FACTORS THAT INFLUENCE CUSTOMER SATISFACTION AND BEHAVIOURAL INTENTIONS IN AIRLINE INDUSTRY

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ii

DECLARATION

We hereby declare that:

(1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the research project.

(4) The word count of this research report is 24,296 words.

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DEDICATION

We wish to dedicate this research study to our parents who continually provided their support, encouragement, motivation and understanding throughout the period of this research study. We really appreciate everything that they had given to us and playing a role of our strength and inspiration.

Besides that, researchers also wish to dedicate this research study to our beloved and respectable supervisor, Mr. Alexander Tay Guan Meng who provided us valuable guidance and assistance throughout the completion of this research project.

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TABLE OF CONTENTS

Page

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

xvi   Page

LIST OF APPENDICES

LIST OF ABBREVATIONS

xvii

BI   Brand Image

CS   Customer Satisfaction

LCCs   Low-Cost Carriers

FSCs   Full-Service Carriers

PSQ   Perceived Service Quality

PV   Perceived Value

SPSS   Statistical Package for Social Science

PREFACE

This research project unit UKMZ3016 Research Project is done by four Bachelor of International Business students in order to complete their degree program. The title of the thesis is "Factors that influence customer satisfaction and behavioural intentions in airline industry". It is also a project that assembles the intellectual interest and critical thinking among the undergraduates besides their regular responsibilities. This enhances the integration of capabilities and abilities of the undergraduates in the application of theoretical elements.

This study is conducted in order to investigate the significance of relationship of the factors that can influence the customer satisfaction and behavioural intentions in the airline industry. The contributors toward customer satisfaction and behavioural intentions in airline industry are identified in this research study to be perceived value, perceived service quality, and brand image. The emerging number of studies in various parts of the world has given a chance for the researches to conduct this study in order to comprehend this area and wider context. Result of the reference for public to practice on customer satisfaction and behavioural intentions in airline industry.

Finally with hope, this research study can provide a better understanding on the customer satisfaction and behavioural intentions in airline industry.

ABSTRACT

The most concern part of this study would be the factors perceived value, perceived service quality, and brand image as they are the most influential factors that affecting customer satisfaction and behavioural intentions in airline industry. A paradigm shift was recorded in terms of the ease of transportation and reliability of the airlines corporations across the globe. The airline industry has played an important role in the global economy especially in serving as a vital component in the tourism industry and remains essential to the conduct of international business.

The main concern of any airlines corporation would always be fulfilling the customers' needs by providing benefits and services at the top of its class. Customer satisfaction and behavioural intentions remain essential in reflecting sales profitability and sustainability of the firm. This creates an attention for the researchers to investigate the key factors that affects the customer satisfaction and behavioural intentions in airline industry. Hence, this study aims to determine the significance of contributing factors toward customer satisfaction and behavioural intentions in low-cost carriers (LCCs) and full-service carriers (FSCs).

The purpose of this study was to examine factors that influence the customer satisfaction and behavioural intentions in airline industry. The data for this study was collected using survey questionnaire. For this research, the targeted population is business and/or leisure travellers who have flight experience either with LCCs or FSCs. A sample population of 200 students was distributed to passengers who had at least one flight experience with either LCCs or FSCs. The data was gathered from passengers who were waiting for their flights in Kuala Lumpur International Airport (KLIA) and Low Cost Carrier Terminal (LCCT). Moreover, the statistical package for Social Sciences (SPSS) is being used to analyze the data collected throughout the survey. A few recommendations are presented to propose beneficial suggestions and call for further studies.

CHAPTER 1: RESEARCH OVERVIEW

1.0   Introduction

With the increasing encouragement from government to boost up tourism industry, airlines play a significant role in delivering air transport services for travelling passengers to travel from one country to another country. The purpose of this research is to provide researchers a more in-depth knowledge on customer satisfaction and behavioural intentions in low-cost carriers (LCCs) and full-service carriers (FSCs).

In chapter 1, researchers will first explain the background of the research in order to grasp readers' attention by providing them the context of the research. Next, researchers will describe the problem statement which will direct them into more investigation in order to find the right answers. Furthermore, researchers will develop research objectives and research questions to address the purpose of the research and produce clear conclusion. In addition, researchers will develop hypotheses for quantitative research. Moreover, researchers will identify the significance of the research to explain the importance of the research. Lastly, researchers will present the chapter layout and conclusion to summarize each chapter of the research report.

1.1   Research Background

This section provides the overview for the broad field of the research with the aims to direct the readers and catch their attention in this research. This research project would commence with comment about global airline industry, types of airline carrier and the developments of Malaysia's airline industry. The explanation of significant of customer satisfaction and behavioural intentions toward the types of carrier are also shown in this section.

1.1.1   Global Airline Industry

In 1978, U.S airline industry has significant changes in its fares, services and markets when Congress has passed the Airline Deregulation Act (Deregulation). Deregulation has a great impact on U.S. economy as it lowers the barriers to entry and caused the airline industry to become more competitive. When the market becomes competitive, consumers would be able to enjoy lower fares as well as better service. According to Bailey, Graham and Kaplan (1985), deregulation will have a direct impact on the route system as a result of free market entry. In other words, airline industry is now able to fly from home country to another country without restrictions. The nature of free market entry has provided opportunity for the airline industry to expand its market share. However, airline companies who are unable to survive under deregulation policy are forced to go under bankruptcy or merge with other airlines companies.

According to Bureau of Transportation Statistics Form 41 (2013), there are eight operating expenses incurred by the airline companies for their daily

operations: fuel, passenger service, maintenance, aircraft and traffic servicing, promotion and sales, general and administrative, depreciation and amortization, and labour. As these expenses getting more and more expensive, the profit of the airline companies will decline or even suffer loss. One of the operating expenses shown in Table 1.1 has indicated that the fuel cost is increasingly expensive from year 2000 to 2012 with cost from \$0.80 to \$3.17 per gallon. Airline companies may have to increase the fare prices in order to cover the increased fuel cost and maintain their profit. However, when the fare prices increase, this may drive the passengers to switch to other airlines. This indicates that fuel cost becomes one of the significant factors that caused airlines have to compete with each other to get more passengers to fly with their airlines. In order to increase their profit margin, airline companies may need to improve their service quality to retain their customers and build loyalty.

Table 1.1 Airline fuel cost and consumption from 2000 to 2012

Year	Consumption (million gallons)	Cost per gallon ($)
2000	19026.2	0.80
2001	18067.6	0.78
2002	16858.7	0.71
2003	16868.0	0.84
2004	18144.7	1.15
2005	18324.5	1.65
2006	18239.7	1.95
2007	18426.8	2.09
2008	17978.4	3.06
2009	16234.0	1.89
2010	16302.6	2.23
2011	16384.7	2.86
2012	16003.8	3.17

Source: Bureau of Transportation Statistics F41 Schedule P12A (April 11, 2013)

1.1.2 Low-Cost Carriers (LCCs) and Full-Service Carriers (FSCs)

Table 1.2: Difference between low-cost carriers (LCCs) and full service carriers (FSCs)

Characteristics	Low-Cost Carriers (LCCs)	Full-Service Carriers (FSCs)
Brand	One brand: low price	Extended brand: price/service
Price	Simple pricing structure	Complex pricing structure
Distribution	Internet, direct booking	Internet, direct, and agent
Checking in	No ticket (usually)	Ticket, no ticket
Network	Point-to-point	Hub-and-spoke
Classes	One class	Multiple classes
During flight	No frills	Frills (free food and beverages)
Aircraft usage (load factor)	Very intensive	Average - intensive
Aircraft type	One type	Multiple types
Turnaround times	25 minutes (or so)	Slow: congestion/complexity
Customer service	Generally underperforms	Full service, offers reliability

Adapted from: O'Connell, J. F., & Williams, G. (2005). Passengers' perceptions of low cost airlines and full service carriers: A case study involving Ryanair, Aer Lingus, Air Asia and Malaysia Airlines. *Journal of Air Transport Management, 11*, 259–272.

The airline industry now has been divided into two types of carrier, which are low-cost carriers (LCCs) and full-service carriers (FSCs). A FSC is an airline company developed from the former state-owned flag carrier who provides more comprehensive service to passengers than LCC. LCC is defined as budget carrier that applies extra charges for food, priority boarding, seat allocating and others. The concept of LCC came from Southwest Airlines in Texas, United States at the beginning of 1970s (Cento, 2009) and now is being applied by many airlines. Table 1.2 shows the differences between LCCs and FSCs.

These two types of carrier place priorities in different aspect from each other. With the existence of these carriers, it gives the public the opportunity to choose which carrier they would like to fly with. Not everyone's perceptions and needs are alike; some may choose to fly with LCCs while some would prefer flying with FSCs, either that could give them a high level of satisfaction. According to O'Connell and Williams (2005), low fare is the primary reason for passengers to select LCCs, while passengers who select FSCs are mainly because of the additional product and services provided by the airlines. This does not mean that FSCs' customers are price insensitivity, but they are more willing to pay higher fare for the additional airlines service offered by FSCs.

1.1.3 Malaysia Airline Market

Malaysia Airline Market started on 2 April 1947. The first airline company was Malayan Airways Limited (MAL) who took to the skies with its first commercial flight as the national airline. As Malaysia gained independence, the airline changed its name to Malaysian Airlines Limited which was later

branded Malaysia Airlines (MAS) and continues to be the Malaysia's national flag carrier (Malaysian Airline System Berhad, 2013).

Nowadays, Malaysia airline market become extremely competitive as there is increasing number of airlines available in the sky (refer to table 1.3). Therefore, a better service quality and lower fare are becoming important elements to attract passengers to take the particular airlines. This has been supported by Jou, Lam, Hensheer, Chen, and Kou (2008), who stated that service quality and price are the consideration of passengers when they are choosing an airline company.

Table 1.3 List of airlines in Malaysia

Airline Company	Commenced Operations	Business Model
Malaysia Airlines	1972	Full-service Carrier
Sabah Air	1975	Full-service Carrier
Berjaya Air	1989	Full-service Carrier
Air Asia	1996	Low-cost Carrier
Air Asia X	2007	Low-cost Carrier
Firefly	2007	Low-cost Carrier
Eaglexpress	2012	Full-service Carrier
Malindo Air	2013	Low-cost Carrier

Source: Developed for the research

To meet the needs of passengers who are looking for the flight with minimum cost, LCCs continue to develop and expand their business. In order to compete with LCCs as low fare's benefit, many airlines have turned to focus on delivery higher level of service quality so that passengers would choose to fly with them and at the same time, satisfy passengers and to increase the efficiency of airline brands (Holtbrugge, Wilson, & Berg, 2006). According to Assaf (2009), airlines may lower their flight ticket to attract

more passengers, however, despite the price factors, the decision for passengers to flight with particular airlines depends on the efficiency that an airline would able to provide. In this case, both FSCs and LCCs have to emphasize on service quality to provide good flight experience in order to retain passengers.

In a highly competitive market, a customer's perceived value is important to a company with the purpose of knowing what the customers actually value based on their perceptions. This is because the studies of McDougall and Levesque (2000); Pura (2005) had found out that customer perceived value can significantly influence customer satisfaction and behavioural intentions across industries especially in the service sectors. A customer may perceive the value of a certain product or service based on the quality that it provides. Therefore, an airline company needs to ensure that it provides the customers a high quality service in order to achieve customer satisfaction which can drive customers to repurchase.

In order to compete with others, the provision of high quality service is the core component for an airline company to sustain and maximize the profit (Chen, 2008). According to Park, Robertson, and Wu (2004); Morash and Ozment (1994), a firm's competitive advantage is strongly influenced by service quality in a way of encouraging customer re-patronage intentions. By understanding the importance of service quality, airline companies are able to focus on providing the necessary resources and infrastructures to support the elements (tangible, reliability, assurance, responsiveness and empathy) which can stimulate and improve customer satisfaction to the airline companies.

Besides, brand image is a valuable asset for a company. According to Andreassen and Lindestad (1998), a company's image can influence on

customer behaviour, mainly in the service industry. By building a distinctive image, companies will be able to differentiate them from competitors and communicate its advantage and positioning towards a target market. Specifically, most of the customer may use brand image to judge the service quality provided by the particular company. Therefore, effective management of airlines image is particularly important in generating customer satisfaction, and subsequently behavioural intentions.

Nowadays, customer satisfaction has become a key element for airlines industry. Airline companies become more emphasizing on the way to increase customer satisfaction. This is because several researches have concluded that the customer satisfaction will lead to customer retention. There is always a reason for a company to retain their customers rather than attracting new customers. As compared to attract new customers, it shows that retaining customers has a stronger impact on a company's profit (Reichheld & Sasser, 1990). They determined that zero defection in customer satisfaction will enable the companies to maximize their profits.

Often, customer satisfaction does not necessarily create profit to the airline companies rather than behavioural intentions. According to Zeithaml, Berry, and Parasuraman (1996), behavioural intentions can be seen as two dimensions—favourable behavioural dimensions and unfavourable behavioural dimensions. Satisfied customers will spread positive word-of-mouth, have high repeat purchase intention and also insensitive to price. Conversely, customers may make a complaint or switch to competitors if they are dissatisfied. Thus, airline companies may have to understand what drive customers to behave positively in the future in order to increase their profit margin. They also have to work against negative behaviour taken by customers to maintain their reputation.

1.2   Problem Statement

As it is known, the airline industry has now been divided into two types of carriers – LCCs and FSCs, and there are many factors that could lead passengers to fly with either one type. According to Gillen and Morrison (2003), FSCs are now appears to be under increasing threat in the airline industry around the world. This can be due to that passengers prefer flying with LCCs instead of FSCs. In supporting this, Gillen and Morrison (2003) had also stated that LCCs have become a global phenomenon and have been perceived as a competitive threat to FSCs, which subsequently lead to FSCs decreasing performance and market shares.

LCCs have made significant impacts in the world's domestic markets, which had previously been mainly controlled by FSCs (O'Connell & Williams, 2005). Often, passengers play an important role for the success of the airline companies, and subsequently affect the profitability of the companies. There are few factors for customers to choose LCCs over FSCs, or vice versa. According to O'Connell and Williams (2005), passengers that choose LCCs mainly due to low costs, while passengers that choose FSCs because of extra services that are provided. However, besides these factors, there could be other factors that drive customers to use LCCs or FSCs. For example, if the price of LCCs increases, customers will not necessarily remain loyal or even switch to other carriers. On the other hand, FSCs may need to often improve their service quality in order to compete with LCCs. With the provision of high service quality, FSCs may be able to maintain their customers and profits. However, there could have other factors that can help FSCs to compete and sustain in the airline industry. In short, the factors that affect customers' decision on their flight may need to be examined and studied.

Passengers are more likely to choose the type of carrier that could provide them the highest level of satisfaction. However, not all customers are, they could

perceive satisfaction differently from each other. For example, customers who choose LCCs may because they would prefer flying in low cost while customers that choose FSCs is due to high reliability and availability of different services. Therefore, research is conducted to understand whether there is a significant difference between LCCs and FSCs.

Past studies that have been done in comparing why customers would choose LCCs or FSCs focus more on a global perspective. Within the Malaysia context, only limited empirical evidences were found. Furthermore, there is also limited evidence to explore perceived value, service quality, brand image, customer satisfaction, and behavioural intentions in LCCs and FSCs among Malaysia's customers (Yeoh & Kim, 2011).

Therefore, this research is carried out in order to identify which variables between perceived value, service quality, and brand image are the most significant when customers choose to fly with LCCs or FSCs.

1.3   Research Objectives

The objective of this research is to solve the problem statement as stated above by forming the general objective, which will then be developed further into specific objectives.

1.3.1 General Objective

The main objective of carrying out this research is to identify the factors that will customer satisfaction and behavioural intentions in LCCs and FSCs. It attempts to observe and study whether factors (perceived value, perceived service quality, and brand image) are able to influence the customer satisfaction and behavioural intentions in choosing LCCs and FSCs.

1.3.2 Specific Objectives

The objectives for this research are as follows:

1. To identify the main significant factors that influence customer satisfaction and behavioural intentions between LCCs and FSCs

2. To examine the significant relationship between perceived value and customer satisfaction in LCCs and FSCs

3. To examine the significant relationship between perceived service quality and customer satisfaction in LCCs and FSCs

4. To examine the significant relationship between brand image and customer satisfaction in LCCs and FSCs

5. To examine the significant relationship between customer satisfaction and behavioural intentions in LCCs and FSCs

6. To examine the significant difference between the types of airline carrier and customer satisfaction.

1.4   Research Questions

The questions for this research are as follows:

1. What are the main significant factors that influence customer satisfaction and behavioural intentions between LCCs and FSCs?

2. Is there any significant relationship between perceived value and customer satisfaction in LCCs and FSCs?

3. Is there any significant relationship between perceived service quality and customer satisfaction in LCCs and FSCs?

4. Is there any significant relationship between brand image and customer satisfaction in LCCs and FSCs?

5. Is there any significant relationship between customer satisfaction and behavioural intentions in LCCs and FSCs?

6. Is there are significant differences between the types of airline carrier and customer satisfaction.

1.5   Hypotheses of the Study (for quantitative research)

1. H_1: Perceived value has a significant impact on customer satisfaction.
    * H_{1a}: Perceived value has a significant impact on customer satisfaction in low-cost carriers (LCCs).
    * H_{1b}: Perceived value has a significant impact on customer satisfaction in full-service carriers (FSCs).

2. H_2: Perceived service quality has a significant impact on customer satisfaction.

   - H_{2a}: Perceived service quality has a significant impact on customer satisfaction in low-cost carriers (LCCs).

   - H_{2b}: Perceived service quality has a significant impact on customer satisfaction in full-service carriers (FSCs).

3. H_3: Brand image has a significant impact on customer satisfaction.

   - H_{3a}: Brand image has a significant impact on customer satisfaction in low-cost carriers (LCCs).

   - H_{3b}: Brand image has a significant impact on customer satisfaction in full-service carriers (FSCs).

4. H_4: Customer satisfaction has a significant impact on customer's behavioural intentions.

   - H_{4a}: Customer satisfaction has a significant impact on customer's behavioural intentions in low-cost carriers (LCCs).

   - H_{4b}: Customer satisfaction has a significant impact on customer's behavioural intentions in full-service carriers (FSCs).

5. H_5: There are significant differences between the types of airline model and customer satisfaction.

1.6   Significance of the Study

This research aims to examine the factors—perceived value, perceived service quality and brand image that will influence customer satisfaction and behavioural intentions in both LCCs and FSCs. This research may provide better understanding and insight for both airline carriers on what drive customer

satisfaction and their behavioural intentions by determining which variable has the most significant relationship with them.

From the company perspective, this study may provide better understanding and knowledge on the customer satisfaction and behavioural intentions to them. Airline industry is considered as a competitive market as well as high operational cost business due to fuel price increases has lowered the profit margin of airline industry. The competitive nature has caused many researchers interested in studying the sustainability of the airline company especially when customer loyalty is low in the industry. Thus, better understanding on what drives customer satisfaction will help the airline companies to increase their customer retention as well as profit.

In addition, there is no empirical study has investigated these constructs in a single framework, so the complicated interrelationships among these constructs have not been fully uncovered and understood. Although previous studies examined the moderating effect of customer satisfaction on the service quality—behavioural intentions, its impact on the relationship between perceived value or brand image and behavioural intentions has been ignored. Hence, this study will allow researchers to study these constructs in a single framework and allow airline industry to consider the most significant factor that influence customer satisfaction and behavioural intentions.

Lastly, by comparing two airline carriers, it identifies the differences and benefits between both FSCs and LCCs. Since the study focus on post-consumption behaviour, hence customers prior to experience a flight from any of these carriers may benefit from this study as it increase customers' knowledge on the service level, value and brand image that different carriers may provide.

1.7   Chapter Layout

The body of this research project consists of five chapters. Each of the chapters will link to one another to complete the whole research. The chapters concerned are shown as follows:

1.7.1 Chapter 1: Research Overview

Chapter one is the introductory chapter which provides a brief overview of the entire research project and clear information on what the research is all about. This chapter outlines the research background as well as the problem statement of the study. Hereby, it also discusses the research objective to be achieved, the research questions to be answered and the hypotheses to be tested. The significance of the study will also be explained in this chapter.

1.7.2 Chapter 2: Literature Review

Chapter two consists of comprehensive review of information from previous researches that are available on the study topics. This chapter is to build a theoretical foundation for the research by recovering relevant journals and articles to identify research issues which are worth researching. Hence, this chapter also provides the foundation to developing a good theoretical or conceptual framework to proceed with further investigation and hypotheses testing.

1.7.3 Chapter 3: Methodology

This chapter is the description of methodology which addressed how the research is carried out in term of research design, data collection method, sampling design, operational definitions of constructs, measurement scales, and methods of data analysis.

1.7.4 Chapter 4: Data Analysis

The patterns of the results and analyses of the results which are relevant to the research questions and hypotheses will be presented in this chapter. All information collected from respondents are examined, processed and interpreted through a sequence of analysis that includes descriptive analysis, scale measurement and inferential analysis.

1.7.5 Chapter 5: Discussion, Conclusion and Implications

Chapter five concludes the whole research study context. This chapter includes the summary of statistical analyses, discussion on the major findings to validate the research objective and hypotheses. The limitation of the study will be discussed and provide the appropriate recommendations for future research.

1.8   Conclusion

In summary, researchers have presented a brief introduction on global airline industry and the two types of airline carrier (LCCs and FSCs), importance of study, an overview background of research, problem statement, and establishment of research objectives, research questions and hypotheses. Proceeding to chapter 2, several past relevant researches done by other researchers will be presented to provide a clearer picture of the study.

CHAPTER 2: LITERATURE REVIEW

2.0   Introduction

According to Anderson, Fornell and Lehmann (1994), the study of customer satisfaction/dissatisfaction is important as it associates with an organization's current and future performance and is an important source of sustainable competitive advantage (Rust, Zeithaml & Lemon, 2000). The variable of 'intention to repurchase the same airline service' has been taken as the indicator of post-purchase behaviour in an airline service context (Bigne & Sanchez, 2001; Boulding, Kalra, Staelin & Zeithaml, 1993; Cronin & Taylor, 1992). Hence, perceived value, perceived service quality, brand image and satisfaction all seem to have good predictors of repurchase of retentions while the relationship between them still remains unclear.

Researchers identifies that there are several factors could possibly influence the overall customer satisfaction and behavioural intentions. The purpose of this study is mainly to examine the factors of perceived value, perceived service quality and brand image and their relationships with overall customer satisfaction and behavioural intentions in an airline service context.

2.1   Review of literature

In this section, a review of relevant constructs, methodologies as well as findings that contributed to the research topic was conducted. The discussions of dependent variable—behavioural intentions, three independent variables (perceived value, perceived service quality and brand image) and one mediating variable (customer satisfaction) are shown.

2.1.1   Behavioural Intentions

Behavioural intentions are a signal that affects an individual's willingness to perform certain behaviour. According to Oliver and Swan (1989), behavioural intention is defined as an individual's anticipated or planned future behaviour. Jaccard and King (1977) defined behavioural intentions as "a perceived relation between oneself and some behaviour" (p. 328). Other researches such as Theory of Reasoned Action (TRA), the Theory of Planned Behavior (TPB), and Behavioral Reasoning Theory (BRT) also state that behavioural intention is important indicators of customers' future behaviours (Ajzen, 1985; Baker & Crompton, 2000; Fishbein & Ajzen, 1975; Westaby, 2005). According to these models, customers' behavioural intentions are based on attitudes toward behaviour, the subjective norm, and perceived control with each predictor weighted for its importance in relation to performance of the behaviour that trigger future behaviour.

Besides, behavioural intention represents an individual's expectancies about a particular behaviour in a given setting and can be operationalized as the likelihood to act (Fishbein & Ajzen, 1975). Based on the study of Zeithaml et al. (1996), behavioural intention is seen as a predictor whether a customer

will continue to consume a company's services or defect from the company and switch to competitors. Therefore, behavioural intention is very important to an organization, by better understanding of the customer behaviour, marketers and managers will be able to develop and tailor their products and services with more appropriate marketing strategies to attract new customers and help to retain existing ones. Zeithaml et al. (1996) have classified customers' behavioural intentions into two dimensions which are favourable behavioural dimensions (word-of-mouth communication, purchase intentions, and price sensitivity) and unfavourable behavioural dimensions (complaining behaviour).

2.1.1.1   Favourable Behavioural Dimension

Favourable behavioural intention is a certain behaviours that show customers are forging a relationship with a company. Customers will be indicated behaviourally connecting with the company when they praise the firm, express the company as their preference over others, increase their usages, or willingness to pay a price premium. Zeithaml et al. (1996) indicate that favourable behavioural intention is associated with a service provider's ability to get its customers to: (1) say positive things about companies (Boulding et al., 1993), (2) recommend them to other customers, Parasuraman, Zeithaml, & Berry, 1988; Reichheld & Sasser, 1990), (3) pay premium price and (4) remain loyal to them (i.e., repurchase from them) (LaBarbera & Mazursky, 1983; Newman & Werbel, 1973; Rust & Zahorik, 1993). One or more of these four proposed constructs have been used in several studies to examine the outcomes of quality (Baker & Crompton, 2000; Oh, 1999), value (Bojanic, 1996; Petrick & Bachman, 2002), and satisfaction (Spreng, MacKenzie, & Olshavsky, 1996; Tam, 2000). Thus, quality, perceived value and satisfaction can be seen as good predictors for behavioural intention. For instance,

when customer is satisfied with service quality provided by the company, the customer behaviour is apt to be favourable (Zeithaml et al., 1996). As mentioned above, the favourable action taken by customer can be interpreted in term of word-of-mouth, purchase intention and price sensitivity.

Word-of-mouth (WOM) communication is about people sharing experience regarding the services that offered by the company with their friends and family through this type of communication (Kim, Ng, & Kim, 2009). In other word, WOM is the flow of information either positive or negative about the company, product and service based on the use experience of customers. According to Dellarocas (2003), WOM is the external source of marketplace information that can influence customers' decision. This is because WOM refers to interpersonal communication concerning the assessment of products or service of interest (Arndt, 1967). Customers may typically rely on WOM to acquire information when they have no experienced on the certain product or service (Bansal & Voyer, 2000). Struebing (1996) stated that revenue streams can be generated by attracting new customers via word-of-mouth recommendations and increasing the percentage of repeat customers. Thus, WOM plays an important role in explaining consumer attitude and behaviour toward specific products and services.

Purchase intention is a type of cognition that describes the intention of an individual to purchase a specific brand or product (Khan, Ghauri & Majeed, 2012). While Wu, Yeh and Hsiao (2011) defined purchase intention as the possibility of consumers to plan and their willingness of purchase a certain product or service in the future. Thus, purchase intention is one of the significant predictors for customer behaviour which will propel customers to take an actual purchase action. The study of Kim and Lee (2011) reported that satisfaction could be used

to predict the customers' purchase intention in the future. When customers are satisfied, the probability of purchase will be high.

Price is one of the marketing mixes that important to marketer in deciding the price. According to Kim and Lee (2011), *price sensitivity* refers to the willingness of the customer to pay more for getting a particular services or products. Monroe (1973) defined price sensitivity as the degree of awareness and response exhibited by consumers when facing changes in prices of products or services. Customers are less price sensitivity when a company provides better service quality, customer satisfaction and perceived value (Swaid & Wigand, 2009; Zeithaml et al., 1996).

2.1.1.2   Unfavourable Behavioural Dimensions

As the perceived service quality of a delivered service diminishes, the customer's behavioural intentions become more unfavourable (Zeithaml et al., 1996). The unfavourable behavioural intentions include complaining behaviour and contemplation of switching to competitors (Lobo, Maritz & Mehta, 2007; Parasuraman et al., 1988). Compared with the study of Zeithaml et al. (1996), unfavourable behavioural intentions included customer complaints and a multi-faceted concept (voice responses, private responses, and third-party responses).

When customers perceived service performance are inferior, they are likely to express behaviours that will damage the company. These behaviours include complaining, which is viewed by many researchers as a combination of negative responses that stem from dissatisfaction

and predictor accompany defection (Richins, 1983). Although unhappy customer will make a complaint, it can be seen as an opportunity for a company to adjust particular factors as a means of intervention to achieve a desired outcome based on customer's evaluation of the service experience. As the main reason for complaining is displeasure with service delivery, many companies have employed advanced complaint systems that can help in managing individual complaints and elevating customer satisfaction (McAlister & Erffmeyer, 2003). In fact, according to the Zeithaml and Bitner (2000), dissatisfied customers who make a complaint tend to have higher repurchase intention as compared to those dissatisfied customers who do not complain.

2.1.2 Perceived value

The role of value has been becoming an increasing concern to both marketers and consumers as it is one of the most powerful tools in the marketplace today (Dodds, 1991). In marketing, value is more likely described from the perspective of a consumer. As it is known, perceived value has been the topic of much interest in the literature relating to marketing since the early 1990s. However, there is yet to be a distinct and widely accepted definition of perceived value even though this dimension has been gaining increasing attention (McDougall & Levesque, 2000). Generally, according to a more accepted definition of Zeithaml (1988), perceived value is defined as the judgment or evaluation made by a consumer based on the comparison between the advantages or utility obtained from, a product, service, or relationship, and the perceived sacrifices or costs. More specifically, Lovelock (2000) provided that perceived value can be summarized as a trade-off between the perceived benefits and perceived costs of a product, service, or relationship. In

addition, Zeithaml (1988) also stated that perceived value differs depending on the types of products or services provided, as well as the personal characteristics of the consumers.

According to Kuo, Wu, and Deng (2009), it is argued that perceived value is the difference between an amount of money that a consumer is willing to pay and the amount that is actually paid for a product or service. However, past researches that were done indicated that perceived value as a mere trade-off between quality and price is insufficient to gain competitive advantage (Rintamaki, Kanto, Kuusela, & Spence, 2006). Perceived value has been included in some hospitality and marketing literature with a single-item scale to measure customer perceived value in terms of "value for money". However, Al-Sabbahy, Ekinci, and Riley (2004); Bolton and Drew (1991) stated that perceived value should not be regarded as a result of a trade-off between an overall quality and sacrifice, and insisted that a single-item scale is not able to fully cover the concept of perceived value, because perceived value is much more complex and is constructed with multiple dimensions. Therefore, many researchers argued and recommended that perceived value should be measured using multiple-item scale because the end result of a consumer's choice is due to multiple value perceptions (Petrick, 2002; Sweeney & Soutar, 2001).

Past researches have indicated that there are inconsistencies between consumer perceived value (CPV) and what they actually value. Therefore, organizations should have a clear and thorough understanding of CPV. A number of researchers have come up with different dimensions to measure CPV. Kantamneni and Coulson (1996) suggested four dimensions— social value, experiential value, functional value, and market value; Grewal, Monroe, and Krishnan (1998) used two dimensions – perceived acquisition value and perceived transaction value; Parasuraman and Grewal (2000) suggested five dimensions – perceived acquisition value, perceived transaction value, in-use value, redemption value, and post-purchase value.

Sweeney and Soutar (2001) indicated that the CPV model should be improved with better designed dimensions that can identify the significant values perceived by consumers more accurately. They identified four dimensions of CPV – emotional value, functional value, social value, and monetary value, and termed these dimensions as PERVAL. According to Sweeney and Soutar (2001), *emotional value* refers to the feelings or affective states that a product or service provides; *functional value* is the usefulness and effectiveness resulted from the perceived quality and expected performance of using the product or service; *social value* is when consumers feel there is a connection to others when using the product or service; and lastly, *monetary value* is the satisfaction in terms of effort, cost, or time spent using the product or service. Since their CPV study model was published, it has ever since been used or applied in many conceptual and empirical studies. Due to its high accountability of the CPV model and its high ability to apply in empirical analysis, Sweeney and Soutar's (2001) PERVAL dimensions have been generally accepted as one of the best instruments to study CPV (Yang & Peterson, 2004).

2.1.3 Perceived Service Quality

During previous time, service quality was not a major element that organization will focus to achieve business performance. However, today's competitive environment has made service quality important and is a critical factor that determines the successful of an organization (Parasuraman et al., 1988). Service quality is defined as the difference between customer's expectation for service performance and customer's perception on the actual service received (Asubonteng, Mccleary & Swan, 1996). Chen and Chang (2005) suggested that service quality is a process; they have divided the process of airline industry into ground and in-flight services and assume that passengers' expectations is vary for each of the processes.

According to Chang and Yeh (2002), the competitive advantage of an airline company is passengers perceived service quality. Passengers perceived service quality will act as an antecedent of customer satisfaction and impact on customer's purchase intention (Cronin & Taylor, 1992). Service quality is a basis of efficiency which leads to profitability (Carlzon, 1987). According to Gilbert and Wong (2003), to sustain in this highly competitive environment, perceived service quality is very important for an airline company. And, Carlzon (1987) has identified the valuable asset of the airline is passengers. Thus, improving service quality to meet passengers' expectation is critical for the airline company to sustain its business.

Initially, Parasuraman et al. (1988) introduced a ten dimensions model to measure service quality. However, after they revised their model, the ten dimensions of service quality has reduced to five which today, known as SERVQUAL model, a famous model that has been widely used in many industries. Fick and Ritchie (1991) have used this SERVQUAL model in measuring airline service quality as well. The five dimensions of service quality are tangibles, reliability, responsiveness, assurance and empathy.

Park et al. (2004) have defined the five dimensions of service quality as below:

1. *Tangible* is refer to the physical facilities of the airline company, for instances, seating comfort, in-flight entertainment service such as books, magazines, newspapers, games and movies, appearance of the employees, seat space and legroom, and meal service in terms of freshness, quantity and appearance.
2. *Reliability* is referred to the ability of an airline company to perform service dependably and accurately. This can be measured by on-time performance, efficiency of check-in process, and accuracy of reservations and ticketing.

3. *Responsiveness* can be described as the willingness of an airline employee to solve service problem such as flight cancellation and baggage loss, response to emergency situation, prompt and accuracy of baggage delivery.

4. *Assurance* is related to the ability to inspire trust and confidence in knowledge to answer question and show courtesy to passengers.

5. *Empathy* is referred to the service dimension that focus on individual attention or care, for instances, providing the seats for passenger that he or she prefers or pre-order system for passenger to cater their meal.

According to Parasuraman, Berry and Zeithamal (1991), reliability is the outcome of the service while tangibles, responsiveness, assurance and empathy are the process of delivering service to passengers. If the airline company is able to provide service that meet passengers' expectation, then the airline company is considered reliable. But, if the airline company is able to outperform passengers' expectation, this will help the airline company to create passengers' loyalty.

The perception of service quality may be different for FSCs and LCCs passengers. FSCs may provide a full range of service such as free meals, clean and functional cabin facilities, clear and unambiguous announcements, on-time departure, and crew showing courtesy and trustworthiness to passengers, however FSCs who followed a differentiation strategy charge higher price compared to LCCs who used no-frills and low-cost strategy. Since LCCs used no-frills and low-cost strategy, hence they place less priority in service quality such as no free food and beverages was provided, frequent flight delays, small and uncomfortable seats, and lack of parking facilities.

According to Bamford and Xystouri (2005), compared to FSCs, LCCs always have a problem in delivering quality service to passengers especially

in terms of punctuality and personnel problem-solving skills. If this is the case, LCCs passengers perceived service quality will be low, especially when the business passenger considered punctuality as the main element to evaluate service quality. Low perceived service quality is likely to cause dissatisfaction and passenger intention not to repurchase from LCCs. In Malaysia context, few studies has shown that the service quality performed by FSC seems to be better than LCCs (Adli, Fong & Lim, 2005; Kalthom, Hazilah & Kamariah, 2007; Zainol & Romle, 2007).

2.1.4 Brand Image

Brand image is generally an accepted image of what a company stands for, and it is designed to be appealing to the public. According to Keller (1993), brand image is regarded as the brand associations held in consumer memory towards the company's brand. While Chu, Chang, Lee, and Yau (2012) have stated that brand image is the basis of how consumers evaluate the product or service quality. In other words, by assessing company's brand image, customers are able to infer their awareness of the product or service or maintain their quality consciousness to the product or service. Thus, it is relatively important for a company to build a distinct brand image to attract customers and motivate them to purchase. As Connor and Davidson (1997) asserted that a company with a good image perceived by customers is more likely to gain competitive advantage in the marketplace as it will affect the consumers on the intention of purchase.

Besides, past research study has indicated that brand image is an important factor in the overall evaluation of the service and the company (Gronroos, 1984). This is because brand image is able to influence customers' perception towards the services offered by a company (Zeithaml & Bitner,

1996). In supporting that, Andreassen and Lindestad (1998) have also indicated that brand image can influence a customer's choice of company when service attributes are difficult to evaluate. In other words, the more favourable perceptions towards a company's image, the more likely the consumers will assume that the services provided by that company are outstanding, of higher quality and better performance (Dowling, 1994). As customers perceived good service quality offered by the company, they will have high satisfaction towards that company. Thus, it shows that there is a positive relationship between company brand image and customers satisfaction.

Similarly in the airline industry, the better the perception of consumers towards a particular airline model (LCCs or FSCs), the lesser the issues consumers may generate. Customers' good consciousness towards the airline companies will often help the airlines to exempt out any bad impressions that may be incurred from the services provided (Ostrowski, O'Brien, & Gordon, 1993). Based on these findings, it means that brand image is related to customers' perceptions on an airline model which are based on their experience or impressions and these perceptions will create a set of associations that contribute to a total picture of the airline company.

Moreover, Nguyen and LeBlanc (1998) posited that brand image of company is the sum of emotional perceptions that consumers associate with the service experiences. Many researchers declared that brand image enables a company to establish a brand's position, insulate the brand from its competitors, enhance the brand's market performance; yet, plays an integral role in gaining long-term brand equity (Aaker & Keller, 1990; Feldwick, 1996; Park & Srinivasan, 1994). In addition, Padgett and Allen (1997) posited that brand image as symbolic meanings that consumers recall when they encounter the specific features of the product or service.

2.1.5 Customer Satisfaction

Satisfaction is the fulfillment depending on a person's desires or expectations made before an experience which is subsequently being compared with the sentiment derived from the experience (Oliver, 1997). It considered as the best judgment and evaluation method on the basis of consumption experience. Meanwhile, Ranaweera and Prabhu (2003) affirmed that customer satisfaction is mainly important in service operations due to the benefits it brings to organizations; and it will directly affect the performance of the organizations (Huang & Feng, 2009).

Besides, Kano (1984); Matzler and Sauerwein (2002) had declared three-factor theory which provides a basic explanation on customer satisfaction in different ways. Firstly, basic factors (dissatisfiers) are minimum requirements for satisfaction. It can be explained in a scenario that when organization failed to fulfill the minimum requirements of consumers will lead to dissatisfaction; however, it does not necessarily lead to satisfaction when requirements get fulfilled or exceeded. Secondly, excitement factors (satisfiers) refers to the increased of customer satisfaction when delivered; but it may not lead to dissatisfaction if not delivered. Thirdly, performance factors (hybrids) defined that satisfaction associates with the level of performance. The higher the performance may lead to the higher the level of satisfaction, and vice versa (Faullant, Matzler & Füller, 2008).

Andreassen and Lindestad (1998) defined that customer perceived value is positively related with customer satisfaction in the service industries. Next, Patterson and Spreng (1997) asserted that customer perceived value had a positive and direct relationship with customer satisfaction. According to Ryu, Han and Kim (2008), the overall quick-casual restaurant image associates with the customer perceived value, and it positively influences

customer satisfaction. It was further revealed that the brand image, customer perceived value and customer satisfaction were significant predictors of customers' behavioural and repurchase intentions.

Moreover, Park et al. (2004) had declared that perceived service quality of the airline industry has a positive effect on passenger satisfaction with the airline image and service value, although the relative importance of service quality was not investigated. For instance, the evaluation of passenger satisfaction levels on airport services has become an important issue for airport management to understand their consumers and in designing their marketing strategies (Yeh & Kuo, 2003).

Past researches have indicated that the brand image has significant impact on customer perceived value, satisfaction, and behavioural intentions (Bloemer & Reyter, 1998; Cretu & Brodie, 2007; Lai, Griffin, & Babin, 2009; Patterson & Spreng, 1997; Ryu & Jang, 2008). Hence, it is an important task for an organization to maintain the uniqueness of brand image compared to competitors.

Satisfaction is closely associated to market share and repurchase of the services intentions (Fornell, 1992; Patterson & Spreng, 1997). Customer satisfaction has always been considered as an essential business goal because it was assumed that satisfied customers would repurchase the services again (Oliver, 1980). Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one (Blodgett, Wakefield, & Barnes, 1995). Furthermore, several researchers found a significant association between customer satisfaction and behavioural intentions, such as repurchase and word-of-mouth communication (Han & Ryu, 2009; Kim et al., 2009; Namkung & Jang, 2007; Oliver, 1999; Ryu & Han, 2010). Next, Appiah-Adu, (1999) posited that the increase of retention rate implied greater positive word of mouth; and it could lead to a better

business performance of an airline industry (Fornell, 1992; Bolton, 1998). Meanwhile, Kim et al. (2009) had posited that customer satisfaction is positively related to return intention and positive word-of-mouth endorsement in university foodservice dining operations. Nevertheless, a satisfied consumer may switch to an alternative party with a view to increase his/her present satisfaction level (Rust & Zahorik, 1993). Thus, firms are needed to gain a better understanding of the significant factors that influence customer satisfaction and behavioural intentions between LCCs and FSCs.

2.2   Review of Relevant Theoretical Models

Figure 2.1: Theoretical Model
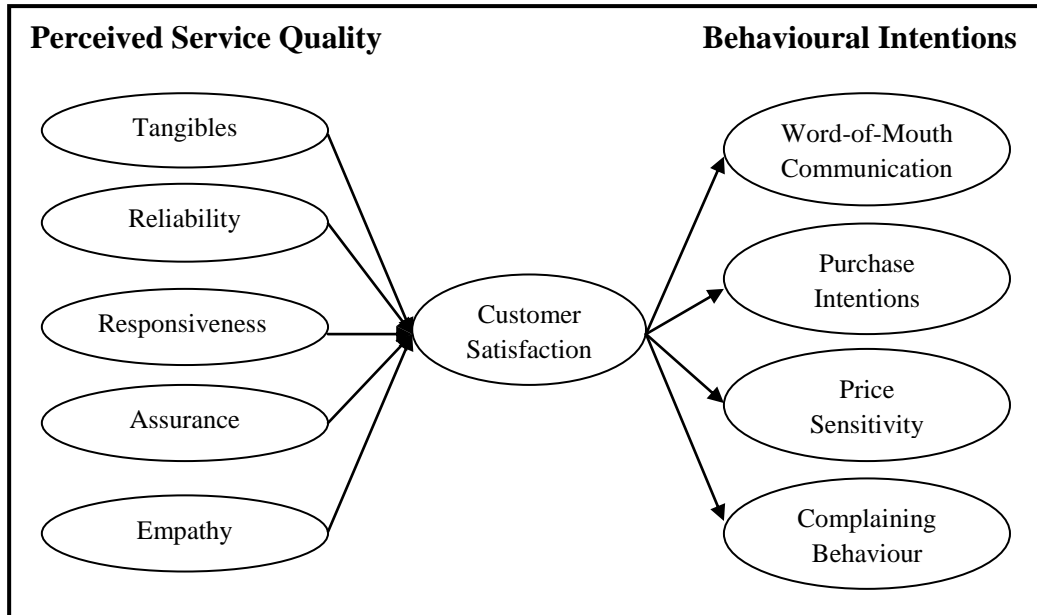
Source: Kim, Y. K. & Lee, H. R. (2011). Customer satisfaction using low cost carriers. *Tourism Management, 32*, 235-243.

The study of Kim and Lee (2011) examine the relative importance of perceived service quality and the relationship between perceived service quality, customer satisfaction and behavioural intentions using multidimensional methods. In other words, relationship perceived service quality and behavioural intentions is mediated by customer satisfaction in the study. Based on the model, perceived service quality is consists of five dimensions (tangible, reliable, responsiveness, assurance and empathy) while behavioural intentions has been divided into four dimensions (word-of-mouth communication, purchase intention, price sensitivity and complaining behaviour). The study found that the two dimensions of service quality—tangibles and responsiveness has significant impact on customer satisfaction while the remaining three are not. Besides, the results from the study also conclude that customer satisfaction has significant relationship with word-of-mouth communication, purchase intentions, complaining behaviour.

2.3   Conceptual Framework

Based on the review of previous research, the following model was generated.

Figure 2.2: Proposed conceptual framework
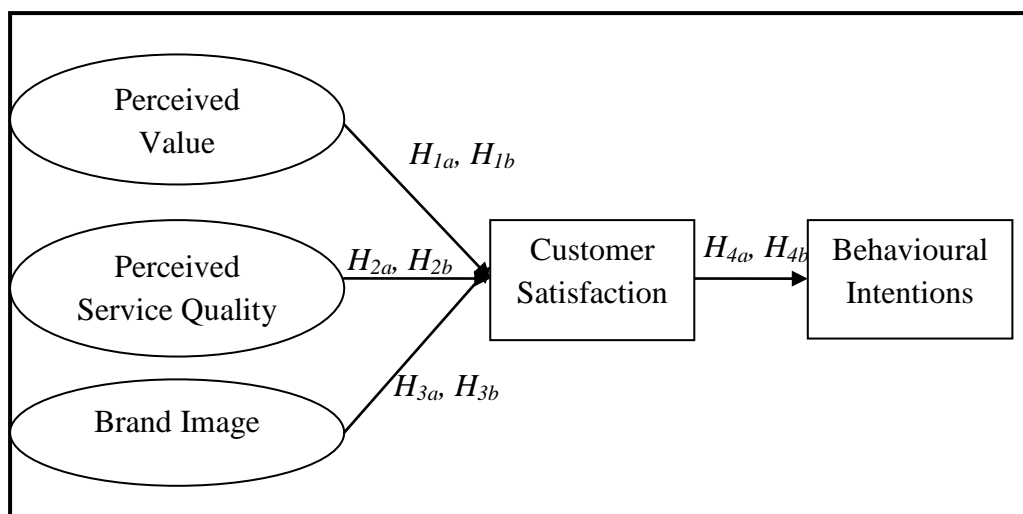
Source: Developed for the research

Figure 2.2 illustrates the proposed theoretical framework that serves as the basis for this study. It is used to examine the relationship among five variables which included three independent variables (perceived value, perceived service quality and brand image) and one dependent variable (behavioural intentions), while customer satisfaction is served as moderator between the independent variables and dependent variable. In this proposed model, there are five hypotheses to test the relationships between the variables which will be discussed in hypothesis development.

2.4   Hypotheses Development

Based on the past empirical studies, it leads to creation of the hypotheses development in this research. Five hypotheses were proposed and the relationship among the variables shown as following.

2.4.1 Perceived value and its relationship with customer satisfaction in LCCs and FSCs

H_1: Perceived value has a significant impact on customer satisfaction.

- H_{1a}: Perceived value has a significant impact on customer satisfaction in low-cost carriers (LCCs).

- H_{1b}: Perceived value has a significant impact on customer satisfaction in full-service carriers (FSCs).

According to Oliver (1997), customer satisfaction refers to a customer's fulfilment response to a goal, need, or desire after using a product or service. In addition to that, Li and Petrick (2010) provided that overall satisfaction is an overall evaluation of a customer's overall experience with a product or service used. Therefore, in order to ensure high level of customer satisfaction, LCCs and FSCs need to ensure that customers have a satisfactory overall experience when using either carrier.

The airline industry has become a competitive industry among the carriers. One of the encounters that they face is to ensure that customers have positive perceived values toward their carriers. Patterson and Spreng (1997) had found out that a customer's perceived value is a direct antecedent of customer satisfaction. In supporting that, Cronin, Brady, and Hult (2000) also stated that according to past studies, perceived value is one of the significant factors to determine customer satisfaction and positive behavioural intentions.

A customer's perceived value is based on their evaluation or judgment when using a product or service. Ravald and Gronroos (1996) suggested that perceived value is been considered as an important concept of relationship marketing, as well as one of the most successful competitive strategies in many industries. When customers have positive evaluation or judgment when using a carrier, it can lead to positive customer satisfaction. Furthermore, according to Naumann and Giel (1995), customer satisfaction can lead to customer retention, which could lead to producing positive growth in market share and creating positive customer value in airline industry.

Therefore, based on the findings above, the hypotheses put forward are perceived value has a significant impact on customer satisfaction in LCCs and FSCs.

2.4.2 Perceived service quality and its relationship with customer satisfaction in LCCs and FSCs

H_2: Perceived service quality has significant impact on customer satisfaction.

- H_{2a}: Perceived service quality has a significant impact on customer satisfaction in low-cost carriers (LCCs).

- H_{2b}: Perceived service quality has a significant impact on customer satisfaction in full service carriers (FSCs).

In this competitive environment, the challenge of organization is to manage customer relationship through delivery of superior service quality to customer. According to Dehghan (2006), delivering effective customer service may help organization to build and maintain customer relationship in order for the business to sustain the growth and market share. Buzzell and Gale (1987) also stated that better service quality does help organization to gain higher market share and better returns. Hence, nowadays, it is very crucial for organization to determine which dimension (tangible, reliability, responsiveness, assurance and empathy) contribute to customer evaluation on service quality and lead to satisfaction.

According to Pitt, Watson and Kavan (1995), the way to measure customer satisfaction is through identifying the relationship between satisfaction and service quality. In fact, satisfaction and service quality do have some commonality; it's just that satisfaction has a broader concept while service quality focus on dimension of service (Wilson & Gremler, 2008). Oliver (1993) also stated that service quality is the antecedent of customer satisfaction. This statement was supported by the study of Bennett and Barkensjo (2005); Kuo (2003) which stated that when perceived service quality is high, the level of customer satisfaction is high as well.

In the airline industry, Dresner and Xu (1995) has identified service quality has a significant impact on customer satisfaction. Thus, airline companies who can increase service quality are likely to have higher customer satisfaction. In addition, Archana and Subha (2012) have conducted a study to examine the importance of dimensions that have an impact on customer perceived service quality in airline industry. Their result indicates that the dimensions of service quality are positively related to perceived service quality to the extent that customer satisfaction vary according to the service provided by different airline companies. In other words, LCCs who provide limited number of services such as uncomfortable seats may have lower customer satisfaction while FSCs who provide full range of service such as clean and functional cabin facilities may have higher customer satisfaction. Thus, the hypotheses H_{2a} and H_{2b} were developed and examined in this study.

2.4.3 Brand image and its relationship with customer satisfaction in LCCs and FSCs

H_3: Brand image has a significant impact on customer satisfaction.

- H_{3a}: Brand image has a significant impact on customer satisfaction in low-cost carriers (LCCs).

- H_{3b}: Brand image has a significant impact on customer satisfaction in full-service carriers (FSCs).

Brand image is considered as an important marketing element for every company. This is because it may influence customer perception on a company which will directly affect customer satisfaction. This view has been supported by Martensen, Gronholdt, and Kristensen (2000), who stated that brand image have a direct impact on customer satisfaction. This means that when customers have good perception on the airline company, they tend

to have high customer satisfaction on the particular airline company. In contrast, when there is a negative brand image perceived by customer, it will create low customer satisfaction.

Besides, Andreassen and Lindestad (1998) also claimed that image is believed to generate a halo effect on satisfaction judgments and attitudes toward the service firm. With the favourable brand image, passengers are likely to be satisfied with the services provided, improving their overall attitude toward the airline companies. Therefore, creating and maintaining a unique brand image that different from competitors is an important task for airline companies. Moreover, with distinct brand image, it not merely allows customer to recall the name of the airline companies easily, but also create customer satisfaction from those customer who look for better service quality or safest airline. This may also mean that in order to satisfy customers, airline companies have to create a well and influential brand image.

In short, customers who have favourable brand image on the airline company are most likely to believe the company could offer better performance and higher customer satisfaction. Thus, a consistent and distinct brand image is an important marketing strategy component for an organization to compete rivals, which in turn it has an influence on customer satisfaction on LCCs and FSCs. Based on these findings, the hypotheses H_{3a} and H_{3b} were developed.

2.4.4 Customer satisfaction and its relationship with behavioural intentions in LCCs and FSCs

H_4: Customer satisfaction has a significant impact on impact on customer's behavioural intentions.

- H_{4a}: Customer satisfaction has a significant impact on customer's behavioural intentions in low-cost carriers (LCCs).

- H_{4b}: Customer satisfaction has a significant impact on customer's behavioural intentions in full-service carriers (FSCs).

Customer satisfaction is considered important to airline companies as some of the studies have proved that there is a positive relationship between customer satisfaction and behavioural intentions (Fornell, 1992; Patterson & Spreng, 1997; Rust & Zahorik, 1993; Taylor & Baker, 1994). This means that the more the customers are satisfied with the airline company, the more favourable behavioural intentions they will have. As mentioned earlier, customers who have positive perceived value, perceived service quality and good brand image toward particular airline model tend to have high customer satisfaction. While this group of customer will be considered to have high possibility to behave intentionally.

Most of the researchers described customer behaviour in a one-dimensional manner. However, several empirical studies have examined the relationship between customer satisfaction and more specific behavioural intentions. For instance, Bearden and Teel (1983) suggested that customer satisfaction is an important driver of repeat sales, positive word of mouth, and customer loyalty which are important to marketer. In fact, behavioural intentions can be classified into favourable behavioural dimensions and unfavourable behavioural dimensions which have been identified by Zeithmal et al.,

(1996). This also supported by Yi and La (2004) who argued that not all satisfied customers have a positive impact on a company's outcome, their behavioural intentions are likely to be unfavourable when they received poor service quality.

Specifically, satisfied customers tend to have favourable behavioural intentions. For example, the levels of purchase intentions are affected by the level of customer satisfaction. Zeithaml et al., (1996) supported this view point by stating that the higher level of satisfaction customers have, their intentions to purchase and recommend the purchased product to others in future are greater. In short, to convince repurchase intentions of customers, customer satisfaction have to be enhanced. Besides, a positive perception to the company and favourable intentions may form when customer received positive word-of-mouth (WOM) about the product or service from others. According to Fisher, Garrett, Arnold, and Ferris, (1999); Liu, Furrer, and Sudharshan, (2001), if customers are satisfied with the services provided by a company, their tendency to be loyal to that company will be high and are more likely to encourage others to do business with the given company due to the positive reinforcement.

Another research conducted by Yoo and Park (2007) showed that satisfied customers are less sensitive to changes in costs and relatively price loyalty. Another study on hotel industry also supported that people are willing to pay more for the hotel they trust than the less expensive competitor (Reichhel & Sasser, 1990). On the other hand, according to Kim and Lee (2011), customer satisfaction has a significant relationship on complaining behaviour. This indicates that probability of customers' complain is low if company has enhanced customer satisfaction.

Of all the finding above, we hypothesized that customer satisfaction has a significant impact on customer's behavioural intentions in both low-cost carriers (LCCs) and full-service carriers (FSCs).

2.4.5 Differences between types of airline carrier and customer satisfaction.

H_5: There are significant differences between types of airline carrier and customer satisfaction.

In the airline industry, there are two types of carrier which are LCCs and FSCs. LCCs tend to avoid any cost incurred from serving food and loading extra baggage, hence they provide limited numbers of service to customers (Tsai & Hsu, 2008). If customers, for example, business travellers who are not price sensitive, they might consider switching to FSCs who can provide better service quality. However, according to Yeoh and Kim (2011), even though customer dissatisfied with the service experience in LCCs, they will still repurchase from the LCCs due to the reason of low airfares. In other words, LCCs customer satisfaction comes from its low fare price while FSCs customer satisfaction comes from high service quality. Thus, different strategy used by LCCs and FSCs may affect the level of customer satisfaction. This statement is further supported by the study of Dwi and Any (2012) which stated that FSCs is able to better satisfy its customer as compared to LCCs in terms of service quality.

2.5 Conclusion

This chapter has given an overview of three independent variables (perceived value, perceived service quality, and brand image), a dependent variable (behavioural intentions) and customer satisfaction is served as mediating variable. Besides that, a conceptual framework had been developed in order to examine the relationship between each independent variable and dependent variable. Next chapter will discuss the methodology that had been using in this study.

CHAPTER 3: METHODOLOGY

3.0   Introduction

In this chapter, topics to be discussed are research design, data collection method, sampling design, research instrument, construct measurement, data processing and data analysis. In this research study, researchers practice primary data collection to get the findings of factors that will influence customer satisfaction and behavioural intentions in low-cost carriers (LCCs) and full-service carriers (FSCs). Next, researchers practice questionnaires survey as research instrument to collect primary data.

3.1   Research Design

The research design is a master plan that provides necessary methods and procedures for researchers to collect and analyze the needed information (Zikmund, Babin, Carr & Griffin, 2012). Based upon the purpose of research study, quantitative research and descriptive research have been chosen in conducting this research.

3.1.1 Quantitative Research

According to Aliaga and Gunderson (2000), quantitative research is explaining the phenomena by the collection of numerical data that are analyzed using mathematically based methods, which are statistics. In other words, this quantitative research is to investigate the relationship between independent variables and dependent variable in statistically ways. Next, this research design method is specifically applies on some form of statistical analysis and it is based on large and representative samples (Hunter & Leahey 2008). Quantitative research was use in conducting this research to determine the impact of perceived value, perceived service quality and brand image on overall customer satisfaction and behavioural intentions in an airline service context. For instance, quantitative research is that the research can gives a lot more information yet results of study are revised and tabulated in numbers, which allows researchers to have better understanding of which factors have the most significant impact on customer satisfaction and behavioural intentions in airline industry. Thus, researchers have selected quantitative research in this current research study.

3.1.2 Descriptive Research

Researchers have selected and practicing descriptive research in this research. A descriptive research is to collect information in the situations without altering or manipulating its environment. For instance, descriptive information is all that is needed to collect data in order to answer questions about the current status of study. Generally, descriptive research is described to some group of people or associations. It provides prior knowledge to researchers about the factors that will influence customer satisfaction and behavioural intentions in airline industry which helps in this research.

Cross-sectional study is descriptive studies which involved a sample of elements from various segments of a population with different variable of interest, but sharing characteristics such as socioeconomic status, educational background, or ethnicity (Kendra, 2013). These are one-shot studies. In other words, researchers will obtain feedback after distribution of questionnaire at a single point in time.

3.2   Data Collection Methods

Generally, there have two types of data which are primary and data secondary data that can be collected for conducting the research. Researchers can collect and measure the primary and secondary data on variables to answer the hypotheses and research questions through various methods. However, only primary data was collected in this research in order to provide a clearer and in-depth understanding.

3.2.1 Primary Data

According to Burns and Bush (2006), primary data is developed or collected by researchers especially for the research problem on hand. In other words, primary data are those first-hand sources of raw information that researchers have collected, and expected to collect primary data when using quantitative method (Forshaw, 2000). The objective of primary data collection in this research is to obtain information that related to the problem required by research objectives. The collection of primary data helps researchers to identify the specific information of the factors (perceived value, perceived service quality, and brand image) that will influence customer satisfaction

and behavioural intentions in LCCs and FSCs. Researchers are able to figure out the most accurate and specific answers of which factors could bring the most significant impact on customer satisfaction and behavioural intentions in LCCs and FSCs. In this research, survey questionnaire has chosen as a research instrument to collect primary data because it is simple and reliable.

3.3   Sampling design

Sampling is sample selection process from the population (Saunders, Lewis & Thornhill, 2009). Sampling design is a plan for researchers to collect accurate information from the right people, right time and right location for research questions. Sampling design process consist of five steps which are defining target population, determining sampling frame and sampling location, deciding appropriate sampling element, selecting appropriate sampling technique and determining sampling size.

3.3.1 Target Population

According to Saunders et al., (2009), target population is the whole group of specific population element that researchers are interested in and analyzing to get relevant information for the research project. The target population for this research is business and/or leisure travellers who have flight experience either with low-cost carriers (LCCs) or full-service carriers (FSCs). Business travellers are those working adults whose purpose of travelling is mainly for business such as meetings, conferences and trade fairs in other country. Since time equals money for business travellers, they are more likely to

select the most efficient mode of airline carrier. Conversely, leisure travellers are usually more flexible, their priorities might include issues such as cost or level of service. This population has been targeted because they have high interaction with airline companies and its employees. Thus, they are considered to have better understanding and perception on the airline's service quality, perceived value and brand image.

3.3.2 Sampling Frame and Sampling Location

Sampling frame is "a list of elements from which a sample has been drawn" (Zikmund & Babin, 2010, p. 417). Every unit that included in the sampling frame have an equal chance to be selected as respondents. However, there is no sampling frame available for this study due to limited resources.

The airline survey was mainly conducted in Kuala Lumpur (KL) and Klang Valley areas. A total of 200 questionnaires were distributed to passengers who had at least one flight experience with either LCCs or FSCs. Besides, the data was gathered from passengers who waiting for their flights in Kuala Lumpur International Airport (KLIA) and Low Cost Carrier Terminal (LCCT). This is because there is large number of potential respondents who can provide reliable information on airline's service quality, perceived value and brand image with regard to their satisfaction and behavioural intentions.

3.3.3 Sampling Element

The sampling element for this research is limited to respondents who are 18 years old and above. This is because most of the people in this group are working adults who possess sufficient purchasing power on travelling. They are able to select the airline company they want to use. Another reason is because this group of respondents is capable in evaluating the service quality provided by the airline companies and able to provide valuable information about the airline companies. Hence, researchers can collect the high quality information from them to carry out this research. Travellers who are below 18 are not entitled to participate in this research.

3.3.4 Sampling Technique

Sampling techniques is a method used for selecting sample from population (Saunders et al., 2009). Because there is no sampling frame available in this research, researchers have to consider using non-probability sampling. Non-probability sampling is a sampling technique where the samples are gathered in a process that all the individuals in the population do not have the equal chances of being selected (Castillo, 2009). In other words, non-probability sampling is a sampling technique in which researchers select units of the sample based on their personal judgment or convenience (Zikmund & Babin, 2010).

The type of non-probability sampling used in this research is convenience sampling. According to Zikmund and Babin (2010, p. 392), convenience sampling is a "non-probability sampling procedure of obtaining those people or units that are most conveniently available." Researchers divide the

population into two subgroups which are travellers who flight with LCCs and who flight with FSCs and collect the data based on convenience of the researchers. In other words, researchers are selected 100 travellers who use LCCs and the other 100 travellers who used FSCs in LCCT and KLIA based on researchers' convenience. By doing so, this two airline carriers can be equally compared in term of the factors that affect customer satisfaction and behavioural intentions. The reason of using convenience sampling is because it allows researchers to obtain data and information in less expensive and less time consuming way.

3.3.5 Sampling Size

In this research, a total number of 200 questionnaires were distributed randomly to passengers having experience with LCCs and FSCs to identity the factors that influence customer satisfaction and behavioural intentions.

3.4 Research Instrument

Questionnaire is a set of structure questions that have been selected after considerable testing with a view to eliciting reliable responses from a particular group (Collis & Hussey, 2009). In this study, questionnaires are distributed to gather primary data from respondents on the factors that trigger their satisfaction and behavioural intentions to low-cost carriers (LCCs) or full-service carriers (FSCs). In this research, self-administered questionnaires have been used which is defined as the survey in which respondent takes the responsibility for reading and answering the questions, either on the questionnaire papers or via Internet (Zikmund & Babin, 2010).

3.4.1 Design of the questionnaire

The process of designing questionnaire is relatively important. It has to be carefully design in order to obtain the information effectively. English language has been used in designing the questionnaire in this study as it is seen as an appropriate language to communicate with the respondents. In this questionnaire, only closed-ended questions are used, a number of alternative answers are provided which is easier for the respondents to complete the questionnaire.

As the layout of the questionnaire, a brief introduction and purpose of conducting this research are attached at cover page. The questionnaire is divided into three parts: part A is general information, part B is construct measurement and part C is demographic information.

In *Part A*, it consists of three questions which are the basic information regarding passengers' flight experience. Respondents are required to select the answer that best represent them.

In *Part B*, the general opinion relates to the construct measurement of the study in the three independent variables—perceived value, perceived service quality, brand image, one mediating variable—customer satisfaction and one dependent variable, behavioural intentions. These variables will be used to examine the relationship between each variable upon data collected from respondents through questionnaires. In this section, respondents are requested to answer questions related to each variable using the five-point likert scale such as 1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree.

Part C of the questionnaire consists of five questions which include questions about respondents' gender, age, race, income and the educational level. This data allows researchers understand respondents more precisely and the data can be used to classify the group of flight passengers for the results.

There are 200 set of questionnaires distributed to the target respondents in KL, Klang Valley, LCCT and KLIA. Before the questionnaire is distributed, respondents are solicited on their willingness to take part in the survey with the purpose of enhancing the validity and reliability of the data gathered. The questionnaires were distributed and collected within two weeks time, from 23th Jan 2014 to 6th Feb 2014.

3.4.2 Pilot Test

Before the questionnaire is distributed to collect data, a pilot test of the questionnaire has been conducted. Pilot test is used to ensure that the questionnaire does not consist of any mistake or error so that respondents will be able in answering all the questions without any problem. Besides, researchers are given the opportunity to reveal and correct the potential problem that will occur in designing of the questionnaire before the actual survey is conducted (Pratt, 2008).

In this research, 50 sets of questionnaires were distributed for the pilot testing on 7th Jan 2014. The feedback was gathered from respondents and used to enhance the quality of the questionnaire by removing the errors and mistakes that found in the questionnaire.

The reliability test was conducted with the use of Statistical Package for Social Science (SPSS) version 20.0 after the data was collected. Cronbach's Alpha was adopted to examine the internal reliability of the pilot test and the result of pilot test is shown in Table 3.1.

Table 3.1: Result of Pilot Test

Variable	Total number of questions	Cronbach's Alpha	Outcome
Perceived Value	16	0.848	Very Good
Service Quality	19	0.907	Excellent
Brand Image	4	0.812	Very Good
Customer Satisfaction	5	0.887	Very Good
Behavioural Intentions	10	0.863	Very Good

Source: Developed for research

3.5   Constructs Measurement

Under constructs measurement, it is explained the types of measurement scales that are being used in this study. Measurement can be defined in many forms. In this study, the measurement is the representation of numbers to the constructs. The measurement scales are differentiated on the relationships that exist between constructs that have different scale values. There are a few types of measurement scales that are being used in this research study, which are nominal, ordinal, and interval scale.

3.5.1 Scale Measurement

To examine the hypothesized paths in the constructed research model, it is important to adapt from previous study the existing measurement scales with good internal consistencies (Yang & Jolly, 2009). There are different types of scale measurement that can be used in conducting a research. The common measurements include nominal, ordinal, interval, and ratio scales. These different scales of measurements measure the different level of accuracy and consistency of each item, depending on the characteristics of the items that are being measured. The questionnaire has included items that intend to address the hypotheses in the research model, which are customer perceived value, perceived service quality, brand image, customer satisfaction, and behavioural intentions.

A self-administered questionnaire is conducted in order to collect empirical and reliable data from the respondents for use in this research. Part A serves the purpose to collect general information from the respondents. For this part, nominal and ordinal measurement scales are being used. Since nominal scale is also known as qualitative scale, therefore it is used for the questions "*have you taken any flight by any airline companies?*" and "*please state the purpose of your last trip*". Nominal scale is used for these two questions because it is impossible to measure the value of the items numerically. On the other hand, the question "*how many times have you travelled using that type of airline company for the past year?*" is being measured using the ordinal scale. Ordinal scale is also known as quantitative scale, which indicates that the items can be measured numerically and rank order.

In Part B, the items to measure customer perceived value, service quality, brand image, customer satisfaction, and behavioural intentions are being listed down. In this part, interval scale is used as the main measurement

scale to measure the items. The purpose of using the interval scale is to measure the strength of the relationship between the items. According to Forgas-Coll, Palau-Saumell, Sanchez-Garcia, and Callarisa-Fiol (2012), Likert scale is a five-point scale that is used to measure the level of agreeability of the respondents to an item, where the scale is ranked from 1 being "strongly disagree" to 5 being "strongly agree". Therefore, Likert scale is used as the measurement scale in Part B.

The demographic information of the respondents is collected in Part C. Similar to Part A, nominal and ordinal scale is also used. In this part, nominal scale is used to measure gender and race of the respondents. In contrast, ordinal scale is used to measure the age, income level, as well as the education level of the respondents.

3.5.2 Origins of Construct

Table 3.2 Origins of Construct

Constructs/Variables	Source(s)
Perceived Value	• Yang & Jolly (2009) • Chi & Kilduff (2011)
Service Quality	• Pakdil & Aydin (2007) • Kim & Lee (2011)
Brand Image	• Chang, Hsu, & Chung (2008) • Park, Robertson, & Wu (2005)
Customer Satisfaction	• Forgas, Moliner, Sanchez, & Palau (2010) • Kim & Lee (2011) • Park, Robertson, & Wu (2004)
Behavioural Intentions	• Kim & Lee (2011)

Source: Developed for the research

3.6   Data Processing

After all the completed questionnaires are collected from the respondents, data processing needs to be taken place before any analysis can be done. The data processing includes checking, editing, coding, transcribing, as well as cleaning. Before the data processing takes place, it is made sure that all questionnaires have been filled up completely and any incomplete questionnaires are being omitted. In order to ensure that this research could bring value to the targeted parties, the data collected need to repeatedly go through data processing.

3.6.1 Questionnaire Checking

The process of questionnaire checking is being carried out during and after the distribution of the questionnaires in order to ensure the quality level of the data and that the questions are acceptable. All the data that were collected are checked repeatedly so as to detect any mistakes or errors. This is done so that the reliability of the tests and the quality can be maintained.

3.6.2 Data Editing

The process of data editing consists of editing and correcting any errors detected in the questionnaires before the data can be presented as information. Therefore, in order to create value from the data that are collected, the raw data must at first be edited. This is also to ensure that the data provided by the respondents are complete and relevant.

3.6.3 Data Coding

Data coding is the process of categorizing a numerical number to characterize a particular response. The data analysis software that is used, which is Statistical Project of Social Science (SPSS) 20.0 requires that numerical data as input so that it could provide assistance in analyzing the information. Therefore, each response will be differentiated by different numbers. For example, in Part B, the level of agreeability from "strongly disagree" to "strongly agree" can be decoded from 1 to 5, and in Part C, the question of gender, 1 is coded as "male" while 2 is coded as "female".

3.6.4 Data Transcribing

The process of data transcribing is to copy all the data that were collected from the respondents into the computer. Once the data has been copied into the computer, the data will then be run by using the SPSS software.

3.6.5 Data Cleaning

This process is where the data and input accuracy are being verified from the questionnaire to the SPSS software. By using the software, any unreliable or ambiguous data can be detected. Furthermore, the SPSS software is used to check the consistency of the data collected.

3.7   Data Analysis

Data analysis is the process of generating useful information for decision making through evaluation and interpretation of data. Before data can be analyzed, it needs to be entered into a computer system which is the SPSS software to generate information into tables and graphs.

3.7.1 Descriptive Analysis

Descriptive analysis refers to the information of raw data that has been transformed into a form that are easy to understand and interpret where the data is collected through observation, questionnaire and interview. Descriptive statistics describe data through measures of central tendency such as mean, median and mode as well as dispersion such as range, variance and standard deviation. Researchers used these measurements to summarize large quantities of data into simpler and more understandable terms in order to find out the most influential variable.

According to Saunders et al. (2009), mean taking into account all the data is more accurate than median in indicating the average score because median only take 2 data. Standard deviation is used because it reflects the amount of spread of the mean score. Hence, they suggest that the mean and standard deviation are the most useful descriptive statistics for researchers to use when interpreting data.

3.7.2 Scale Measurement

Levels of measurement are used to measure variables in the study. Researchers have used nominal scales, ordinal scales and likert scales throughout the design of the questionnaire.

In part B, a five point likert scale is used with numerical score assigned to each opinion as followed:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

3.7.2.1   Reliability Test

Reliability refers to the extent to which a measure is free from error and therefore produces stable and consistent result (Zikmund, 2003). Reliability test is important as it is used to identify potential problem at the early stage and ensure the study meets the specified reliability requirements. According to Saunders et al. (2009), reliability is an indicator of a measure's internal consistency. Internal consistency is concern with the homogeneity of the measure. In order to measure internal consistency of a multiple item scales, Cronbach's alpha, α, is adopted. It is ranges between 0 and 1, the higher the value, the higher the degree of internal consistency and reliability (Malhotra, 2007).

Table 3.3 Rules of Thumb about Cronbach's Alpha Coefficient Size

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.6 – 0.7	Moderate
0.7 – 0.8	Good
0.8 – 0.9	Very Good
0.9	Excellent

Source: Hair, J. F. Jr., Babin, B., Money, A. H., & Samouel, P. (2003). *Essential of business research method.* New Jersey: John Wiley & Sons.

3.7.3 Inferential Analysis

Inferential analysis is used to make generalizations about the population where sample was drawn. The goal is to go beyond data at hand and make inference about the population parameter. In order to make well reasoned inferences, a sample must be drawn by random procedure. This is to ensure that everyone has the equal chance of being selected for the sample.

3.7.3.1   Pearson Correlation Coefficient Analysis

Correlation between variables is a measure of how well the variables are related. Pearson Correlation Coefficient Analysis is used to measure the strength of a linear relationship between two variables (Zikmund, 2003). The coefficient ranges from -1 to +1, where -1 means perfect negative relationship, +1 means perfect positive

relationship and 0 means no linear relationship. In general, the closer the value is to -1 or +1, the stronger the linear correlation.

The calculation of Pearson Correlation Coefficient and subsequent significance testing requires the data assumption to be bivariate normally distributed. When the data is normally distributed, the t-test is used to calculate the value and hence, determine whether there is significant relationship between the two variables.

In this study, Pearson Correlation Coefficient is used to analyse correlation between independent variables (perceived value, perceived service quality and brand image), mediating variable (customer satisfaction) and dependent variable (behavioural intentions). The purpose is to determine the positive or negative relationship between the two variables in this study.

3.7.3.2   Multiple Regression Analysis

Multiple regressions analysis is a statistical method used to establish the relationship between two or more independent variables on a single dependent variable where all variables must be in interval or ratio scale (Saunders et al, 2009). It also helps to identify the most significant predictor of behavioural intentions among perceived value, perceived service quality and brand image perception.

The multiple regression equation is as followed:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + \ldots$$

Where Y = dependent variable

X = independent variables

a = constant value / Y-intercept

b = unstandardized coefficient

The result of multiple regression analysis will determine the positive or negative relationship between dependent variable and independent variables. In this study, confidence level of 95 percent is being set. Hence, if p-value is less than 0.05, the hypothesis will be accepted, meaning there is a positive relationship between independent variables and dependent variable.

3.7.3.3   Simple Regression Analysis

Simple regression analysis is focused on developing a regression model by which the value of the dependent variable can be predicted with the help of the independent variable, based on the linear relationship between these two (Bajpai, 2011). It is used to examine the relationship between customer satisfaction and behavioural intentions in LCCs and FSCs in this research.

The simple regression equation is as followed:

$$Y = a + b_1X$$

Where Y = dependent variable

X = independent variables

a = constant value / Y-intercept

b = unstandardized coefficient

The result of simple regression analysis will determine the positive or negative relationship between a single dependent variable and independent variable. In this study, confidence level of 95 percent is being set. Hence, if p-value is less than 0.05, the hypothesis will be accepted, meaning there is a relationship between independent variable and dependent variable.

3.7.4 Independent Sample t-Test

Based on the definition, the independent t-test also called as two sample t-test that is used to determine the statistical significant difference between the means in two unrelated groups (Saunders et al, 2009). In our research study, independent t-test is being adopted to measure the mean of the two airline models and to test whether it is likely that the types of airline models are having different mean values toward customer satisfaction.

3.7.5 Cross-Tabulation

Cross-tabulation is the appropriate technique for addressing research questions involving relationships among multiple less-than interval variable; results in a combined frequency table displaying one variable in rows and another in columns (Zikmund et al., 2012). Cross–tabulation allows the inspection and comparison of differences among groups based on nominal or ordinal categories. In this research, it is used to compare the passengers' choice of airline company and their purpose of travelling

3.8 Conclusion

In conclusion, chapter 3 discussed the research methodologies that involved in this study. The chapter has provided a summary of the methodology, research design, data collection method, sampling design, research instrument, construct measurement, data processing and data analysis. SPSS software was used to analyse the data collected from the particular respondents in LCCs and FSCs. A total of 200 questionnaires were distributed to the respondents. In the following chapter, researchers will produce the result of statistical analysis as well as the discussion and interpretation of result of the hypotheses.

CHAPTER 4: DATA ANALYSIS

4.0   Introduction

The results of the questionnaire surveyed respondent data will be analyzed in this chapter. 200 questionnaires are collected and used to analyze by using SPSS version 20. The chapter consists of three sections which are descriptive analysis, scale measurement and inferential analysis.

4.1   Descriptive Analysis

This section will describe the sample characteristics of the typical respondents and disclose the general pattern of the responses (Burns & Bush, 2003).

4.1.1 Respondent's Demographic Profile

Part C of the questionnaire is the demographic section which consists of six questions that were used to ask for the information about the respondent's gender, age, race, income/allowance and educational level.

Figure 4.1: Gender of the respondents (LCCs)
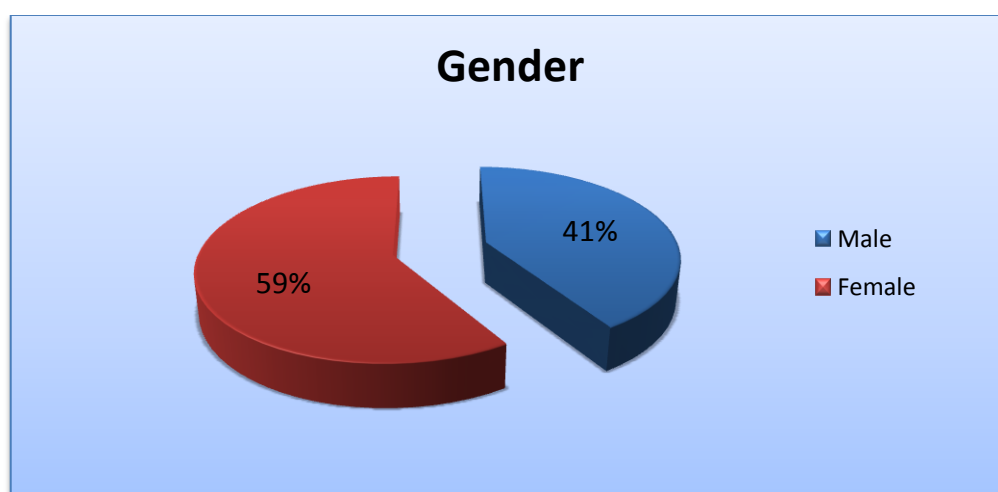
Source: Developed for the research

Table 4.1: Genders of the respondents (LCCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	41	41.0	41.0	41.0
Valid	Female	59	59.0	59.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.1 and Table 4.1 show the gender of the respondents who travelled with low-cost carriers. Out of 100 respondents, 41% of the respondents are male while female respondents consist of 59%.

Figure 4.1.1: Gender of the respondents (FSCs)
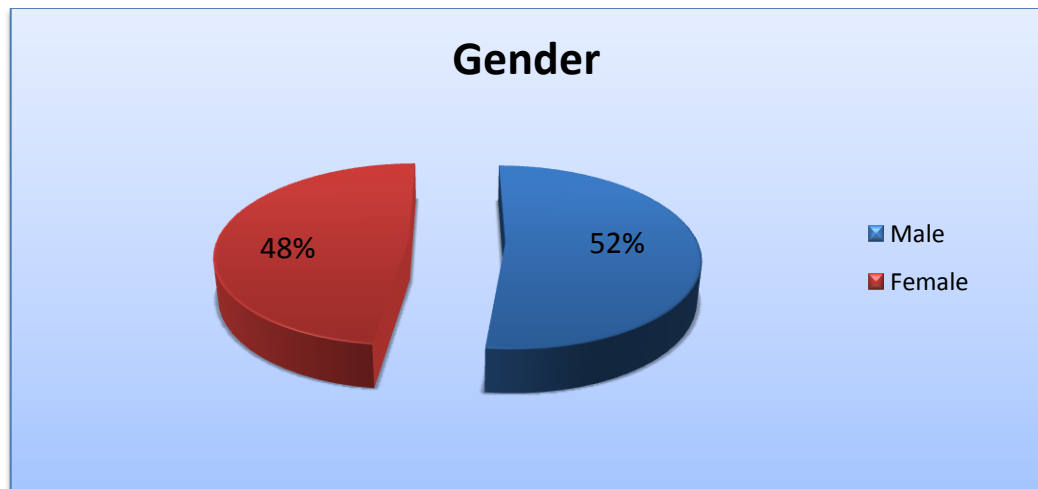
Source: Developed for the research

Table 4.1.1: Genders of the respondents (FSCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	52	52.0	52.0	52.0
Valid	Female	48	48.0	48.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.1.1 and Table 4.1.1 show the gender of the respondents who travelled with full-service carriers (FSCs). Out of 100 respondents, 52% of the respondents are male and 48% of the respondents are female.

Figure 4.2: Age Group of the respondents (LCCs)
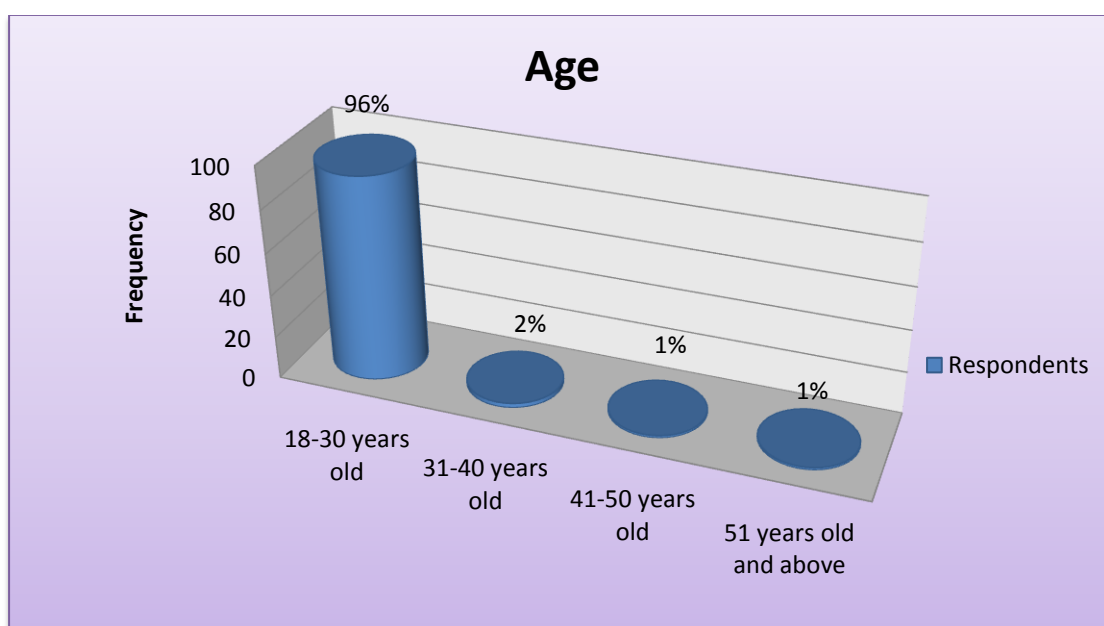
Source: Developed for the research

Table 4.2: Age Group of the respondents (LCCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30 years old	96	96.0	96.0	96.0
	31 - 40 years old	2	2.0	2.0	98.0
	41 - 50 years old	1	1.0	1.0	99.0
	51 years old and above	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

According to Figure 4.2 and Table 4.2, the age group of LCCs respondents has been divided into four categories. The age group that carries the highest percentage range from 18-30 years old, which is 96%, followed by 2% for the age group between 31-40 years old. The age group that carry the least

percentage are age group between 41-50 years old (1%) and age group of 51 years old and above (1%).

Figure 4.2.1: Age Group of the respondents (FSCs)
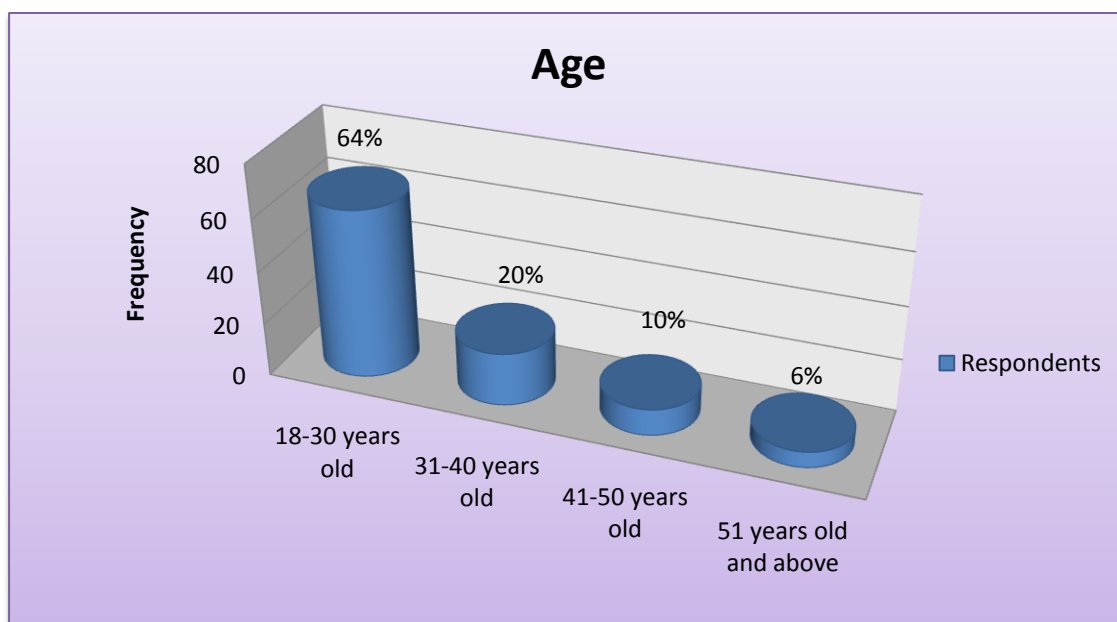
Source: Developed for the research

Table 4.2.1: Age Group of the respondents (FSCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30 years old	64	64.0	64.0	64.0
	31 - 40 years old	20	20.0	20.0	84.0
	41 - 50 years old	10	10.0	10.0	94.0
	51 years old and above	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

According to Figure 4.2.1 and Table 4.2.1, the age groups of FSCs respondents have been divided into four categories. The age group that carries the highest percentage range from 18-30 years old, which is 64%, followed by 20% for the age group between 31-40 years old, and 10% for the age group between 41-50 years old. The age group that carries the least percentage which is 6% of respondents that falls in the age group of 51 years old and above.

Figure 4.3: Race of respondents (LCCs)
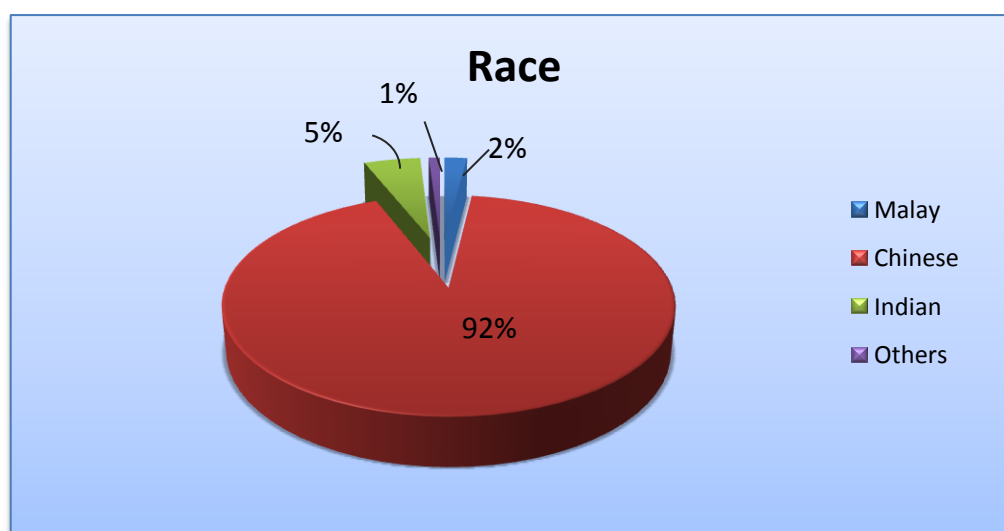
Source: Developed for the research

Table 4.3: Race of respondents (LCCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	2	2.0	2.0	2.0
	Chinese	92	92.0	92.0	94.0
	Indian	5	5.0	5.0	99.0
	Others	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.3 and Table 4.3 show the race of the respondents who travelled with LCCs. Out of 100 respondents, the majority of the respondents is Chinese which consists of 92%. Next, it is followed by Indian respondents, which consists of 5%, and there is only 2 respondents (2%) are Malays, while the remaining 1% is from other races.

Figure 4.3.1: Race of respondents (FSCs)
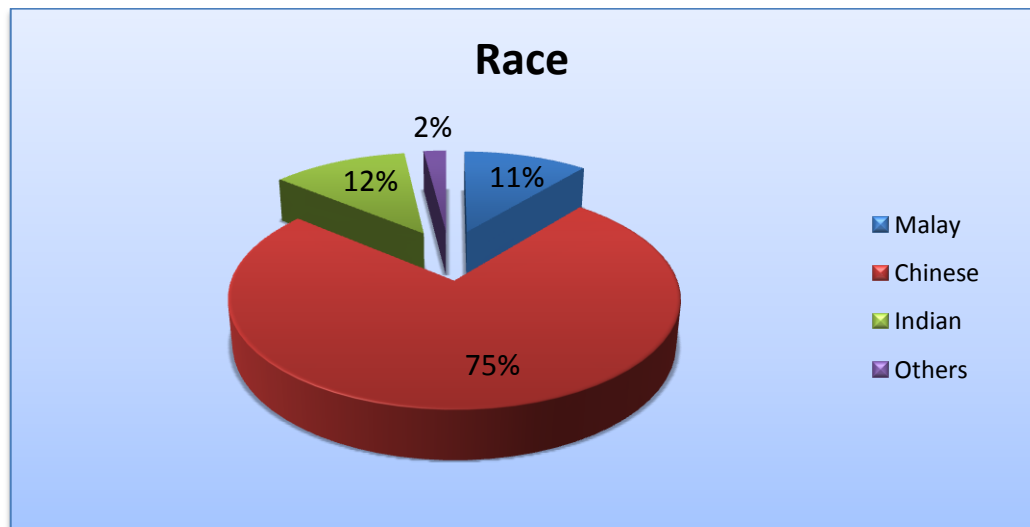
Source: Developed for the research

Table 4.3.1: Race of respondents (FSCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	11	11.0	11.0	11.0
	Chinese	75	75.0	75.0	86.0
	Indian	12	12.0	12.0	98.0
	Others	2	2	2	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.3.1 and Table 4.3.1 show the race of the respondents who travelled with FSCs. Out of 100 respondents, the majority of the respondents is Chinese which consists of 75%. Next, it is followed by Indian respondents, which consists of 12%. There is 11 respondents (11%) that are Malays, while the remaining 2% is from other races.

Figure 4.4: Monthly Income/Allowance (LCCs)
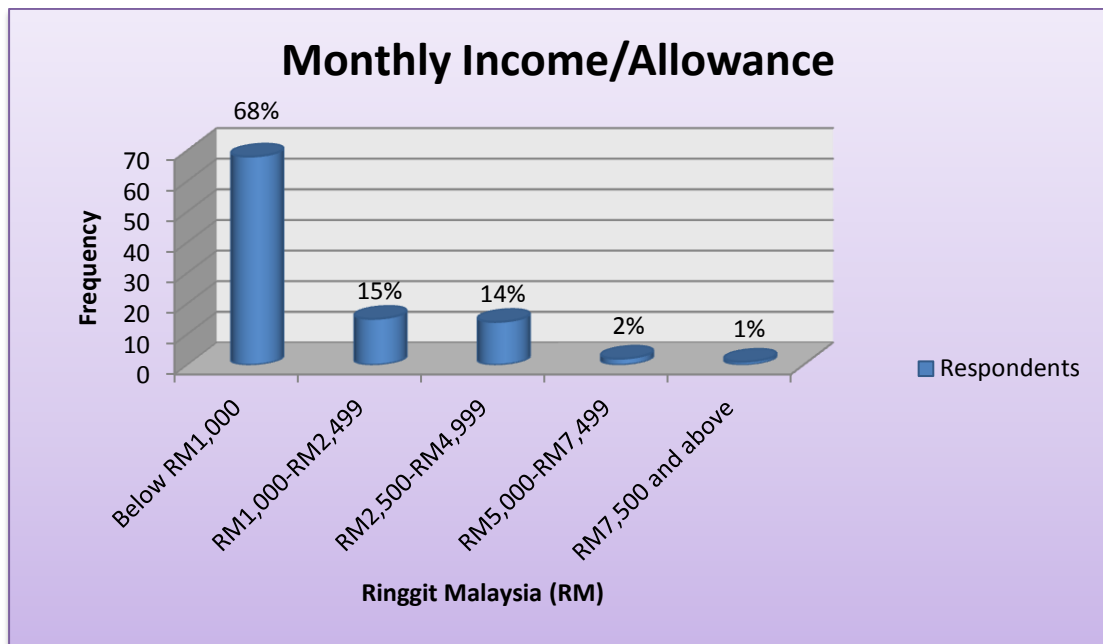
Source: Developed for the research

Table 4.4: Monthly Income/Allowance (LCCs)

	Frequency	Percent	Valid Percent	Cumulative Percent
below RM1,000	68	68.0	68.0	68.0
RM1,000 - RM2,499	15	15.0	15.0	83.0
RM2,500 - RM4,999	14	14.0	14.0	97.0
Valid RM5,000 - RM7,499	2	2.0	2.0	99.0
RM7,500 and above	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Source: Developed for the research

As shown in Figure 4.4 and Table 4.4, most of the respondents' monthly income/ allowance are below RM1,000, which is 68%. However, the least percentage of respondents' monthly income/allowance in this research is RM7,500 and above, which consists of 1%. Next, 15% of respondents' monthly income/allowance falls into the range of RM1,000 to RM2,499, 14% of respondents in the range of RM2,500 to RM4,999 and the remaining 2% of the respondents have their monthly income/allowance in range of RM5,000-RM7,499.

Figure 4.4.1: Monthly Income/Allowance (FSCs)
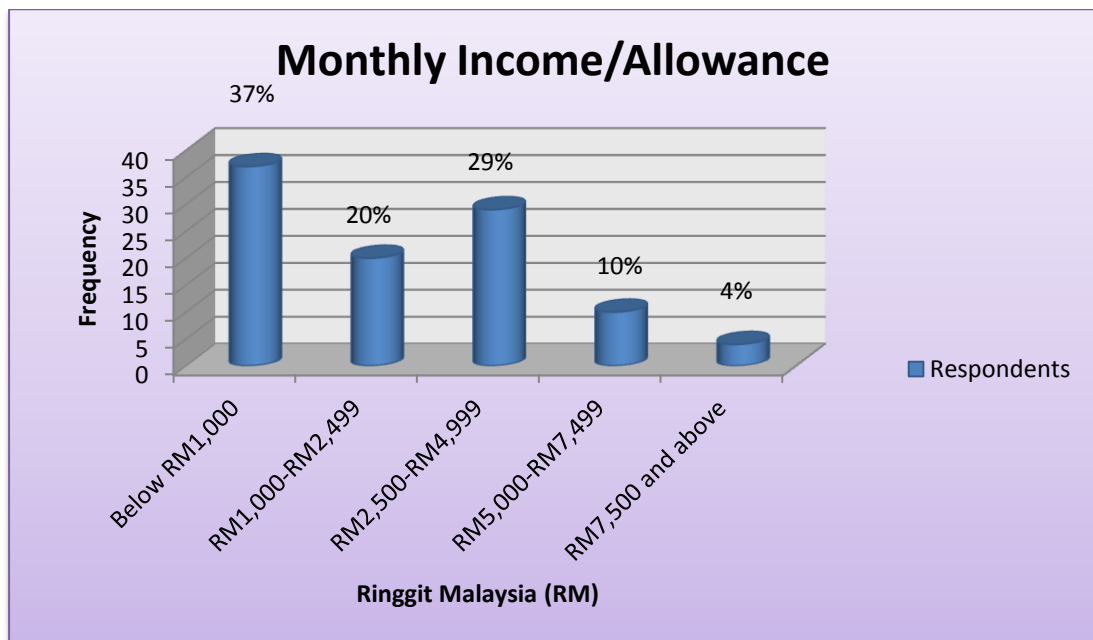
Source: Developed for the research

Table 4.4.1: Monthly Income/Allowance (FSCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below RM1,000	37	37.0	37.0	37.0
	RM1,000- RM2,499	20	20.0	12.0	57.0
	RM2,500- RM4,999	29	29.0	29.0	86.0
	RM5,000- RM7,499	10	10.0	10.0	96.0
	RM7,500 and above	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

As shown in Figure 4.4.1 and Table 4.4.1, most of our respondents' monthly income/allowance are below RM1,000, which is 37%. However, the least percentage of respondents' monthly income/allowance in this research is RM7,500 and above, which consists of 4%. Next, 29% of respondents' monthly income/allowance falls into the range of RM2,500 to RM4,999, 20% of respondents in the range of RM1,000-RM2,499 and remaining 10% of the respondents have their monthly income/allowance in the range of RM5,000-RM7,499.

Figure 4.5: Highest education level (LCCs)

Education Level

- High School Certificate
- Diploma
- Bachelor Degree
- PhD (Doctorate)
- Others
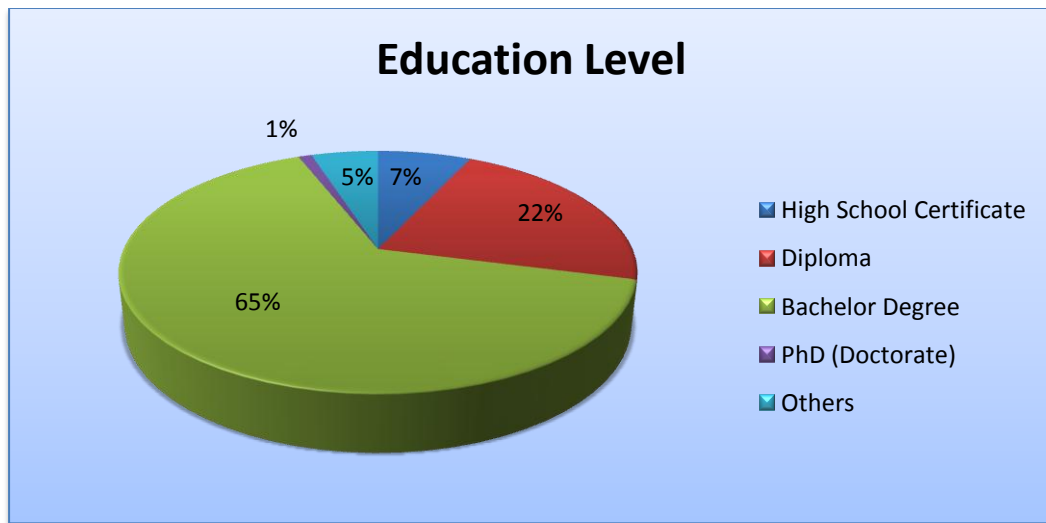
Source: Developed for the research

Table 4.5: Highest education level (LCCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School Certificate	7	7.0	7.0	7.0
	Diploma	22	22.0	22.0	29.0
	Bachelor Degree	65	65.0	65.0	94.0
	PhD (Doctorate)	1	1.0	1.0	95.0
	Others	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Based on Figure 4.5 and Table 4.5, majority of the respondents (65%) are degree holders as their highest education level. Out of the total respondents, 22% of the respondents are diploma holders, followed by 7% of the respondents have high school certificate. Furthermore, 5% of the respondents are holding other certificates such as foundation and STPM.

Lastly, one of the respondents (1%) has taken PhD (Doctorate) as his/her highest education level.

Figure 4.5.1: Highest education level (FSCs)
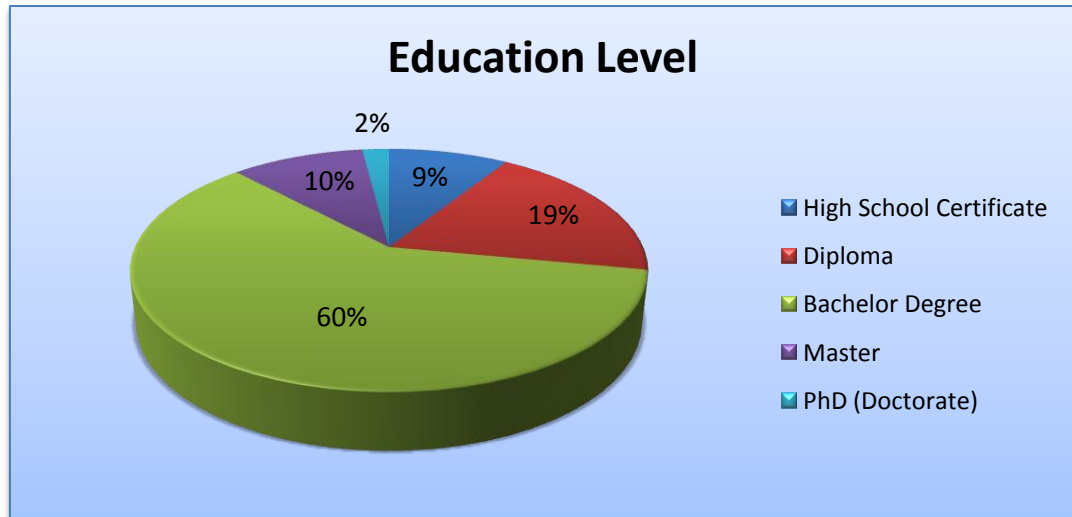
Source: Developed for the research

Table 4.5.1: Highest education level (FSCs)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School Certificate	9	9.0	9.0	9.0
	Diploma	19	19.0	19.0	28.0
	Bachelors Degree	60	60.0	60.0	88.0
	Master	10	10.0	10.0	98.0
	PhD (Doctorate)	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Based on Figure 4.5.1and Table 4.5.1, majority of the respondents have Bachelor's Degree as their highest education level, which is 60%. Out of 100 respondents, 19% of the respondents have Diploma as their highest

education level, followed by 10% of respondents have Master as their highest education level. Furthermore, 9% of respondents have taken High School Certificate, and the least percentage of respondents has taken PhD (Doctorate) as their highest education level, which consists of 2%.

4.1.2 General Information

Part A of the questionnaire is the general information which consists of three questions that were used to ask respondents which airline company they flight with, how many times they travelled for pass year and their travelling purposes.

Figure 4.6: Airline Company that travelled with (LCCs)

Source: Developed for the research

Table 4.6: Airline Company that travelled with (LCCs)

Have you ever taken any flight offered by any airline companies?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	AirAsia	86	86.0	86.0	86.0
	AirAsia X	7	7.0	7.0	93.0
	Firefly	3	3.0	3.0	96.0
	Others (LCCs)	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Based on Figure 4.6 and Table 4.6, the airline company that carries the highest percentage range of flight taken by respondents is AirAsia (86%). However, Firefly consists of only 3% of respondents which is the least percentage compared to other airline companies. Besides, there are 7% of respondents travelled with AirAsia X while remaining 4% of the respondents travelled using other LCCs. Hence, it shows that majority of respondents prefer to take AirAsia as their air transportations compared to other LCCs airline companies.

Figure 4.6.1: Airline Company that travelled with (FSCs)

Have you ever taken any flight offered by any airline companies?

Malaysia Airlines (MAS) Berjaya Air Eaglexpress Sabah Air Other FSCs

3% 2%
4% 7%
84%
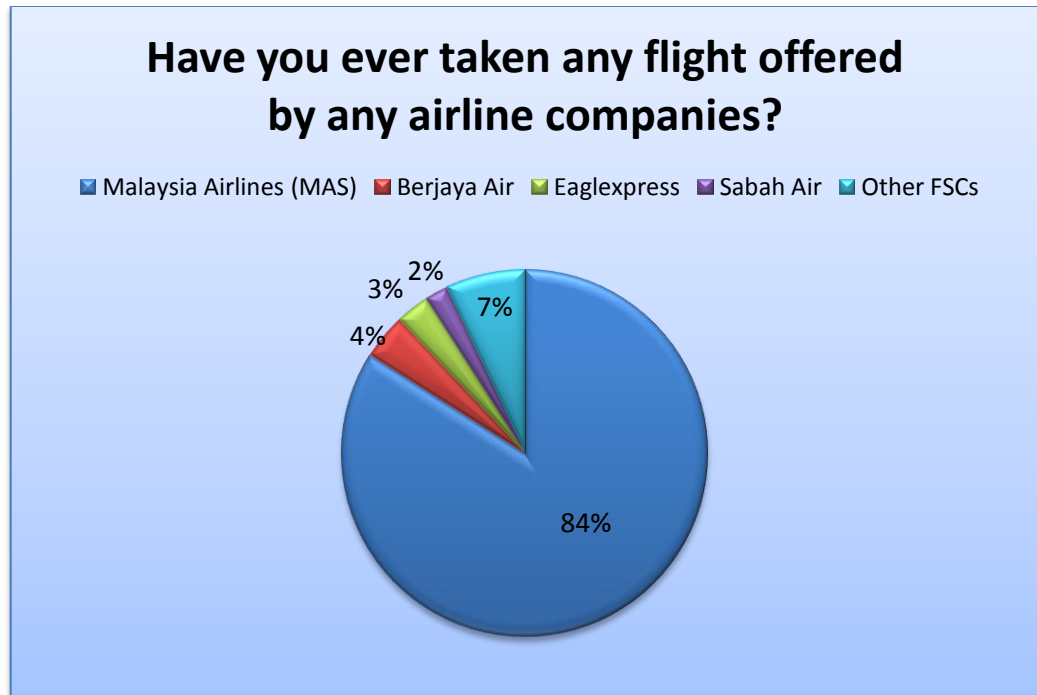
Source: Developed for the research

Table 4.6.1: Airline Company that travelled with (FSCs)

Have you ever taken any flight offered by any airline companies?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malaysia Airlines (MAS)	84	84.0	84.0	84.0
	Berjaya Air	4	4.0	4.0	88.0
	Eaglexpress	3	3.0	3.0	91.0
	Sabah Air	2	2.0	2.0	93.0
	Others (FSCs)	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Based on Figure 4.6.1and Table 4.6.1, the airline company that carries the highest percentage range of flight taken by respondents is Malaysia Airlines (MAS) which consists of 84%. However, Sabah Air consists of 2% of respondents which is the least percentage compared to other airline companies. Out of 100 respondents for FSCs, Berjaya Air and Eaglexpress each consists of 4% and 3% of respondents respectively. Besides, there are 7% of respondents travelled using other FSCs such as Tigerair and Cathay Pacific. Hence, it shows that majority of respondents prefer to take MAS as their air transportations compared to other FSCs airline companies.

Figure 4.7: Travelling Experience (LCCs)
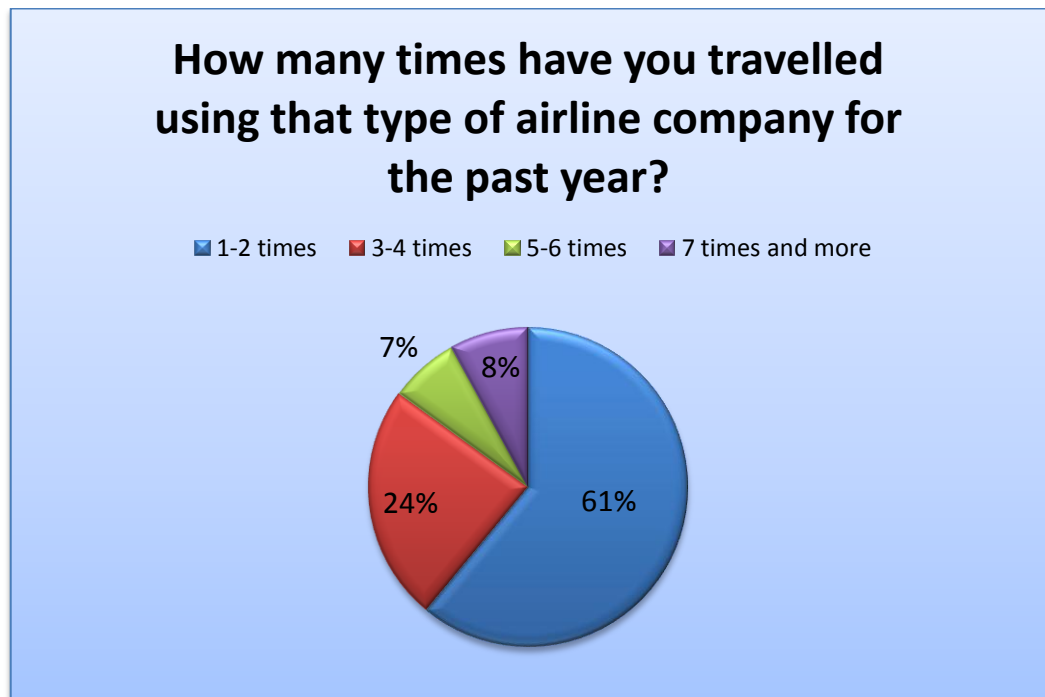
Source: Developed for the research

Table 4.7: Travelling Experience (LCCs)

How many times have you travelled using that type of airline company for the past year?

	Frequency	Percent	Valid Percent	Cumulative Percent
1-2 times	61	61.0	61.0	61.0
3-4 times	24	24.0	24.0	85.0
Valid 5-6 times	7	7.0	7.0	92.0
7 times and more	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.7 and Table 4.7 show how many times respondents have travelled using LCCs for the past year. Majority of the respondents have travelled 1-2 times for the past year, which is 61%, and followed by the second highest percentage range of 3-4 times, which consists of 24%. However, the least percentage which is only 7% of the respondents has travelled 5-6 times for the past year. Besides, 8% of respondents have travelled 7 times and more for the past year.

Figure 4.7.1: Travelling Experience (FSCs)

How many times have you travelled using that type of airline company for the past year?

■ 1-2 times   ■ 3-4 times   ■ 5-6 times   ■ 7 times and more

6%   15%   14%   65%
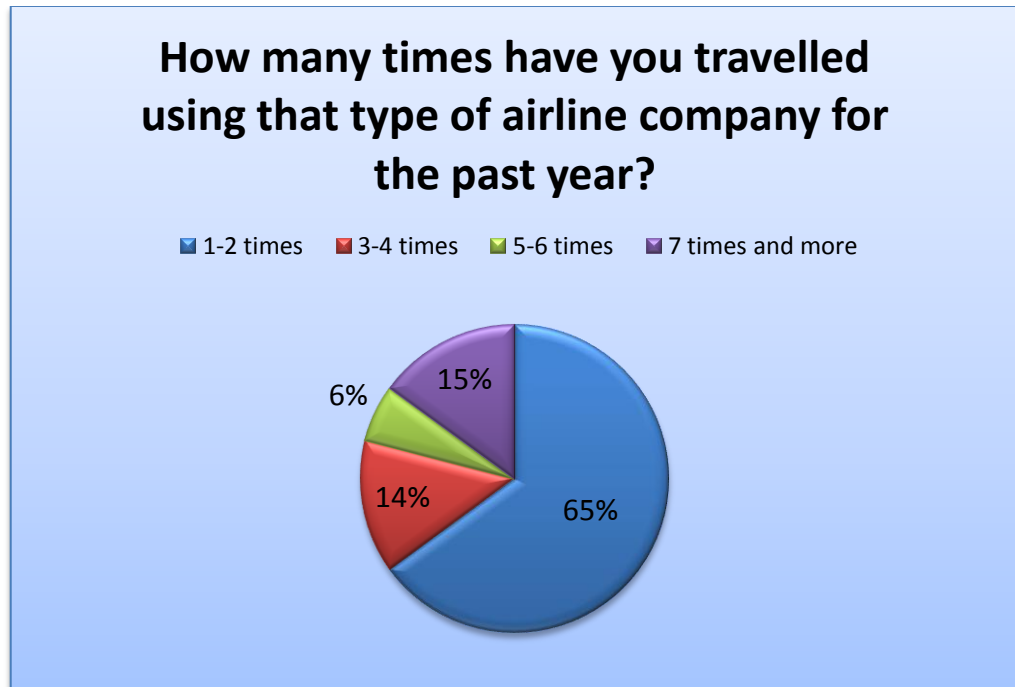
Source: Developed for the research

Table 4.7.1: Travelling Experience (FSCs)

How many times have you travelled using that type of airline company for the past year?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 times	65	65.0	65.0	65.0
	3-4 times	14	14.0	14.0	79.0
	5-6 times	6	6.0	6.0	85.0
	7 times and more	15	15.0	15.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.7.1 and Table 4.7.1 show how many times respondents have travelled using FSCs for the past year. Majority of the respondents have

travelled 1-2 times for the past year, which is 65%, and followed by the second highest percentage range of 7 times and more, which consists of 15%. However, the least percentage which is only 6% of respondents has travelled 5-6 times for the past year. Besides, 14% of respondents have travelled 3-4 times for the past year.

Figure 4.8: Purpose of the trip (LCCs)
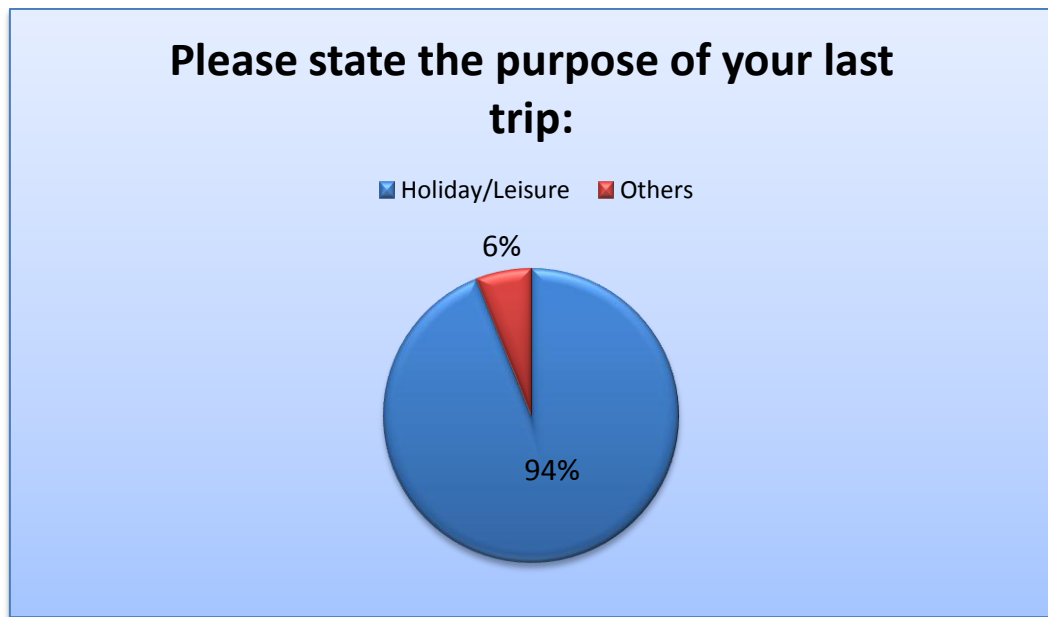
Source: Developed for the research

Table 4.8: Purpose of the trip (LCCs)

Please state the purpose of your last trip:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Holiday/Leisure	94	94.0	94.0	94.0
	Others	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.8 and Table 4.8 show the respondent's purpose of their last trip on LCCs. Out of the 100 respondents, there are 94% of respondents took their trips for holiday/ leisure purpose, which is the highest percentage ranged among others. The remaining 6% of respondents have travelled with LCCs for other purposes. Thus, it shows that majority of LCCs respondents prefer to take LCCs airline for holiday/leisure.

Figure 4.8.1: Purpose of the trip (FSCs)
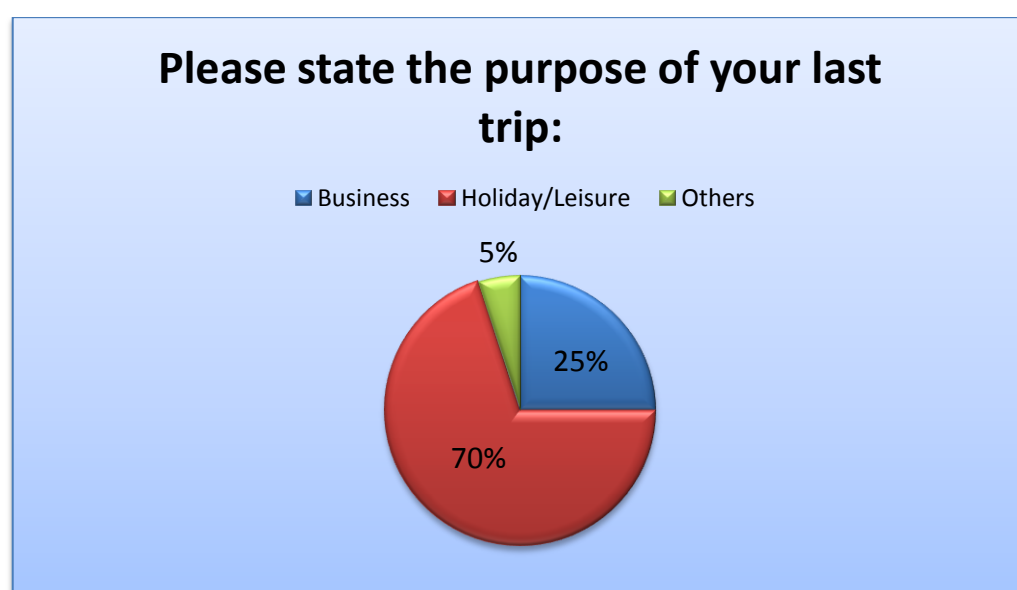
Source: Developed for the research

Table 4.8.1: Purpose of the trip (FSCs)

Please state the purpose of your last trip:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	25	25.0	25.0	25.0
	Holiday/ Leisure	70	70.0	70.0	95.0
	Others	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

Source: Developed for the research

Figure 4.8.1 and Table 4.8.1 show the respondent's purpose of their last trip on FSCs. Out of the 100 respondents, there are 70% of respondents took their trips for holiday/ leisure purpose, which is the highest percentage ranged among others. It is followed by second highest percentage range which has 25% of respondents took their last trip for business purpose. The remaining 5% of respondents took their last trip with FSCs for other purposes. Thus, it shows that majority of FSCs respondents prefer to take FSCs airline for holiday /leisure purpose.

4.2 Scale Measurement

The result of reliability analysis will be shown in this section. The reliability of the instrument is used to determine the possibility for adequate testing of hypotheses.

4.2.1 Reliability Analysis

Table 4.9 Summary of Reliability Test (LCCs and FSCs)

No.	Constructs	Cronbach's Alpha	Number of items
1.	Perceived value	0.906	16
2.	Perceived service quality	0.927	19
3.	Brand image	0.871	4
4.	Customer satisfaction	0.901	5
5.	Behavioural intentions	0.839	10

Source: Developed for the research

Table 4.9 has shown the reliability test of each variable. According to the rule of thumb of Cronbach's alpha coefficient, alpha value that is less than 0.5 is unacceptable, 0.6 is questionable, 0.7 is acceptable, 0.8 is good and 0.9 is excellent (Zikmund, 2003). Tavakol and Dennick (2011) indicate that Cronbach's alpha is an index of reliability associated with the variation accounted for the true score of underlying construct. As shown in Table 4.9, the Cronbach's alpha coefficient for perceived value is 0.906 and 16 items were used to measure it. For perceived service quality, 19 items were used to measure it and the Cronbach's alpha coefficient is 0.27. Furthermore, the Cronbach's alpha coefficient for brand image is 0.871 and the number of items used to measure it was 4. The values indicate that perceived value, perceived service quality, and brand image have strong reliability in determining customer satisfaction and behavioural intentions. On the other hand, 5 items were used to measure customer satisfaction and the Cronbach's alpha coefficient is 0.901. This shows that customer satisfaction has a strong reliability in determining behavioural intentions. Lastly, the Cronbach's alpha coefficient for 10 items of behavioural intentions is 0.839. Overall, the measurement for the constructs indicated that they were reliable and internally consistent.

4.3   Inferential Analysis

Inferential analysis is used to provide the generation of conclusion regarding the characteristics of the population based on the sample data (Burns and Bush, 2000). Pearson correlation analysis, multiple regression analysis, simple regression analysis and cross tabulation analysis will be used to examine the individual variables and is relationships with other variables.

4.3.1 Pearson Correlation Analysis

Correlation between perceived value, perceived service quality and brand image and customer satisfaction in both LCCs and FSCs are analyzed and shown as below:

Table 4.10: Pearson Correlation Analysis (LCCs)

		Perceived value	Perceived service quality	Brand image	Customer satisfaction
Perceived value	Pearson correlation	1	.795	.696[**]	.724[**]
	Sig. (2-tailed)		.000	.000	.000
	N		100	100	100
Perceived service quality	Pearson correlation		1	.666[**]	.655[**]
	Sig. (2-tailed)			.000	.000
	N			100	100
Brand image	Pearson correlation			1	.707[**]
	Sig. (2-tailed)				.000
	N				100
Customer satisfaction	Pearson correlation				1
	Sig. (2-tailed)				
	N				

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for the research

In this study, Pearson Correlation analysis was used to measure the hypothesis and the correlation between the independent variables and dependent variable. According to Table 4.10, the p-value of all the independent variables (perceived value, perceived service quality, and brand image) and dependent variable (customer satisfaction) are 0.000, which indicates that they are significant at 0.05 level (2-tailed). The strongest correlation coefficient is perceived value at 0.724, followed by brand image at 0.707, and lastly is perceived service quality at 0.655. The values indicate that there are positive relationships between the independent variables and dependent variable.

Table 4.10.1: Pearson Correlation Analysis (FSCs)

		Perceived Value	Perceived Service Quality	Brand Image	Customer Satisfaction
Perceived Value	Pearson Correlation	1	.704**	.630**	.661**
	Sig. (2-tailed)		.000	.000	.000
	N		100	100	100
Perceived Service Quality	Pearson Correlation		1	.713**	.790**
	Sig. (2-tailed)			.000	.000
	N			100	100
Brand Image	Pearson Correlation			1	.758**
	Sig. (2-tailed)				.000
	N				100
Customer Satisfaction	Pearson Correlation				1
	Sig. (2-tailed)				
	N				

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for the research

According to Table 4.10.1, the p-value of all the independent variables (perceived value, perceived service quality, and brand image) and dependent variable (customer satisfaction) are 0.000. The results indicate that they are significant at the 0.05 level (2-tailed). The strongest coefficient is 0.790 for perceived service quality, followed by 0.758 for brand image, and lastly is 0.661 for perceived value. The values show that there are positive relationships between the independent variables and dependent variable.

On the other hand, to explain the relationship between the customer satisfaction and behavioural intentions, *correlation between customer satisfaction and behavioural intentions* in both LCCs and FSCs are analyzed and shown as below:

Table 4.11: Pearson Correlation Analysis (LCCs)

		Customer satisfaction	Behavioural intentions
Customer satisfaction	Pearson correlation	1	.668**
	Sig. (2-tailed)		.000
	N		100
Behavioural intentions	Pearson correlation		1
	Sig. (2-tailed)		
	N		

**. Correlation is significant at the 0.05 level (2-tailed)

Source: Developed for the research

According to Table 4.11, the correlation coefficient for customer satisfaction is 0.668, which indicates that there is a positive relationship between the variable and behavioural intentions. The p-value is 0.000 which is significant at the 0.05 level (2-tailed).

Table 4.11.1: Pearson Correlation Analysis (FSCs)

		Customer Satisfaction	Behavioural Intentions
Customer Satisfaction	Pearson Correlation	1	.719[**]
	Sig. (2-tailed)		.000
	N		100
Behavioural Intentions	Pearson Correlation		1
	Sig. (2-tailed)		
	N		

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for the research

According to Table 4.11.1, the correlation coefficient for customer satisfaction is 0.719. This indicates that there is a positive relationship between customer satisfaction and behavioural intentions. The p-value for the independent variable is 0.000, which indicate that it is significant at 0.05 level (2-tailed).

4.3.2 Multiple Regression Analysis

Multiple regression analysis on perceived value, perceived service quality, brand image and customer satisfaction in LCCs and FSCs are shown as below:

Table 4.12: Model Summary (LCCs)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780[a]	.608	.595	2.153

a. Predictors: (Constant), Perceived Value, Perceived Service Quality, Brand Image

Source: Developed for the research

According to Table 4.12, the value of the R Square is 0.608. This shows that about 60.80% of the dependent variable (customer satisfaction) can be explained by the variances in all the independent variables (perceived value, perceived service quality, and brand image).

Table 4.12.1: Model Summary (FSCs)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841[a]	.708	.698	.37878

a. Predictors: (Constant), Perceived Value, Perceived Service Quality, Brand Image

Source: Developed for the research

According to Table 4.12.1, the value of the R square is 0.708 which means that 70.80% of the variation in the customer satisfaction can be explained by the three independent variables which are perceived value, perceived service quality and brand image.

Table 4.13 ANOVA (LCCs)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	689.084	3	229.695	49.562	.000[b]
1	Residual	444.916	96	4.635		
	Total	1134.000	99			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Perceived Value, Perceived Service Quality, Brand Image

Source: Developed for the research

According to Table 4.13, the F-value is 49.562 and the significant level is 0.000. In conclusion, there is a significant effect of the independent variables (perceived value, perceived service quality, brand image) on the dependent variable (customer satisfaction).

Table 4.13.1: ANOVA (FSCs)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	33.332	3	11.111	77.442	.000[b]
1	Residual	13.773	96	.143		
	Total	47.106	99			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Brand Image, Perceived Value, Perceived Service Quality

Source: Developed for the research

Table 4.13.1 shows that F-value for this model is 77.44 with significance level of 0.000. This can be concluded that the model was considered good to predict that the perceived value, perceived service quality and brand image have significant effect on customer satisfaction.

Table 4.14: Summary of Regression Coefficient(LCCs)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.406	1.314		1.832	.070
	Perceived Value	.141	.042	.383	3.381	.001
	Perceived Service Quality	.031	.034	.102	.933	.353
	Brand Image	.423	.105	.373	4.048	.000

a. Dependent Variable: Customer Satisfaction

Source: Developed for the research

According to Table 4.14, perceived service quality shows a negative correlation to customer satisfaction, because the p-value is higher than 0.05, which is 0.353. On the other hand, perceived value and brand image have positive correlations to customer satisfaction because the p-values are significant, which are 0.001 and 0.000. Based on the table, an equation can be formed in order to determine the statistical significance of the independent variables on the dependent variable.

Regression equation:

Customer satisfaction = 2.406 + 0.141PV + 0.031PSQ + 0.423BI

Where PV   = Perceived Value

  PSQ   = Perceived Service Quality

  BI   = Brand Image

By referring to the result of standardized coefficients, perceived value shows the most significant influence on customer satisfaction in LCCs with β = 0.383.

Table 4.14.1: Summary of Regression Coefficients (FSCs)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.105	.258		-.405	.686
	Perceived Value	.128	.090	.114	1.422	.158
	Perceived Service Quality	.571	.114	.448	5.025	.000
	Brand Image	.346	.077	.367	4.509	.000

a. Dependent Variable: Customer Satisfaction

Source: Developed for the research

According to Table 4.14.1, perceived value shows a negative correlation to customer satisfaction, because the p-value is higher than 0.05, which is 0.158. On the other hand, perceived service quality and brand image have positive correlations to customer satisfaction because the p-values are significant, which are both 0.000. Based on the table, an equation can be formed to determine the statistical significance of each independent variable on the dependent variable.

Regression equation:

Customer satisfaction = -0.105 + 0.128PV + 0.571PSQ + 0.346 BI

Where PV = Perceived Value

PSQ = Perceived Service Quality

BI = Brand Image

By referring to the result of standardized coefficients, perceived service quality has the greatest influence on the customer satisfaction in FSCs with $\beta = 0.448$.

4.3.3 Simple regression analysis

The *simple regression analysis on customer satisfaction and behavioural intentions* in LCCs and FSCs are shown as below:

Table 4.15 Model Summary (LCCs)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.668[a]	.446	.440	4.134

a. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

According to Table 4.15, the value of the R Square is 0.446. This shows that about 44.60% of the dependent variable (behavioural intentions) can be explained by the variances in the independent variable (customer satisfaction).

Table 4.15.1: Model Summary (FSCs)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719[a]	.517	.512	.40207

a. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

According to Table 4.15.1, the value of the R square is 0.517 which means that 51.70% of the variation in the behavioural intentions can be explained by the customer satisfaction.

Table 4.16: ANOVA (LCCs)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1348.483	1	1348.483	78.923	.000[b]
1	Residual	1674.427	98	17.086		
	Total	3022.910	99			

a. Dependent Variable: Behavioural Intentions

b. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

According to Table 4.16, the F-value is 78.923 and the significant level is 0.000. In conclusion, there is a significant effect of customer satisfaction on behavioural intentions.

Table 4.16.1: ANOVA (FSCs)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	16.958	1	16.958	104.899	.000[b]
1	Residual	15.843	98	.162		
	Total	32.800	99			

a. Dependent Variable: Behavioural Intentions

b. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

Table 4.16.1 shows that F-value for this model is 104.899 with significance level of 0.000. This can be concluded that the model was considered good to predict that the customer satisfaction has significant effect on behavioural intentions.

Table 4.17 Summary of Regression Coefficient (LCCs)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	16.214	2.151		7.537	.000
1	Customer satisfaction	1.090	.123	.668	8.884	.000

a. Dependent Variable: Behavioural Intentions

Source: Developed for the research

According to Table 4.17, customer satisfaction shows a positive correlation to behavioural intentions because the p-value is lesser than 0.05. Based on the table, an equation can be formed in order to determine the statistical significance of the independent variable on the dependent variable.

Regression equation:

Behavioural intentions = 16.214 + 1.090CS

Where CS   = Customer Satisfaction

Table 4.17.1 Summary of Regression Coefficients (FSCs)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.433	.214		6.697	.000
Customer Satisfaction	.600	.059	.719	10.242	.000

 a. Dependent Variable: Behavioural Intentions

Source: Developed for the research

According to Table 4.17.1, customer satisfaction shows a positive correlation to behavioural intentions because the p-value is lesser than 0.05. Based onthe table, an equation can be formed to determine the statistical significance of the independent variable on the dependent variable.

Regression equation:

Behavioural intentions = 1.433 + 0.600CS

Where CS = Customer Satisfaction

4.3.4 Test of Significant

Table 4.18: Test of Significant (LCCs)

Constructs	Significant value
Perceived value	0.001
Perceived service quality	0.353
Brand image	0.000
Customer satisfaction	0.000

Source: Developed for the research

H_{1a}: Perceived value has a significant impact on customer satisfaction in low-cost carriers.

According to Table 4.18, the significant value of perceived value is below the p-value of 0.05, which is 0.001. This indicates that perceived value has a significant impact on customer satisfaction in LCCs. Hence, H_{1a} is accepted.

H_{2a}: Perceived service quality has a significant impact on customer satisfaction in low-cost carriers.

According to Table 4.18, the significant value of perceived service quality is above the p-value of 0.05, which is 0353. This indicates that perceived service quality has no significant impact on customer satisfaction in LCCs. Hence, H_{2a} is rejected.

H_{3a}: Brand image has a significant impact on customer satisfaction in low-cost carriers.

According to Table 4.18, the significant value of brand image is 0.000, which is below the p-value of 0.05. This indicates that brand image has a significant impact on customer satisfaction in LCCs. Hence, H_{3a} is accepted.

H_{4a}: Customer satisfaction has a significant impact on customer's behavioural intentions in low-cost carriers.

According to Table 4.18, the significant value of customer satisfaction is 0.000, which is below the p-value of 0.05. This indicates that customer satisfaction has a significant impact on behavioural intentions in LCCs. Hence, H_{4a} is accepted.

Table 4.18.1: Test of Significant (FSCs)

Constructs	Significant value
Perceived value	0.158
Perceived service quality	0.000
Brand image	0.000
Customer satisfaction	0.000

Source: Developed for the research

H_{1b}: Perceived value has a significant impact on customer satisfaction in full-service carriers.

According to Table 4.18.1, the significant value of perceived value is 0.158, which is above the p-value of 0.05. Hence, H_{1b} is rejected, which indicates that perceived value has no significant impact on customer satisfaction in FSCs.

H_{2b}: Perceived service quality has a significant impact on customer satisfaction in full-service carriers.

According to Table 4.18.1, the significant value of perceived service quality is 0.000, which is below the p-value of 0.05. Hence, H_{2b} is accepted, which indicates that perceived service quality has a significant impact on customer satisfaction in FSCs.

H_{3b}: Brand image has a significant impact on customer satisfaction in full-service carriers.

According to Table 4.18.1, the significant value of brand image is 0.000, which is below the p-value of 0.05. Hence, H_{3b} is accepted, which indicates that brand image has a significant impact on customer satisfaction in FSCs.

H_{4b}: Customer satisfaction has a significant impact on customer's behavioural intentions in full-service carriers.

According to Table 4.18.1, the significant value of customer satisfaction is 0.000, which is below the p-value of 0.05. Hence, H_{4b} is accepted, which indicates that customer satisfaction has a significant impact on behavioural intentions in FSCs.

4.4 Independent Sample T-test

Table 4.19 Group Statistics

	Type of Airline Model	N	Mean	Std. Deviation	Std. Error Mean
Customer Satisfaction	LCCs	100	3.4400	.67689	.06769
	FSCs	100	3.5880	.68979	.06898

Source: Developed for the research

Based on Table 4.19, 34.4% of passengers are likely to satisfy with LCCs' value, service quality and brand image. While 35.88% of passengers are likely to satisfy with FSCs' value, service quality and brand image. To test for the statistical significance of the difference between customer satisfaction in LCCs and FSCs, an independent sample t-test is used.

Table 4.20 Independent Sample T-test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Differen ce	Std. Error Differen ce	95% Confidence Interval of the Difference	
									Lower	Upper
Customer Satisfaction	Equal variances assumed	.263	.609	-1.531	198	.127	-.14800	.09664	-.33858	.04258
	Equal variances not assumed			-1.531	197.9 29	.127	-.14800	.09664	-.33858	.04258

Source: Developed for the research

H$_5$: There are significant differences between types of airline model and customer satisfaction.

According to Table 4.20, Levene's test yields a p-value of 0.609 under the row of "equal variances assumed" and it will be used for calculating the t-test. According to the result of t-test, the value of p-value is 0.127 which is greater than 0.05, hence H$_5$ is rejected, which indicates that there are no significant differences between types of airline model and customer satisfaction.

4.5 Cross Tabulation Analysis

Table 4.21: Cross-tabulation Analysis for LCCs and FSCs

			have you ever taken any flight offered by any airline companies									Total
			Malaysia Airlines (MAS)	Berjaya Air	Eaglexpress	Sabah Air	Others (FSCs)	AirAsia	AirAsia X	Firefly	Others (LCCs)	
please state your purpose of last trip	Business	Count	20	2	2	0	1	0	0	0	0	25
		% within please state your purpose of last trip	80.0%	8.0%	8.0%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%	100.0%
		% within have you ever taken any flight offered by any airline companies	23.8%	50.0%	66.7%	0.0%	14.3%	0.0%	0.0%	0.0%	0.0%	12.5%
		% of Total	10.0%	1.0%	1.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	12.5%
	Holiday/ Leisure	Count	59	2	1	2	6	82	7	3	2	164
		% within please state your purpose of last trip	36.0%	1.2%	0.6%	1.2%	3.7%	50.0%	4.3%	1.8%	1.2%	100.0%
		% within have you ever taken any flight offered by any airline companies	70.2%	50.0%	33.3%	100.0%	85.7%	95.3%	100.0%	100.0%	50.0%	82.0%
		% of Total	29.5%	1.0%	0.5%	1.0%	3.0%	41.0%	3.5%	1.5%	1.0%	82.0%
	Others	Count	5	0	0	0	0	4	0	0	2	11
		% within please state your purpose of last trip	45.5%	0.0%	0.0%	0.0%	0.0%	36.4%	0.0%	0.0%	18.2%	100.0%
		% within have you ever taken any flight offered by any airline companies	6.0%	0.0%	0.0%	0.0%	0.0%	4.7%	0.0%	0.0%	50.0%	5.5%
		% of Total	2.5%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	1.0%	5.5%
Total		Count	84	4	3	2	7	86	7	3	4	200
		% within please state your purpose of last trip	42.0%	2.0%	1.5%	1.0%	3.5%	43.0%	3.5%	1.5%	2.0%	100.0%
		% within have you ever taken any flight offered by any airline companies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	42.0%	2.0%	1.5%	1.0%	3.5%	43.0%	3.5%	1.5%	2.0%	100.0%

Source: Developed for the research

Based on Table 4.21, it is shown that the respondents who travelled with MAS for business purpose consisted of 80%, while 8% travelled with Berjaya Air and Eaglexpress respectively. There are also 4% of the respondents that travelled with other FSCs for business purposes. On the other hand, there are no respondents that travelled with LCCs for business purposes. For holiday/leisure, 36% of the respondents choose to travel with MAS, while 1.2% travelled with Berjaya Air and Sabah Air respectively. 0.6% of the respondents used Eaglexpress to travel for holiday/leisure while 3.7% of the respondents travelled with other FSCs. On the other hand, majority of the respondents (50%) travelled with AirAsia for holiday/leisure. It is followed by 4.3% of the respondents that travelled with AirAsia X, 1.8% for Firefly, and 1.2% for other LCCs. For FSCs, there are 45.5% of the respondents that travelled with MAS for other purposes, such as exchange program. For LCCs, 36.4% of the respondents travelled with AirAsia and 18.2% of the respondents travelled with other LCCs for purposes such as visitation.

4.4 Conclusion

In this chapter, descriptive analysis was used to analyze respondents' profile and detail of flight experience. The reliability of the items of five constructs has been examined by using reliability test. On the other hand, simple and multiple regression analysis were used to analyze the relationship between independent variables and a dependent variable. Independent sample T-test was used to analyze significant difference between the type of airline model and customer satisfaction while the cross-tabulation analysis is to examine whether passenger's purpose of trip will affect their choice of airline companies. The next chapter will provide a more detailed discussion of the major findings and conclusions of the study.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0   Introduction

In chapter 5, researchers will discuss on the findings from previous chapter. Topics to be discussed are summary of statistical analysis, major findings, implications, limitations, recommendations and conclusion.

5.1   Summary of Statistical Analysis

A summary of description of the entire description analysis, scale measurement and inferential analyses presented in chapter 4 will be discussed in this section.

5.1.1 Descriptive Analysis

In this study, researchers have categorized the data of respondents into respondents' demographic profile and general information. Total of 200 respondents have took part in this study where 100 respondents involved in LCCs survey and the other 100 respondents involved in FSCs survey.

5.1.1.1 Respondents' Demographic Profile

Among 100 respondents in LCCs, 41% of the respondents are male and 59% of the respondents are female. In addition, 96% of the respondents fall under the age group between 18-30 years old and most of them were Chinese which make up by 92% of the respondents. On top of that, majority of the respondents who travelled with LCCs have monthly income below RM1,000 which represent 68% of the respondents and 65% of the respondents hold the qualification of Bachelor Degree.

As for 100 respondents in FSCs, 52% of the respondents are male and 48% of the respondents are female. Moreover, 64% of the respondents fall under the age group between 18-30 years old and most of them were Chinese which make up by 75% of the respondents. Besides that, majority of the respondents who travelled with FSCs have monthly income below RM1,000 which represent 37% of the respondents and 60% of the respondents hold the qualification of Bachelor degree.

5.1.1.2 General information

Among 100 respondents in LCCs, 86% of the respondents stated that they will flight with Air Asia with the frequency of 1-2 times in the past where it consists 61% of the respondents. Majority of the respondents have travelled for holiday purpose which make up by 94% of the respondents.

As for 100 respondents in FSCs, 84% of the respondents stated that they will flight with MAS with the frequency of 1-2 times in the past where it consists of 65% of the respondents. Majority of the respondents have travelled for holiday purpose which make up by 70% of the respondents.

5.1.2 Scale Measurement

Scale measurement is identified by reliability test. Among the five constructs, perceived service quality has the highest coefficient which is 0.927, followed by 0.906 for perceived value, 0.901 for customer satisfaction, 0.871 for brand image and 0.839 for behavioural intentions. All the reliability test results show more than 0.8, which mean the constructs are good, reliable and acceptable.

5.1.3 Inferential Analysis

5.1.3.1   The Pearson Correlation Analysis

The result of Pearson Correlation for LCCs shows that there are positive relationships between independent variables (perceived value, perceived service quality and brand image) and dependent variable (customer satisfaction). The highest correlation is perceived value with r = 0.724, followed by brand image with r = 0.707 and perceived

service quality with r = 0.655. While the result of Pearson Correlation also shows that there are positive relationship between customer satisfaction and behavioural intentions with r = 0.668.

Moreover, the result of Pearson Correlation for FSCs shows that there are positive relationships between independent variables (perceived value, perceived service quality and brand image) and dependent variable (customer satisfaction). The highest correlation is perceived service quality with r = 0.790, followed by brand image with r = 0.758 and perceived value with r = 0.661. In addition, the result also shows that there are positive relationship between customer satisfaction and behavioural intentions with r = 0.719.

5.1.3.2 Multiple Regression Analysis

Multiple regressions analysis had done in previous chapter to test the relationship among independent variables against customer satisfaction and behavioural intentions in airline industry. Based on the result of regression, the value of adjusted R Square for LCCs is 0.595 which indicates that there is 59.50% of customer satisfaction and behavioural intentions are influenced by perceived value, service quality, and brand image. The regression coefficient of LCCs for PV is 0.141, PSQ is 0.031, and BI is 0.423. The constant is at 2.406; thus, the estimated regression equation for the model is:

CS= 2.406 + 0.141PV + 0.031PSQ + 0.423BI

On the other hand, the value of adjusted R Square for FSCs is 0.698 which indicates that there is 69.80% of customer satisfaction and behavioural intentions are influenced by the factors of perceived value, perceived service quality, and brand image. Next, the regression coefficient of FSCs for PV is 0.128, PSQ is 0.571, and BI is 0.346. Besides, the constant is at -0.105, therefore the estimated equation for the model is:

CS= -0.105 + 0.128PV + 0.571PSQ + 0.346BI

Where PV   = Perceived Value

PSQ   = Perceived Service Quality

BI   = Brand Image

CS   = Customer Satisfaction

5.1.3.3   Simple regression analysis

The regression coefficient of LCCs for CS is 1.090 and constant is at 16.214. The regression equation for the model is:

Behavioural intentions = 16.214 + 1.090CS

Next, the regression coefficient of FSCs for CS is 0.600 and constant is at 1.433. Thus, the regression equation for the model is:

Behavioural intentions = 1.433 + 0.600CS

Where CS   = Customer Satisfaction

5.1.4 Independent Sample T-Test

FSCs passengers who have an average of 35.88% are more likely to satisfy with FSCs' value, service quality and brand image than LCCs passengers who have an average of 34.4%. However, the result of independent sample t-test shows that there is no significant difference between customer satisfaction in FSCs and LCCs due to the reason that p-value (0.127) is greater than 0.05.

5.1.5 Cross Tabulation Analysis

Based on Table 4.21 in Chapter 4, it is shown that the respondents who travelled with MAS for business purpose consisted of 80%, while 8% travelled with Berjaya Air and Eaglexpress respectively. There are also 4% of the respondents that travelled with other FSCs for business purposes. On the other hand, there are no respondents that travelled with LCCs for business purposes. For holiday/leisure, 36% of the respondents choose to travel with MAS, while 1.2% travelled with Berjaya Air and Sabah Air respectively. 0.6% of the respondents used Eaglexpress to travel for holiday/leisure while 3.7% of the respondents travelled with other FSCs. On the other hand, majority of the respondents (50%) travelled with AirAsia for holiday/leisure. It is followed by 4.3% of the respondents that travelled with AirAsia X, 1.8% for Firefly, and 1.2% for other LCCs. For FSCs, there are 45.5% of the respondents that travelled with MAS for other purposes, such as exchange program. For LCCs, 36.4% of the respondents travelled with AirAsia and 18.2% of the respondents travelled with other LCCs for purposes such as visitation.

5.2 Discussion of Major Findings

Table 5.1: The summary of hypotheses and results

Hypotheses	Results	Supported
H_{1a}: Perceived value has a significant impact on customer satisfaction in low-cost carriers.	p = 0.001	Yes
H_{1b}: Perceived value has a significant impact on customer satisfaction in full-service carriers.	p = 0.158	No
H_{2a}: Perceived service quality has a significant impact on customer satisfaction in low-cost carriers.	p = 0.353	No
H_{2b}: Perceived service quality has a significant impact on customer satisfaction in full-service carriers.	p = 0.000	Yes
H_{3a}: Brand image has a significant impact on customer satisfaction in low-cost carriers.	p = 0.000	Yes
H_{3b}: Brand image has a significant impact on customer satisfaction in full-service carriers.	p = 0.000	Yes
H_{4a}: Customer satisfaction has a significant impact on customer's behavioural intentions in low-cost carriers.	p = 0.000	Yes
H_{4b}: Customer satisfaction has a significant impact on customer's behavioural intentions in full-service carriers.	p = 0.000	Yes
H_5: There are significant differences between types of airline carrier and customer satisfaction.	p = 0.127	No

Source: Developed for the research

5.2.1 Perceived Value

H_1: Perceived value has a significant impact on customer satisfaction.

H_{1a}: Perceived value has a significant impact on customer satisfaction in low -cost carriers (LCCs).

H_{1b}: Perceived value has a significant impact on customer satisfaction in full-service carriers (FSCs).

Based on Table 5.1, the multiple regression analysis indicated that *there is a significant relationship between perceived value and customer satisfaction in LCCs* as the value is 0.001, which is lower than $p < 0.05$. Therefore, H_{1a} is supported.

A customer's perceived value towards LCCs is important because airline companies would want to know the values that they can offer to their customers which can then lead to high level of customer satisfaction. The monetary value is the main factor for customers to fly with LCCs. This statement is consistent with the findings of Yeoh and Kim (2011), where the low cost of the flight is established to be the key factor among the customers of LCCs. Customers perceived that LCCs offer low cost fares, and they believe that it is worth the price paid. According to Bieger, Whittmer, and Laesser (2007), customer value no longer focus on the service quality, but on the low cost fares that are available. Therefore, customers are willing to forego comfort in return for low cost fares.

Perceived value is indeed an antecedent in determining the satisfactory level of customers. The tested result of this research is consistent with Lee, Yoon, and Lee (2007), where they reported that perceived value has a direct effect on overall satisfaction, which in turn could affect behavioural intentions.

Based on Table 5.1, the multiple regression analysis indicated that *there is no significant relationship between perceived value and customer satisfaction in FSCs* as the value is 0.158, which is higher than $p < 0.05$. Therefore, H_{1b} is not supported.

Perceived value is not a significant factor in deciding the level of satisfaction among customers in FSCs because customers who choose to fly with FSCs are not really concern about the price that they have to pay in order to take a flight. On the contrary, they are more concern about the service quality provided by the airline companies. Due to the fact they are willing to pay more, they would expect to receive a good level of service quality. Therefore, perceived value is not a determinant factor for customer satisfaction in FSCs. This result of this research is consistent with Yeoh and Kim (2011), where it is reported that customers are more particular on the quality of the services provided rather than the perceived value. With basic service qualities such as cleanliness of cabin, comfortable seat, in-flight entertainment, and on-time departure, it can create a high level of customer satisfaction in FSCs.

5.2.2 Perceived service quality

H_2: Perceived service quality has a significant impact on customer satisfaction

> H_{2a}: Perceived service quality has a significant impact on customer satisfaction in low-cost carriers (LCCS).
>
> H_{2b}: Perceived service quality has a significant impact on customer satisfaction in full-service carriers (FSCs).

Based on Table 5.1, the multiple regression analysis indicated that *there is no significant relationship between perceived service quality and customer satisfaction in LCCs* as the value is 0.353, which is higher than p < 0.05. Therefore, H_{2a} is not supported.

Generally, customers who choose to fly with LCCs would first look at the airfares available because they would want to go for the lowest cost possible. For customers that travel with LCCs, boarding an airplane is just a mode of transportation to get from one destination to another. Hence, perceived service quality do not play a big role in determining the customer satisfaction for LCCs. The obtained result is consistent with O'Connell and Williams (2005), where the research stated that low cost fares is the primary factor for customers in choosing to fly with LCCs.

Based on Table 5.1, the multiple regression analysis indicated that *there is a significant relationship between perceived service quality and customer satisfaction in FSCs* as the value is 0.000, which is lower than p < 0.05. Therefore, H_{2b} is supported.

Unlike customers that travel with LCCs, customers that travel with FSCs put more emphasize on the service quality that they would receive, and comfort is a priority. Therefore, perceived service quality is important in determining the level of satisfaction among the customers. The findings of this research are consistent with the past research of Gonzalez, Comesana, and Brea (2007), where it was shown that perceived service quality is an antecedent of customer satisfaction, which could create a direct impact on behavioural intentions. Customers who choose to fly with FSCs would not pay much attention to the prices of the flights; rather they are more concerned on the quality of the services provided.

5.2.3 Brand image

H$_3$: Brand image has a significant impact on customer satisfaction.

H$_{3a}$: Brand image has a significant impact on customer satisfaction in low-cost carriers (LCCs).

H$_{3b}$: Brand image has a significant impact on customer satisfaction in full-service carriers (FSCs).

Based on Table 5.1, the multiple regression analysis indicated that *there is a significant relationship between brand image and customer satisfaction in LCCs* as the value is 0.000, which is lower than p < 0.05. Therefore, H$_{3a}$ is supported.

While the multiple regression analysis also indicated that *there is a significant relationship between brand image and customer satisfaction in FSCs* as the value is 0.000, which is lower than p < 0.05. Therefore, H$_{3b}$ is supported.

The results indicated that besides low-cost for LCCs and service quality for FSCs, brand image is also an important factor in determining customer satisfaction. Brand image is important to determine customer satisfaction because an effective brand image allows customers to identify the needs that the brand could satisfy as well as to differentiate the brand from its competitors, and subsequently leads customers in wanting to buy the brand (Hsieh, Pan, and Setiono, 2004).

When customers are satisfied with the brand and what the brand could offer them, this would increase the level of satisfaction, and in return would prone

them to use the same brand again. For LCCs, customers are satisfied with the brands because it offers them airfares as low as possible. On the other hand, for FSCs, there are a few reasons why customers are satisfied with the brands, such as social status and good service quality. The result of this study is supported by Chang, Hsu, and Chung (2008), in that, brand image is an antecedent for brand equity, showing that an increase in brand image could generate higher level of brand equity, which subsequently could lead to customer satisfaction. When there is a high level of customer satisfaction, it could lead to positive behavioural intentions.

5.2.4 Customer satisfaction

H_4: Customer satisfaction has a significant impact on customer's behavioural intentions.

> H_{4a}: Customer satisfaction has a significant impact on customer's behavioural intentions in low- cost carriers (LCCs).

> H_{4b}: Customer satisfaction has a significant impact on customer's behavioural intentions in full- service carriers (FSCs).

Based on Table 5.1, the multiple regression analysis indicated that *there is a significant relationship between customer satisfaction and customer's behavioural intentions in LCCs* as the value is 0.000, which is lower than p < 0.05. Therefore, H_{4a} is supported.

On the other hand, the multiple regression analysis also indicated *that there is a significant relationship between customer satisfaction and customer's*

behavioural intentions in FSCs as the value is 0.000, which is lower than p < 0.05. Therefore, H_{4b} is supported.

The level of customer satisfaction is important in determining the behavioural intentions in both LCCs and FSCs. According to Kim and Lee (2011), customer satisfaction has been found to be a significant factor to determine the customers' behavioural intentions. When customers are satisfied with a product or service, they would go back to purchase more and this creates repeat purchase. Customers that are satisfied in travelling with either LCCs or FSCs will create positive behavioural intentions and may intend to continue flying with either carrier in the future. This statement is consistent with the past research of Chen (2008), where it was stated that overall customer satisfaction has direct influences on the customers' behavioural intentions.

5.2.5 Types of airline model and customer satisfaction

H_5: There are significant differences between types of airline carrier and customer satisfaction.

According to the Table 5.1, the p-value is above the significant level (0.05), which is 0.127. The result indicated that *there are no significant differences between types of airline carrier and customer satisfaction*. Hence, H_5 is not supported. According to O'Connell and Williams (2005), customers could achieve satisfaction in either type of carriers because customers who choose LCCs are satisfied due to its low cost fares, whereas customers who choose FSCs are satisfied due to the additional service quality that they provide. Therefore, regardless of which type of airline carrier that customers choose

to fly with, they could still achieve satisfaction due to the different types of benefits that they could gain from the different types of airline carrier respectively.

5.2.6 Choice of airline company and purpose of travelling

Based on Table 4.20 in chapter 4, the result indicated that customers that travel for business purposes usually travels with FSCs. Business travellers often travel from one destination to another, and they would prefer a flight that can provide them with comfort, especially for those who travels long hours. Therefore, providing good service quality is important for this particular group of people. According to O'Connell and Williams (2005), business travellers choose FSCs for a variety of reasons, which includes high level of service quality and comfort. Moreover, they can also benefit from the high reliability that associates with FSCs. This shows that business travellers can tolerate higher airfares in return for good service quality and comfort.

The result also shows that customers that travel for holiday/leisure purposes would prefer to travel with LCCs because it is cheaper and at the same time, it is merely a mode of transportation. Therefore, the customers would not want to spend too much of money for their flight. This statement is supported by Schultz and Schultz (2000), who stated that holiday/leisure travellers usually travel with LCCs due to price sensitivity or cannot afford to fly with FSCs, and furthermore, the low price of the airfares is usually the key determinant for customers that travel with LCCs.

The result indicated that some customers would prefer to fly with FSCs even though it is not for business purposes, and some would prefer to fly with LCCs even though it is not for holiday/leisure purposes. For customers who are particular about the service quality, they would choose to fly with FSCs; customers that are more concern about the amount of money that they would need to pay for a flight, are more likely to travel with LCCs. According to Huse and Evangelho (2007), although the initial focus of LCCs were mostly on customers that travels for holiday/leisure, however, there are evidence that suggests that LCCs have been travelled by an increasing number of business travellers, despite the fact that their use of LCCs opposes the traditional views of business travellers as placing more importance on full-service attributes. This shows that it is not necessarily that business travellers would only travel with FSCs, but they would also travel with LCCs.

5.3 Managerial Implications

This research focuses on the factors that influence customer satisfaction and behavioural intentions in the airline industry. By going through the overall findings of the study, there are some important implications that should be taken care in order to increase overall performance of the airline industry.

In LCCs airline industry, managers should focus on improving passengers' perceived value as it is the most significant factor that influences customer satisfaction. The areas to be improved in perceived value are functional value, social value, and emotional value. LCCs managers may enhance their on-time performance by having efficient and effective planning and executing. Arrival and departure should follow the schedule as close as possible so that it will ensure punctuality and hence bring functional value to passengers. To enhance social

value, the only way is to monitor the social network such as Facebook, Twitter and Instagram closely to increase their brand reputation. LCCs may also need to take care of all the interaction between customers and their employee as well as the equipment to generate positive feeling and experience when customers travel with LCCs (Forgas et al., 2010). By doing so, LCCs are able to improve their emotional value that perceived by their customers. Hence, it is important for LCCs managers to improve passengers' perceived functional value, social value, and emotional value, so that it will lead to customer satisfaction and hence stimulate repurchase intention.

Brand image is perceived as significant predictor in customer satisfaction in LCCs. It is important for LCCs to continue establish and maintain positive reputation in customer's mind. Customer perceived value toward LCCs may constitute the formation of its brand image. For the past few years, LCCs have built the low-cost brand image in customers' mind and customers recognize LCCs are reasonably priced which then lead to monetary value. Forgas et al., 2010 also supported that monetary value is the key elements for customer satisfaction in LCCs. Therefore, LCCs may need to pay attention on how to reduce the cost in order to offer low price to customers continuously and establish favourable brand image. Failure to keeping the low fare price may destroy the formation of airline image which subsequently lead to customer dissatisfaction.

The result has shown that service quality is not the significant factor that influences customer satisfaction in LCCs. Nowadays, passenger place more concern on low fare price rather the service quality provided (Bieger et al., 2007). Because LCCs provide low airfare to passengers, they might have the perception that service quality must be sacrificed in exchange for low airfares. However, even though LCCs adopts no-frill service concept, but a minimum level of service must be delivered to passengers in order for them to continued travel with LCCs. LCCs managers have to ensure that the minimum level of service include on-time departure and arrival, cleanliness of cabin and washroom and a comfortable seat during the whole journey. If LCCs managers are able to provide these services to

passengers, they are more likely to satisfy and eventually may induce repurchase intention.

However, in FSCs, managers should focus on improving passengers' perceived service quality as it is the most significant factor that influences customer satisfaction. As the research done by Dresner and Xu (1995) also supported that there is a relationship between passengers' perceived service quality and customer satisfaction. FSCs managers should improve all the dimensions of the service quality as the passengers are not certain with the service provided by the company. However, tangibility and responsiveness are the two areas that managers should pay attention to. Many passengers complaint about the quality of food and beverage, hence FSCs managers should consider provide training to employees, increase their ability to prepare delicious food and beverage to the passengers. Besides, FSCs managers should also train their employees in terms of knowledge and skills. This is because responsiveness to passengers' enquiries and needs is very important in retaining customer (Teichert, Shebu and Wartburg, 2008). Hence, FSCs managers should ensure their employees able to respond to different passengers' needs, provide service quality as better as possible. Eventually, passengers will satisfy with the services and stimulate repurchase intention.

On top of that, FSCs managers may also build up the brand image of their company in the minds of passengers especially among business passengers as businesses frequently travel with FSCs during their visit to subsidiaries. This is actually signalling FSCs managers, business passengers are having favourable image towards the brand that they are using. Most of the business travellers flight with FSCs because they believe FSCs have a good reputation in term of their service quality. This is supported by the research of Wen and Yeh (2010) where airline's image is always linked to reputation. Business travellers favour towards FSCs because they believe it provides professional services in all areas from flight booking to in-flight experience. According to Budd (2012), airline's brand image is developed not only through tangible attributes such as comfortable seat and in-flight entertainment, but also through intangible aspects such as the friendliness of

employees and the general ambience of the airline. Therefore, it is important for FSCs managers to deliver excellent services, no matters it is tangible or intangible, to the passenger in the hope that it will position its brand positively in the minds of passengers and thus lead to satisfaction as well as stimulate repurchase intention.

On the other hand, the result has shown that perceived value is not the significant factor that influences customer satisfaction in FSCs. This might be due to the reason that passengers placed more importance on monetary value and hence choose LCCs that provide the least expensive airfares. Thus, FSCs managers may improve on their promotional strategy to attract more passengers. By doing so, FSCs managers may satisfy passengers in terms of monetary value and hence induce them for repurchase intention.

5.4 Limitations of the study

There are several limitations that have been identified during the progress of conducting this study and it is important to be pointed out in order for the researchers to learn and acknowledge.

Firstly, this study only tested on three independent variables which are perceived value, perceived service quality and brand image. There may have other variables that play an important role in determining customer satisfaction and behavioural intentions towards airline industry in Malaysia such as customer trust, switching cost, price fairness and others are not taken into consideration. According to research conducted by Yeoh and Kim (2011), passengers are more tolerance for unpleasant service due to the price factor. They are willing to sacrifice service quality in exchange for lower airfare. The price and other factors have been neglected in this research, hence it is considered a limitation for the research.

Secondly, time and financial constraint is also considered as limitation in this research. The period used to conduct this research is slightly short. Therefore, it is not easy to access wider area of respondent such as people, organization as well as documents which is useful for the study. The limited of time may unable to explore more issues that had been discussed by previous researchers. If there is more time to carry out for this research, the result of this study will be more reliable.

Lastly, as this research mainly focuses on domestic passengers, the generalization of the results was limited for international passengers in the airline context. This is meaning that all of the respondents are from Malaysia and there would have a culture difference between one country and another country. Culture differences may influences passenger's perception from one to another. According to Ueltschy, Laroche, Tamilia, and Yannopoulos (2004), consumers' needs are not alike due to some of the needs are related to local culture. Due to this reason, this research may not be fully applied in other country.

5.5 Recommendation for future research

Recommendations are suggested to overcome some of limitations. It also used to enhance the quality of this research for further investigation.

Firstly, this research indicates the importance of overall judgement of service quality and perceived value rather than measure the relative effect of each of the dimension (e.g tangible, reliability, monetary value, social value and others). According to Anderson, Fornell, and Rust, 1997, the importance of each dimension of service quality or perceived value will affect satisfaction of customer differently in different situation. Thus, to make it clearly for airline

companies to understand which dimension has the relative effect on customer satisfaction, the relatively effect of each dimension on customer satisfaction should be examined in future research. By providing the useful insight, airline companies are able to improve on the matter of handling their resources for different customers.

On the other hand, some significant factors that have been overlooked by researchers in this research such as price, switching cost and customer trust should also be included in future research to gain better insight on antecedents of customer satisfaction.

Besides, different survey methods can be used in conducting this research instead of questionnaire to gain further exposure of customer satisfaction and behavioural intentions in the airline context. For instance, focus group is recommended to explore the views, experiences, beliefs and/or motivations of participants, and at the same time, more qualitative questions can be asked. On the other hand, the moderator guides the group through the discussion and keeps the group focused on the topics for discussion. Therefore, moderator not only can get the content from responses but also get to observe the group and pick up on emotional responses. By doing so, researchers are able to gain more in-depth information on participants' perception, insight, attitudes, experiences or belief toward customer satisfaction and behavioural intentions

Lastly, additional empirical studies could be conducted to determine whether there are any differences in effect of customer satisfaction and behavioural intentions between domestic passengers and international passengers. Therefore, researchers are recommended to look for international passengers to answer the same set of questionnaire to gain insight in relation to culture differences.

5.6 Conclusion

In nutshell, the objectives of this research have been achieved which is to determine the factors that influence customer satisfaction and behavioural intentions in LCCs and FSCs. The result from this research indicates that the significant factors of customer satisfaction for LCCs are perceived value and brand image while for FSCs are perceived service quality and brand image. In order for LCCs to increase customer satisfaction, they have to improve on their value and brand image perceived by their customer, while FSCs have to improve their service quality and brand image. In addition, this research also confirms that customer satisfaction has significant impact on behavioural intentions in both LCCs and FSCs. LCCs and FSCs have to ensure that there is high customer satisfaction to stimulate favourable behavioural intentions which will generate profit.

Besides, the limitations of this study have been identified and recommendations for future research against limitations have also been provided in this chapter. This research could serve as guideline for future researchers or airline companies to have better understand in customer satisfaction and behavioural intentions.

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APPENDIX

(Appendix 1.1)

UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF ACCOUNTANCY AND MANAGEMENT
BACHELOR OF INTERNATIONAL BUSINESS (HONS)

Dear respondent:

We are students of Universiti Tunku Abdul Rahman (UTAR) and are currently conducting a research as part of our course assignment. The purpose of this research is to examine the factors—perceived value, perceived service quality and brand image that will influence customer satisfaction and behavioural intentions in both airline models which are low cost carriers (LCCs) and full service carriers (FSCs).

This questionnaire has been easily designed for you to complete it in about 10 minutes. You will be asked to respond to all statements in the questionnaire and your answers will be kept private and confidential.

Thank you for participating in this survey study.

RESEARCH GROUP MEMBERS:

CASSANDRA ANN NONIS	**1103280**
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PART A: General Information

Please tick (✓) or fill in the blank for each of the questions below. Each question can only choose **ONE** answer.

1. Have you ever taken any flight offered by any airline companies? If yes, please choose **ONLY ONE** (tick✓) for the purpose of this survey (hereinafter referred as 'airline companies')

Full Service Carriers (FSCs)		Low Cost Carriers (LCCs)	
Malaysia Airlines (MAS)		AirAsia	
Berjaya Air		AirAsia X	
Eaglexpress		Firefly	
Sabah Air		Malindo Air	
Others		Others	

2. How many times have you travelled using that type of airline company for the past year?
   ☐ 1-2 times
   ☐ 3-4 times
   ☐ 5-6 times
   ☐ 7 times and more

3. Please state the purpose of your last trip:
   ☐ Business
   ☐ Holiday/ Leisure
   ☐ Others: _____ (please specify)

PART B: Construct Measurement

For each of the statements given below, kindly circle the number that represents your opinion the most.

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

A. PERCEIVED VALUE

No.	Statements	SD	D	N	A	SA
I	**Functional Value**					
1.	The airline services are reliable.	1	2	3	4	5
2.	The airline services have an acceptable standard of quality.	1	2	3	4	5
3.	The airline's flights arrive and leave punctually.	1	2	3	4	5
4.	The airline services fulfill my needs well.	1	2	3	4	5
5.	The airline services offer consistent service quality.	1	2	3	4	5
II	**Social Value**					
1.	Using the airline services make me feel accepted by others.	1	2	3	4	5
2.	Using the airline services make a good impression on other people.	1	2	3	4	5
3.	Using the airline services give me social approval.	1	2	3	4	5
4.	Using the airline services improve the way I am perceived by others.	1	2	3	4	5

No.	Statement	SD	D	N	A	SA
III	**Monetary Value**					
1.	The airline services are good for the price paid.	1	2	3	4	5
2.	The airline services are reasonably priced.	1	2	3	4	5
3.	The price of the airline services has economic value.	1	2	3	4	5
IV	**Emotional Value**					
1.	I feel relaxed when I use the airline services.	1	2	3	4	5
2.	Using the airline services is enjoyable.	1	2	3	4	5
3.	Using the airline services give me pleasure.	1	2	3	4	5
4.	Using the airline services is interesting.	1	2	3	4	5

B. SERVICE QUALITY

No.	Statement	SD	D	N	A	SA
I	**Empathy**					
1.	The airline gives me individual attention.	1	2	3	4	5
2.	The airline has operating hours convenient to all its customers.	1	2	3	4	5
3.	The airline's employees understand my specific needs.	1	2	3	4	5
II	**Tangible**					
1.	The airline's employees are neat-appearing.	1	2	3	4	5
2.	The airline's materials associated with the service are visually appealing.	1	2	3	4	5
3.	The airline company provides in-flight entertainment facilities.	1	2	3	4	5
4.	The airline company provides good quality of food and beverage.	1	2	3	4	5

No.	Statement	SD	D	N	A	SA
III	**Responsiveness**					
1.	The airline's employees tell me exactly when the services will be performed.	1	2	3	4	5
2.	The airline's employees give me prompt service.	1	2	3	4	5
3.	The airline's employees are always willing to help me.	1	2	3	4	5
4.	The airline's employees are never too busy to respond to my requests.	1	2	3	4	5
IV	**Reliability**					
1.	When I have a problem, the airline shows a sincere interest in solving it.	1	2	3	4	5
2	The airline performs the service right the first time.	1	2	3	4	5
3.	The airline provides its services at the time it promises to do so.	1	2	3	4	5
4.	The airline insists on error-free records.	1	2	3	4	5
V	**Assurance**					
1.	Behaviour of the airline's employees instills confidence in me.	1	2	3	4	5
2.	I feel safe in my transactions with the airline.	1	2	3	4	5
3.	The airline's employees are consistently courteous with me.	1	2	3	4	5
4.	The airline's employees have the knowledge to answer my questions.	1	2	3	4	5

C. BRAND IMAGE

No.	Statement	SD	D	N	A	SA
1.	I have always had a good impression of the airline.	1	2	3	4	5
2.	I believe that the airline has better image than its competitors.	1	2	3	4	5
3.	The airline brand is trustworthy.	1	2	3	4	5
4.	The airline brand offers good service quality.	1	2	3	4	5

D. CUSTOMER SATISFACTION

No.	Statement	SD	D	N	A	SA
1.	I think I did the right thing when I decided to use the airline.	1	2	3	4	5
2.	My choice to use the airline was a wise one.	1	2	3	4	5
3.	I feel satisfied with the airline's service quality.	1	2	3	4	5
4.	The airline company always fulfils my expectations.	1	2	3	4	5
5.	I am pleased to have visited the airline company.	1	2	3	4	5

E. BEHAVIOURAL INTENTIONS

No.	Statement	SD	D	N	A	SA
I	**Word-of-mouth communications**					
1.	I will say positive things about the airline to other people.	1	2	3	4	5
2.	I will recommend the airline to someone who seeks my advice.	1	2	3	4	5
3.	I will encourage friends and relatives to do business with the airline.	1	2	3	4	5

No.	Statement	SD	D	N	A	SA
II	**Price sensitivity**					
1.	I will take some of my business to a competitor that offers more attractive prices.	1	2	3	4	5
2.	I will continue to do business to the airline that offers more attractive prices.	1	2	3	4	5
III	**Purchase intentions**					
1.	I will consider the model of airline as my first choice to buy.	1	2	3	4	5
2.	I will continue to do business with the model of airline in the next few years.	1	2	3	4	5
IV	**Complaining behaviour**					
1.	I will switch to a competitor if I experience a problem with the airline's service.	1	2	3	4	5
2.	I will complain to other consumers if I experience a problem with the airline's service.	1	2	3	4	5
3.	I will complain to external agencies if I experience a problem with the airline's service.	1	2	3	4	5

PART C: Demographic Information

Please tick (✓) or fill in the blank for each of the questions below. Each question can only choose **ONE** answer.

1. Please state your gender:
   ☐ Male
   ☐ Female

2. Please state your age:
   ☐ 18 years old - 30 years old
   ☐ 31 years old - 40 years old
   ☐ 41 years old - 50 years old
   ☐ 51 years old and above

3. Please state your race :
   ☐ Malay
   ☐ Chinese
   ☐ Indian
   ☐ Others: _____ (please specify)

4. Please state your gross income/allowance per month:
   ☐ Below RM1,000
   ☐ RM1,000 – RM2,499
   ☐ RM2,500 – RM4,999
   ☐ RM5,000 – RM7,499
   ☐ RM7,500 and above

5. Please state your highest education level:

☐ High School Certificate

☐ Diploma

☐ Bachelors Degree

☐ Master

☐ PhD (Doctorate)

☐ Others: _____ (please specify)

Thank you for your precious time and cooperation
in completing this questionnaire.
All responses will be kept private and confidential.