et al., 2010). Recently, there have been numerous personal experiences, feedbacks, and complaints about the quality of website provided by AirAsia that have been highlighted by the media (social network, blog, article, newspaper, and others). For example, an article written
by Powell (2010) highlighted several failures of the airline’s website. Unfortunately, most of the airline companies have limited knowledge of and understanding in designing a customer-based website that can help them create better relationships and interactivity with customers. Thus, it is essential for an airline to deliver a high quality website to satisfy and retain their customers, in order to survive in the future. To do so, the airline needs to clearly understand how the quality of its’ website is perceived by online customers.

The incidence of repeat purchasers who raise concerns about price particularly are common among low cost carriers’ customers and they are not committed customers. Customer satisfaction, however, is a precondition to encouraging customers who are mere repeat purchasers to become committed purchasers. Customer satisfaction is crucial for products and services of a business as a satisfied customer will engage in favorable behavioral intentions such as word-of-mouth communication, purchase intentions (Kim and Lee, 2011), and customer loyalty (Munisamy, Chelliah, and Padian, 2011; Apostolou and Ecomomides, 2008).

For low cost carriers, it is more cost-effective to retain customers than to win new customers. A study conducted by Reichheld and Sasser (1990) found that the influence of retaining customers on company profits is stronger than attracting new customers.

Customers who frequently experience dissatisfaction will impact their perception towards the airline company and cause a negative impact on customers’ behavior intentions (Archana and Subha, 2012). For example, if a low cost carrier’s website is difficult to use and interact with, this will reflect a poor image on the internet and weaken the company’s reputation (Alwahaishi and Snasel, 2010). To set up a strong brand, the airline company should provide excellent customer satisfaction as a way of differentiation among the airlines while still retaining the low price. Basically, interactions such as friendship, commitment, and flexibility between customer and company have been left unknown, even though companies try to rebuild the interactions via the internet. Therefore, the concern for most airline companies is the quality of website offered, in order to fulfill the customers’
satisfaction of their online experience. It is important to understand which dimensions contribute to customer satisfaction in an online environment, so that the airline company can focus on improving areas that are valued by customers.

Past studies related to website quality are broad in the e-business sector. Studies in electronic commerce have investigated the application of websites in retail, auction, bookstores, banking, travel and tourism, government transactions and others. However, different service quality variables are applied in different online business settings. Bozorgi (2006) found that different shopping environments utilize different dimensions to measure service quality. Ho and Lee (2007) highlighted that the nationality-specific service requirements and website attributes may lead to differences in certain service quality variables.

Most researchers proposed their models to measure online service quality, particularly in various products and services found in the retailing environment. In this study, E-QUAL model was found to measure online service quality in the travel and tourism sector. While it is similar to the environment of this study, it is still, however, brief and ambiguous (Ho and Lee, 2007). Some researchers adopted and modified the E-QUAL model, in order to measure e-service quality in the wide-ranging field of the travel and tourism industry (Kim and Lee, 2004; Ho and Lee, 2007), instead of specifically concentrating on the airline industry. Therefore, it is essential to modify the existing model with other related disciplines, in order to propose appropriate dimensions of website quality for low cost carriers.

In the travel and tourism context, most travel-related researches develop or reformulate the dimensions of e-service quality to measure a wide range of travel websites (Kaynama and Black, 2000; Ho and Lee, 2007; Mills and Morrison, 2003; Kim and Lee, 2004; Murphy and Leung, 2010; Maharrer et al., 2006; Nusair and Kandampully, 2008), including hotels, travel-agencies and suppliers, airlines, resorts, etc. Most research studies evaluate an airline’s overall service quality, consisting of
in-flight service, pre-flight service, post-flight service, airport services, flight schedule, counter services, staff performance, price, and back-office operations. Such related studies had been conducted in common airlines (Oyewole, Sankaran, and Choudhury, 2007; Clemes et al., 2009; Saha and Theingi, 2009; Kurniawan, 2010; Archana and Subha, 2012; Yeoh and Kim, 2011) and specifically in low cost airlines (Ariffin et al., 2010; Kim and Lee, 2011; Munusamy, Chelliah, and Pandian, 2011; Munusamy and Chelliah, 2011; Malighetti, Paleari, and Redondi, 2009; Jensen, 2009; Bozorgi, 2006; Eng et al, 2012). These studies covered the overall service quality of airline service, including offline and online services. Some researchers study the airline industry in terms of e-service quality, and these include: Shchiglik and Barnes (2004), Hadi (2010), Lau, Kwek and Tan (2011), Lee and Wu (2011), Merwe (2011), Bukhari, Ghoneim and Dennis (2012). While these studies have investigated the respective website quality, they did not provide a link with online motivation (utilitarian and hedonic motivation).

The issues of website design and strategy should be based on motivations for online customers (Wolfinbarger et al., 2000). As online shopping is fast becoming one of the most popular activities over the internet, the reasons why customers purchase online, however, are still unclear (Keisidou, Sarigiannidis, and Maditinos, 2011). Shopping motivation occurs as there are a variety of reasons or needs for customers to go shopping (Jansen, 2006). Thus, the specific motivation while customer shopping in a different sector website will largely vary due to inherent customer needs. For example, utilitarian motives were identified as the key reasons for customers to book travel online (Francis and White, 2004; Francis, 2009; Keisidou, Sarigiannidis, Maditinos, 2011). Nusair and Kandampully (2008) suggested examining e-shopping motivation (utilitarian/hedonic) of customers of different travel industries so as to develop and verify the dimensions of website quality. Based on these motivations, the relevant dimensions required for low cost carrier websites in order to support the E-QUAL model can be identified.
However, research studies on the airline industry conducted by researchers in foreign countries might not be applicable for Malaysia because of different cultures and norms. Studies of website quality in airline industries, especially low cost carriers, are limited. Lau, Kwek, and Tan (2011) stated that studies providing a clear view on the impact of e-service quality on satisfaction towards e-ticketing offered by airline companies in Malaysia are lacking. Other than that, Yeoh and Kim (2011) also mentioned that the empirical evidence on low cost airlines is also limited within Malaysia. To date, only some related studies have been found, such as those done by Ahmad (2011); Lau, Kwek and Tan (2011); Tan (2007); and Kueh (2011). These studies only utilized e-service quality and consumer behavior literature to measure the customer perception toward website quality in low cost airlines, however there is still a need to combine dimensions from different disciplines in order to create new and supportive measurement tools (Cheung, Chan and Limayem, 2005; Dennis et al. 2009). Appendix A lists the reviewed publications, dissertations, and theses on airline website evaluation studies. Thus, this study has reviewed and adapted four disciplines including: e-service quality model, airline website quality evaluation instrument, online motivation orientation, and past study on travel and tourism industry, in order to investigate the influence of five proposed dimensions of a low cost carrier’s website quality on customer e-satisfaction.

1.3 Research Questions

Based on the problem statement and research objectives, this study has been conducted to answer the following questions:

1.) What are the dimensions of website quality for low cost airlines?

2.) What is the relationship between the website quality and customer e-satisfaction within low cost airlines?
1.4 Research Objectives

The study was conducted on low cost carriers which had applied online based bookings. The following are general and specific objectives of this research:

1.4.1 General Objectives

The purpose of this study is to identify the dimensions of quality in the online context for low cost carriers and investigate how website quality dimensions can influence customer e-satisfaction. The objectives are as set out below:

- To identify the dimensions of website quality for low cost airlines.
- To investigate the relationship between the website quality and customer e-satisfaction in low cost airlines.

1.4.2 Specific Objectives

The following specific objectives will be pursued, in order to achieve the general objectives:

- To identify which website quality dimension(s) are significant in achieving website quality
- To identify which website quality dimension(s) are perceived by the customer as being important
- To investigate which website quality dimension(s) most contribute to influencing customer e-satisfaction
- To investigate whether the website quality positively or negatively influences customer e-satisfaction
1.5 Scope of Research

The purpose of this study is to determine which dimensions of website quality are applicable to the airline industry and to understand how these dimensions affect customer e-satisfaction among low cost airline passengers. The proposed dimensions of website quality include information content, navigation, responsiveness, personalization, as well as security and privacy respectively. The study was conducted on AirAsia passengers at the Low Cost Carrier Terminal (LCCT) located at Sepang, Kuala Lumpur. A response questionnaire method was used to examine the website quality issues such as information content, navigation, responsiveness, personalization, and security and privacy that impact on e-satisfaction among respondents. The survey questionnaires were distributed to a respondent sample consisting of local travelers who had experience with flight bookings via the airline’s official website.

1.6 Significance of the study

This study was conducted to examine several dimensions that are likely to influence customer e-satisfaction among local travelers. These comprise, namely: information quality, navigation, responsiveness, personalization, as well as security and privacy. The outcome of the study is crucial for academic purposes as well as for the practices of AirAsia.
1.6.1 Academic Contribution

Website quality has become a more significant issue than ever, as websites can have a profound influence upon customer satisfaction as a result of online service and behavior intention. This study helps to increase the generalizability of online airline booking studies on website quality. The procedure and findings of the research can be added to by future research in order to enhance the accuracy and credibility of the outcomes for similar research subjects. The study results may contribute to the literature on website quality and customer e-satisfaction in terms of the travel-specific sector. Further, the knowledge of website quality and customer satisfaction may be extended by enriching the preferences of individual Malaysians in the airline context.

1.6.2 Practitioner Contribution

It is important for AirAsia to understand how customers judge their website quality, since the majority of AirAsia customers make reservations online. It is hoped that the study will also help airline companies to discover which of the dimensions have the greatest impact on customer satisfaction. In addition, this study helps to review and reform the key determinants of website quality, particularly for low cost airlines. It can provide suggestions for local airline companies to undertake appropriate actions or strategies to improve website quality in order to retain and attract more customers. An organization can make a decision whether or not to enhance or upgrade the quality of the website instead of opting for a low cost strategy. In fact, it is anticipated that this study can help an airline company achieve the goal towards progress.
1.7  Key Concepts Definition

1.7.1  Customer E-Satisfaction

In this study, customer e-satisfaction refers to the degree of a customer’s satisfaction toward the quality of reservation website offered by the airline, based on prior and present experience. Customer satisfaction is defined as relating to the evaluation of customers towards a product or service provided and whether this has met their needs and expectations (Zeithaml and Bitner, 2000). According to Peter and Olson (2010), consumer satisfaction is the degree to which a product or service’s performance exceeds the consumer’s expectations. In theory, if consumers are satisfied with a particular product, brand or service offered by the organization, they will be more likely to purchase it on a regular basis and tell others about their favorable experience.

1.7.2  Website Quality

In this study, website quality refers to the quality of booking website provided by the airline company when customers access the webpage. According to the comprehensive literature mentioned in chapter 2, this study concludes that information content, navigation, responsiveness, personalization, security and privacy are dimensions by which to determine the quality of a low cost carrier’s website.
1.7.3 Information Content

Information content refers to the presentation of information or contents of products and services offered by a company on its webpage. In this study, information content refers to a low cost airline’s website which presents accurate, current, useful, concise, clear and reliable information content about the flight reservation service offered on the webpage.

1.7.4 Navigation

Navigation denotes the provision of a navigability function and availability of the website to enable customers to control and move effortlessly around the website. In this study, the low cost airline provides a sequence of pages having, specifically: a well organized layout, consistency of navigation protocols, speediness, ease of use (ease in searching, operating, accessing, and carrying out transactions), and a generally user-friendly website.

1.7.5 Responsiveness

Responsiveness indicates the readiness of the company to provide online responses to customers who have encountered problems and enquiries in the online environment. It involves interaction between the company and customers so as to build a pleasant customer relationship on the website. In this study, the ability of the airline company to provide prompt, relevant and accurate responses via online service (email, online help system, etc) to customers is analyzed.
1.7.6 Personalization

Personalization refers to the capacity of the company website to provide individualized attention and service customization based on personal preferences to best fit an online user’s specific needs and create an individual user experience. This study examines the ability of low cost airlines to provide differentiated services, such as: the provision of individualized attention and care for its customers, understanding of the specific needs of customers, and offering of services related to convenience, in order to meet different individual needs via the website.

1.7.7 Security and Privacy

Security and privacy refer to the ability of a company’s website to provide adequate online security protection to create confidence, trust, confidentiality, and a feeling of safety for its customers when purchasing services on the website. This study analyzes the capacity of a low cost airline’s reservation website to provide trustworthy services for its customers. This is achieved by protection of customers’ information, site reputation and confirmation of payment, in order to ensure the customer’s trust and safety while on the website. It must also ensure that customers are protected from intrusion and that they have confidence when purchasing services.
1.8 Thesis Outline

This thesis covers five chapters. The first chapter outlines the background, problem statement, research objectives, research scope, and significance of the study. It is followed by chapter 2 which reviews literature on four major disciplines including e-service quality model, airline website evaluation instrument, online motivation orientation, as well as previous studies of e-service quality within the travel and tourism industry. In addition, proposed hypotheses and conceptual frameworks are also discussed. Chapter three describes the research methodology utilized in this study. Chapter four presents the results and data analysis. Finally, chapter five discusses the research findings, implications, and recommendations for future research with respect to the limitations of this study.

1.9 Conclusion

This research has examined the study of the relationship of website quality and customer e-satisfaction in a low cost carrier in Malaysia. The purpose was to explain that with products and services now being delivered via an online platform, a website’s quality and potential to provide customer e-satisfaction are extremely important for the site to be successful and survive in the future. The problem statement, research objectives, and research questions have been developed based on previous literature studies. Chapter 2 discusses in depth literature on four major disciplines including: e-service quality model, airline website evaluation instrument, online motivation orientation, and previous studies of e-service quality within the travel and tourism industry, also in addition to the proposed research framework.
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