The Study of Customer Relationship Management in Thai Airline Industry: A Case of Thai Travelers in Thailand

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Abstract

Purpose: This paper offer marketing strategy suggestion to the airlines operating within the Thai aviation market. It identifies the recommended motivational factors that influence the airline customers' decision to their airline choices. Airlines use different customer relationship management programs to attract returning customers. This paper suggested the most attractive motivation factors for Thailand's air travel market.

Design/methodology: This research paper is an attempt to study and identify the factors, including loyalty program, distribution channel, customer services, promotions and other influence causes that affected the customer preference in the airline ticket purchasing behavior in Thailand. A questionnaire survey was conducted with the sample identified through unrestricted non probability sampling technique at four major airports in Thailand. The data collected are analyzed to identify the favorable drivers that lead to customer decision on airline choice.

Findings: The result from the study has demonstrated that price, and promotion has a significant impact on customer preference and positively leads to repurchase intention for their future travel. Moreover, flight schedules are also a main factor influencing the travelers' final decision on airline choice. However, when the promotional strategies and schedule are comparable between airlines, customers are attracted by the airline amenities and services. Loyalty program (frequent-flier program

flier program) is showing a less attractive motivator while distribution channel demonstrates the least important affecting the travelers' choice of airline.

Originality/value: The paper begins with an overview of previous research in the area of airlines customer relationship management and then moves on to what is currently being implemented by the airlines. The authors then propose several customer relationship strategies and identify the most attractive one that motivates the Thai consumers.

Keywords: Airline, Customer Relationship, Management, Travelers, Thailand.

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1. Background and statement of problems

Traditionally, the airline industry is dominated by the major airlines which are mainly established through the support of government. This is due to the high startup cost of equipment and infrastructures. With limited competitions, the airline industry is strictly regulated. The government is ensuring the airline's sources of income by limiting the number of airlines allowed to operate within the market. Even though some government allows other airlines to operate within the market, operating routes and prices of air tickets is set. In other words, the airline industry is a monopoly market with very few or no competitions. Customers have limited choice of air carriers, and airlines are mainly focusing on the revenue and expansion, rather than focusing on the customer's need.

The first air travel service of Thailand was started by Aerial Transport of Siam Company Limited formed in July 1930 with the flight public first took off on the 24 August 1931, 16 bags of mail and seven loads of merchandise from Korat to Nakorn Pnom (Singapore Free Press, 1931).

After World War II, in 1947 Aerial Transport of Siam Company Limited has evolved and became the Thai government owned Siamese Airways. In the same year, the nation's second airline company was formed named Siam Pacific Overseas Airways with the interest of Thai and USA governments (TTAA, 2009).

By 1951, the Thai government decided to form one single carrier for the nation, and have merged the Siamese Airways and Siam Overseas Airways and formed Thai Airways (The Strait Times, 1951). Thai Airways at this time became the exclusive carrier in the Kingdom of Thailand.

In 1960, Thai Airways has created Thai Airways International, which is a joint venture between the Thai Airways Company (TAC) and Scandinavian Airlines System (SAS) to expand their overseas network

(Thai Airways, 2008). This move has created two separate airline operation for Thailand domestic and international travel. By 1977, after the Thai government bought out the SAS's share, and the airline is owned fully by the Thai government.

In 1988, the Thai government has once again merged both domestic and international operations and formed Thai Airways International. Today, Thai Airways International is a state enterprise under the Thai ministry of finance as a major shareholder of 51.03% shares (Stock exchange of Thailand, 2012). Bangkok Airways, which was founded in 1968 as a charter carrier. The airline is Thailand's first approved private owned airline begins its scheduled service in 1986 to provide services to Thailand's remote locations between Bangkok to Krabi, Korat, and Surin (Art of Travel 2010). The company is also enjoying a monopoly domestic and international market from its self-built airport hub at Samui, Sukhothai and Trat within the Kingdom.

Airline deregulation first took place in 1978 when the United States of America's federal government removed government control over pricing of tickets, routes and barrier of entries. This move has led to the introduction of many other private own airlines begins to emerge. Many countries around the world followed. After the deregulation of the airline industry in 1978, the airline industry became more competitive due to the elimination of the restriction of airline's route developments. This moves allowed more airline company to enter the market with fewer barriers. Air travel today is no longer dominated by the "flag carriers" who have the preferential rights or privileges from the government. Customers have more airline choices, and the ticket prices freely fluctuate with the changes of the market's demand. The airline industries today are becoming more competitive, especially with the new business model of low-cost carriers are emerging, the airline industry has totally changed. As airlines are offering intangible products, which airlines are competing against each other directly with the services that they are offering to the customers.

Thailand's airline industry has gone through a major change in 1993. Orient Express Air, a predecessor of Orient Thai Airlines, applying for the Air Operator's Certificate (AOC) and obtained approval five months later. Thailand's airline industry begins its deregulation times (Idealo, 2011). The formation of Orient Express Air allowed the Thai government realizing the importance in the airline industry to the economy. With the increasing traffic demand, the cabinet permitted a private sector; Orient Express Air to set up the nations' second international airline, and the company was renamed as Orient Thai Airlines Company Limited (Lee, 1995).

Along with the flag carrier; Thai Airways International and private carrier Bangkok Airways, deregulation of Thailand's airline industry has introduced new airline joining into the market, including

today's major players; Orient Thai (1995), Thai Air Asia (2003), Nok Air (2004), Solar Air (2004), Business Air (2008), Crystal Thai Airlines (2009), Kan Air (2010), and Sunny Air (2010) and many more. Over the last 20 years, there is also a large number of defected airlines in the industry; this is mainly due to the intense competitions within the market place.
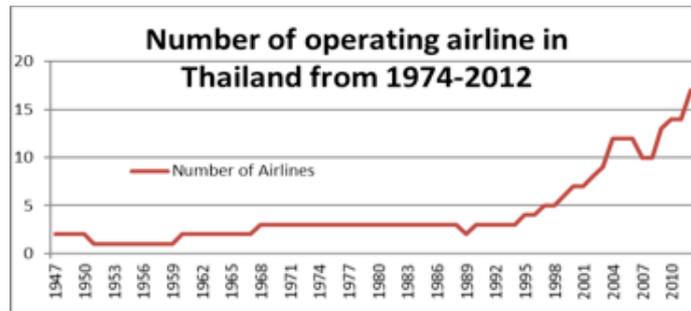

Figure 1. The number of registered airlines in Thailand from 1947 to 2012 (various airline websites)

Airlines today are not competing only within the domestic market; they are also facing international challenges with foreign airlines from other countries. Governments from different countries are signing the open skies agreement, which is creating a direct competition environment between airlines from different countries. Gowrisankaran, (2002, p.1) Explained that "international routes have been deregulated only gradually, through negotiated bilateral open-skies agreements, which generally allow airline companies from the two countries in question to fly between those countries without restrictions." To maintain a share within the marketplace, it is essential for the airlines develop a distinctive marketing strategy to attract customers purchasing the services. Many airlines are also developing customer relationship programs to create loyal customers and attracting return businesses. It is believed that companies are using less investment to attract existing customers to use their services compared to attract new ones. William A. Sherden, (2004) explained in an article for Small Business Reports. "Your profits also should improve considerably when customers stay on board for longer periods of time. The cost of acquiring customers and putting them on the books generally runs two to four times the annual cost of serving existing customers. So the longer you keep customers, the more years over which these one-time costs can be spread."

Intense competition within the airline industry today has reduced the airline's profit margins. Retaining existing customer becoming an important company goal for many airlines. An airline will be able to earn additional profits by spending fewer costs to develop marketing programs when groups of loyal customers are retained. These customers will have a higher probability for intended to repurchase of

the airline services. It is essential for airline company to identify and develop their long term customer relationship programs to generate repeat customers. This moves allowed airline companies to minimize their marketing cost, maintain profitability and at the same time retaining the market share within the marketplace.

2. Literature review

Traveler buying behaviors are changing rapidly with today's technology. Air travelers today are able to plan their trip with the transparency of information that they have obtained from different sources. They are able to compare airline ticket price and services before making their final purchasing decisions. Relationship marketing, therefore, becomes one of the most critical topics within today's airline industry. Establishing positive relationships with the customers allows the airline to win re-purchase passengers. Although sometimes service failure occurs, the airline's customer relationship management programs often help to decrease the level of dis-satisfactions. The definition of customer relationship management (CRM) is defined as the strategy that a company uses in interacting with their customers. Shaw, (2007) defined that Relationship Marketing is a marketing philosophy whereby a firm gives equals or greater emphasis to the maintenance and strengthening of its relationships with its existing customer as it does to the necessary search for new customers. The main rationale of a company carrying out CRM is to support the customers' decision-making process during their purchase. It will help to reduce the organization's marketing cost, increase the company's revenue by building up a positive relationship to the customers and to retain them.

Arthur Hughes, (2006) of How Customer Service Builds Loyalty and Profits has explained the causes of loyal customers.

- Retention rates go up

- Referrals go up

- Spending rates go up

- The customers are less price sensitive

- The costs of servicing them go down

- Initial processing costs go down

- Returns and losses are lower

- Profits go up

Kolter, (2010, p144) have explained that "customer relationship management is to managing detail information on individual customers and carefully managing customer "touch points" in order to maximize customer loyalty." As the airline industry is becoming very competitive today with many airline's choices, it is important for each airline company to understand the customer's needs and built up the customer satisfaction levels.

2.1 Motivation Factors

Why do passengers continually fly with one airline but not another? The answer to this question is essential for an airline company. It has a direct impact to the different motivation factors that attract customers for repurchasing. Understanding these motivation factors will help an airline to create a profile of travelers, and it will also help the company to develop a sound customer relationship strategy plan. Kotler, (2010, p134) stated that "A motive (or drive) is a need that is sufficiently pressing the direct the person to seek satisfaction." By understanding the need and want of the customers, the airline will be able to create products, which satisfy toward their request. This will also help an airline to recognizing the motivators which the passengers put into consideration when they plan for their air travel journey. According to an article published from the Performance Improvement Council of the Incentive Marketing Association (2008) it indicated that "many consumer incentive and promotion programs can increase sales, but when the goal is customer retention, it is best to start by learning more about your customer base. Specifically, you will want to identify the specific customers whom you want to retain, understand what types of services they value, and determine what incentive motivational programs will work exceptionally with those customers." Identifying the motivation factors will allow an airline to design new products and/or make changes to their existing products to achieve higher customer satisfactions. In facts, achieving higher customer satisfactions will bring return business to the airline, and the airline company will be able to implement their customer relationship strategies in attaining them.

Existing customers' motivation could be done through offering loyal clients with incentives. On the other hand, this can be also achieved by other means. Cowie, (2007) suggested that there are 5 reasons to explain why people make purchases, which included fulfilling basic needs; convenience of saving time and effort during the purchasing process; peace of mind in regard to the safety and security of the purchase; ego which is related to the image of the company that they are buying from and fun, which is about the satisfaction to their experiences when using the services or product. All of these reasons are

becoming some important considerations when a company is planning for their customer relationship management programs, especially those within the airline industry.

2.2 Airline Customer Relationship Management

Roland Berger's theory (Beckmann, Goedeking, & Sindemann, 2002) stated that understanding the customer value and customer needs is essential for airlines to build a relationship to their customers. Many airlines are developing loyalty program, which offered different benefits to their customers such as earning points for future redemption of free tickets and extra baggage allowance. Many people believed that the loyalty program is the most effective means for airlines to retain customers, but Roland Berger's theory recommended that the airline's loyalty program does not show the reality value of customers. The loyalty programs of the airline demonstrate the historical data of the passengers from the past activities. The airline's loyalty program only reveals three to four categories of customers who make it difficult for the airlines to segregate the value of individual customers. In other words, loyalty program status does not help an airline to predict the customer's value. On the other hand, Touch point relationships seem to be more effective for airlines to build relationships with their customers. All touch points allow airlines to offers personalized service to selected clients. At each touch point, customers will be getting different treatment, which allowed airlines to extend with personalized services. Human interaction will create a learning loop which allows the airline employees to offer the right service to the right traveler. Loyalty does not only equal to frequent-flier programs but consist with a lot of other factors (Salfen, 2005). Loyalty is a positive belief, generate over the course of, multiple interactions, in the values that a company and/or its products and services, which leads to continued interaction and purchases over time. The loyalties of customers are built up based on the multiple interactions' points between the airline and the customers over time. Interaction points are the different locations where the customer will have direct interaction with the airline staffs. The touch points may begin at a time when the customers called the airline reservation center for reservations, check-in with an airline staff at the airport, the services offered by the flight attendants during the flight and baggage agent helping them to locate lost baggage. There is also another location, which included customer feedback and rewards.

2.2.1 Loyalty Program

Loyalty programs of the airline industry often referred to the frequent-flier programs. The main purpose behind the program is to develop long-term relationship with the service users to encourage customers repurchase. Airlines are using the loyalty program as one of their strategies to retain the service users by offering incentive such as frequent flier points and special discounted ticket prices. Explained by Butscher, (2002, p.39) "A customer loyalty program's primary purpose is to build a relationship with the customers who turns them into long-term loyal customers, who ideally will obtain their lifetime demand for a specific product or service from the company sponsoring the loyalty program." The airline uses the loyalty program as a tool to influence the service user to make repurchase decisions for their future travel. This is one important instrument that an airline company exercises in avoiding their customer shifting service providers.

As defined by Shaw, (2012), Emotional loyalty to the program can be demonstrated in irrational behavior when a customer is buying things that they otherwise would not have bought, or using a service they might not otherwise use "in order to accrue more loyalty points or currency." Someone might book an extra flight or make their travel inconvenient with multiple transfers to get enough qualifying legs or points to achieve the next tier. Loyal customers tend to be fewer prices sensitive and willing to buy services at a premium price; the creation of a loyalty program is encouraging airline passengers to repeat purchase for the airline services.

2.2.2 Distribution channel (Websites)

Airlines today are establishing their websites, which served as an additional distribution channel for the airline service. Many customers today are purchasing their air tickets through the website since they believed that purchasing online provided speedy services, allowing them to compare rates between service providers, and they tend to have more control of their travel planning process. Increasing air operator gave customers with more choices; therefore, by creating a user friendly website does affect the customer's purchasing decisions. According to a research accomplished by Davis, (2008) has mentioned that "875 million consumers worldwide have made purchases on the web, up 40% from 627 million two years ago, according to the Nielsen Global Online Survey. 85% of Internet users have made at least one online purchase." The process of purchasing the air tickets became more convenient, which leads to the increase of customers making their air ticket purchase through the use of the Internet. With the research from think travel, (2011) of the air traveler's decision-making process "Out of 5000 surveyed travelers, 79% of personal travelers, 69% of business travelers and 75% affluent

travelers will surf the Internet to compare ticket prices on the Internet when planning for their travel in the U.S. market." The popularity of Internet booking has increased the traffic of airline's website visits, and therefore, this has become an important platform for the airline to develop a relationship to their customers. The airline's website will be regularly publishing the airline's latest news and promotion details to ensure that the customers will visit the website frequently. This strategy will help the airline to develop a long-term relationship to the customer at a less costly channel.

2.2.3 Face to face interaction (Customer Services)

Customer services involved the interactions between airline personnel and the customers. Within the airline industry, the frontline staff at the reservation call center, airports and on-board plays a main role in creating customer's satisfaction, which also creates customer loyalty toward the airline company. Street, (1994) has defined that the airline industry is all about the customer complete air travel experience which is driven by the interaction between the airline employees and the customers. Airline staff at different positions can provide personal care, and tailor made services to establish a relationship to their customers. Customer's expectations of services are increasing, due to more choices of air transport providers. It is not difficult for an airline company to match their competitor's product such as by offering the same type of seats with the identical width and legroom, the same quality of meals and in-flight entertainment, but the in person interactions among the airline staff are very difficult to copy. Travelers often evaluate the airline's quality by comparing the services offered by the employees. It is important, especially at the time during irregular operations in a situation where the airlines are not in control such as weather. A memorable positive image will be created when the airline employees are able to offer resolution arrangements for the disservice passengers. As explained by Barlow and Moller, (2008) complaints are gifts for a company as the complaints giving opportunities for the company to earn additional loyal customers when the situation is handled effectively. Besides that, passengers often share their travel experience plus how they were treated with word of mouth from others and their own previous experience during the planning stage of their next trip. Therefore, customer service often played an important role in building loyal customers.

In a research of McInnes, (2010) on the topic of customer loyalty in terms of the staff's problem resolution skills have suggested that 81% of respondents who said a company's problem resolution experience far exceeded their expectations and also said that they're were very likely to do business of that company again. Only 5% of those who said problem resolution experiences fell far below expectations said that they're very likely to do business with the same company again. 65% percent of

respondents who said that problem resolution experiences far exceeded their expectations also said that they're very likely to tell someone about the experience. Even more, 71%, of those who said that their experiences fell far below expectations said that they're very likely to tell someone.

2.2.4 Promotion

Promotion has been an important relationship marketing tool within the airline industry. Especially with today's airline business with different airline companies are offering substitution products, therefore, attracting customers by using different promotion strategies became essential. Kotler (2010) stated that promotion mix was a blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationship. Demand for air travel is very seasonal; as a result, sales promotion strategy is frequently exercised by airline offering incentives to travelers to encourage sales of services during the low seasons. The airlines use promotion to attract travelers from their competitors to use their services. This will allow the travelers to examine the value and quality of the airline an offered an opportunity to the airline in developing new loyal customers. Shaw (2007, p274) has specified that "once someone has decided on a particular airline; the airline only has the task of persuading them to continue to make the same choice." Airline regularly uses promotion strategies to attract business away from their competitors. It is much more difficult, and the relatively high cost associated to persuade a customer to change their long term supplier; therefore, airlines are using a discount price strategy to attract customers from other suppliers, encourage repurchase and developing long-term relationship with them.

3. Research Model

There are different customer relationship management strategies that an airline can implement in order to attract new customers and maintaining existing ones. What the airlines aimed to achieve is to establish long-term relationship to their customers to encourage repeat purchases. Airlines have also been spending a large amount of budget in establishing these programs to attract customers from their competitors and to retain them for the long term. Creating long-term relationship requires the effective usage of customer relationship management strategies.

3.1 Expected Contribution

This study will be focusing on the various types of motivators that attracts air travelers in Thailand. It has separated the motivators into categories and examines how they will affect the Thai traveler's choice of airlines in Thailand. The study will provide guidance to different interested parties to identify the most effective strategy in preserving their Thai nationality customers.

- Providing an explanation to readers who are intending to understand customer relationship strategy.

- Providing an explanation to readers who are intending to understand the effectiveness of the different customer relationship strategy.

- Providing a conclusion to users who are intended to be understood Thailand's Air traveler's buying behaviors.

- Assisting the airline marketing team to develop the most suitable customer relationship management program for targeting new customer base.

- Assisting the airline marketing department to make adjustments to their existing customer relationship program

- Providing data for the airline management team to adjustment to their business plan to cope with the changes of the industry.

3.2 Research methodology

Airlines are using distinctive customers' relationship management methods for targeting different customers. In other words, an airline may be using more than one strategy to market their products. The variables used to measure the repurchase drivers included the main drivers of price, loyalty program, services and distribution channel. Additional variables are included to examine other factors that might influence the travelers' motivators. These extra variables include schedule, safety, airline's image, baggage allowance, dependability and reputation among the consumers' friends. The objective of this study is to identify which motivators are demonstrating most important to the Thai air travelers. The variables are divided into five main categories, including promotion, distribution channel, customer services, loyalty program and others. The grouping will help to identify the most important motivators.

The findings will allow the airline company to develop the most effective marketing strategies. This will help the company to reduce their marketing costs and retaining existing customers. A research methodology of quantitative approaches will apply in the study.

Research Design

To identify the most effective customer relationship management strategy for air travelers in Thailand, primary data will be collected by structured survey during intercept interviews using the methodology of quantitative research approach.

Based in the year 2011, Airport of Thailand's air transportation statistic (appendix) demonstrates the total passenger movements at Suvanabhumi Airport: 47,800,585, Chiang Mai: 3,680,390 and Phuket: 8,206,405. The grand total passenger movements at the three airports have a total of 59,687,380. According to infinite population where the population is greater than 50,000 with a significant confidence level at 95%, a sampling size of 600 Thai nationalities on both international and domestic flights will be surveyed. Data will be collected from Thailand's 3 major international airports located in the Northern, Central and Southern part of the country in order to effectively obtain the most accurate data from the kingdom.

4. Result

4.1 Air Travelers Response

Respondent profile

To understand the travelers' behavior and habits to airline choice, a total of 620 questionnaires were distributed at four major airports in Thailand, including Bangkok Suvanabhumi Airport, Don Muang Airport, Chiang Mail Airport and Phuket Airport. Among the 620 questionnaire distributed; 20 questionnaires were not used due to incomplete and inaccurate information. The actual number of questionnaires used is 600, which yield a response rate of 96.7%. Among the 600 valid questionnaires, 12 (2%) of travelers are taking first class, 6 (1%) of travelers are traveling on Business class and 582 (97.1% of travelers are taking economy class.

The main purpose of these travelers traveling includes business 30.4%, leisure 52.9%, personal (visiting family and friends) (11.8%) and 29 (4.9%) with other reasons. The respondents come from all age groups from both gender with majority holding post-graduate degree.

Factors		Frequency	Percentage
Fight Class	First Class	12	2
	Business Class	6	1
	Economy Class	582	97.1
Purpose of the trip	Business	182	30.4
	Leisure	318	52.9
	Personal (Visiting friends and family)	71	11.8
	Others	29	4.9
Education Level	Secondary	40	6.8
	Tertiary	130	21.6
	Post Graduate	430	71.6
Fight (Past 12 months)	1-2 times	159	26.5
	3-4 times	82	13.7
	5-6 times	106	17.7
	6 times or more	253	42.1
Gender	Male	259	43.1
	Female	341	56.9
Age	Under 21	36	6
	21-30	125	20.8
	31-40	148	24.6
	41-50	125	20.8
	51 and over	166	27.8

Table 1. Traveler Profile

4.1.1 Price

According to the data collected from the travelers, price is the major motivator for airline selection. The majority of travelers pays most concerns for the price and pricing penetration (promotion) offered by the airlines. The data collected to have indicated that their choice of flight and airline is mainly driven by the price of their ticket.

To pursue for the lowest price, travelers give a lot of attention to the airline discount and promotion announcements. Before the travelers are making their airline's choice, they will perform research for information related to the airline discount. As the majority of the interviewees are traveling for leisure who purchased their air tickets over 15 days before their flights, and therefore, they often enjoy the early-bird discount offered by the airlines.

The responses from the two questions on the survey have indicated that the traveler concerns the element of prices and promotion (average agreed level of 4.10 out of 5). The customer relationship is developed between the airlines and the customers through the communication of various promotion types mainly focusing on offering discount prices (average agreed level of 3.62 out of 5).

Statement	Agreed level
I am looking for the lowest price ticket (n=600)	4.21 (agree)
I concerned about discount or promotion offered by the airline (n=600)	3.62 (agree)

Table 2. The average agreed level to the two statements related to pricing (1 = strongly disagree; 5 = strongly agree)

4.1.2 Loyalty program

Many airlines have established various incentive programs to motivate traveler's repurchase. Out of the many incentive's motivators, frequent-flier program is one of the most important airlines' product. During the data collection, two questions are asked relating to airlines' frequent-flier program. There is a variation between the interviewees. The first question asked whether the frequent-flier program attracts the travelers for return purchase on the same airlines. The responses showed that the airline frequent-flier problem is not a big concern for the customer (average agreed level 2.79 out of 5). In order to reconfirm the validity in the data, a second question was asked about the travelers' awareness to the benefit of the frequent-flyer membership. The responses have demonstrated that the customers are showing a kind of neutral (average agreed level 2.63 out of 5) to their awareness about the benefits that the frequent-flier program gave them.

Comparing the data from the two survey questions, it demonstrated that both data are comparable. Both data show that airline loyalty program is not a main concern to the traveler's choice of airlines, and these customers may be also not aware of the benefits they get after becoming a member.

Statement	Agreed level
Frequent-flier program attracts me for return parcels to the same airline (n=600)	2.79 (agree)
I am fully aware of the benefits that I will get from their frequent-flier membership (n=600)	2.63 (agree)

Table 3. The average agreed level to the two statements related to the loyalty program. (1 = strongly disagree; 5 = strongly agree)

4.1.3 Services

Airline service is another motivating factor for travelers' airline choice. Airline customers are expecting airlines are offering exceptional product, including both tangible and intangible. These tangible products are the airline's hardware, including inflight entertainment, aircraft types and other airline offers. The airline intangible is namely the services offered by the airline employees. Customer service is nominated to be the most important to attribute for air travelers.

The respondent agreed that they are expecting the airlines are offering high-quality inflight products (The average agreed level 3.60 out of 5), concerned with the aircraft model operating (average agreed level 3.05 out of 5), inflight entertainment (average agreed level 3.29 out of 5), and meal (average agreed level 3.05 out of 5) are somewhat important.

The result has shown significant that services are important to the travelers. However, the travelers do not weight heavily on the service factors.

Statement	Agreed level
I am expecting airlines to offer high-quality in-flight products (n=600)	3.60 (agree)
I concerned about the quality of airline staff (n=600)	3.05 (neutral)
I concerned about the aircraft model operating the flight (n=600)	3.29 (neutral)
In-flight entertainment and meal are a big concern for me (n=600)	3.05 (neutral)

Table 4. Comparing the average agreed with the four statements related to the service. (1 = strongly disagree; 5 = strongly agree)

4.1.4 Schedule

Airline schedule is another factor examined in this study to identify the importance to the travelers' airline choice. From the survey question asking the travelers, whether they choose their flight based upon the departure time. The responses showed that the schedule shown significant to their airline choice. (average agreed level 4.17 out of 5),

To evaluate the accuracy of the responses, a second question was asked whether the customers are willing to pay more money when there is a flight which suits their times. The responses have demonstrated that customers are willing to pay more money for a better departure time. (average agreed level 3.96 out of 5),

Both questions have demonstrated that airline customers do care about the schedule offered by the airline. The majority of the customers will also choose the airline when there is a flight that suits its time, even though the ticket price is more expensive.

Statement	Agreed level
I choose the flight according to the departure time (n=600)	4.17 (agree)
I am willing to buy more expensive tickets when there is a flight which suits my time (n=600)	3.96 (agree)

Table 5. The average agreed level to the two statements related to scheduling. (1 = strongly disagree; 5 = strongly agree)

4.1.5 Distribution Channel

There are multiple channels where the customers are able making purchase of the air tickets. However, the responses have shown that it is not a major concern for the travelers toward their airline choice. The respondents are demonstrating neutral to this question (average agreed level 2.31 out of 5).

Statement	Agreed level
I choose this flight due to the convenience of the ticket purchase process (n=600)	2.31 (not agree)

Table 6. The average agreed level to the statement related to distribution channel. (1 = strongly disagree; 5 = strongly agree)

4.1.6 Other factor

To understand the traveler's purchasing behavior concerning their airline choice, additional questions have been examined. These questions include various ranges to identify the travelers' attitude towards their choice of airlines.

Safety

Safety is claimed to be another concern from the travelers. The travelers agreed that they will choose the airline, according to the airline's safety standard (average agreed level 3.86 out of 5). Positioning Some travelers are choosing the airline, according to their social status and these can be a factor that the travelers put into consideration when selecting their airline choice. Put it simply, some travelers do not take low-cost airlines as they believed that it affects their social status. A question has been asked to examine whether flying with a leading airline does demonstrate their status. The responses have shown that positioning is playing very minimum affecting the customer's airline choice. (average agreed level 1.96 out of 5).

Baggage Allowance

Airline baggage allowance is offered according to the airline business strategy. Some airline offers free baggage allowance for the passengers, while others do charge. A question was asked whether the free check-in allowance offered by some airlines can be a motivator to the passengers' airline choice. The response gathers have indicated that baggage allowance is somewhat important to the customers (average agreed level 3.21 out of 5) and customer do concerns to the amount of baggage that they can check in for their flight.

Dependability

Another motivator that the studies tried to examine is the dependability of the airline. The questions asked whether the customers concern to the dependability record of the airline. The responses have indicated the customer is concerning the airline on-time performance (average agreed level 3.62 out of 5).

Statement	Agreed level
I often choose the airline based on the safety standard (n=600)	3.86 (agree)
Flying with a leading airline does demonstrate my status (n=600)	1.96 (not agree)
I concerned about the amount of baggage, I can check-in (n=600)	3.21 (neutral)
I am more concerns to the on-time performance of the airlines (n=600)	3.62 (neutral)

Table 7. The average agreed level of the four statements related to other influential factors. (1 = strongly disagree; 5 = strongly agree)

4.2 Summary of air traveler responses

Ranking	Statement	Agreed level
1	I am looking for the lowest price ticket	4.21 (agree)
2	I choose the flight according to the departure time	4.17 (agree)
3	I am willing to buy more expensive tickets when there is a flight which suits my time	3.96 (agree)
4	I often choose the airline based on the safety standard	3.86 (agree)
5	I concerned about discount or promotion offered by the airline	3.62 (agree)
6	I am more concerns to the on-time performance of the airlines	3.62 (agree)
7	I am expecting airlines to offer high-quality in-flight products	3.6 (agree)
8	I concerned about the aircraft model operating the flight	3.29 (neutral)
9	I concerned about the amount of baggage, I can check-in	3.21 (neutral)
10	I concerned about the quality of airline staff	3.05 (neutral)
11	In-flight entertainment and meal are a big concern for me	3.05 (neutral)
12	Frequent-flier program attracts me for return parcels to the same airline	2.79 (neutral)
13	I am fully aware of the benefits that I will get from their frequent-flier membership	2.63 (neutral)
14	I choose this flight due to the convenience of the ticket purchase process	2.31 (not agree)
15	Flying with a leading airline does demonstrate my status	1.96 (not agree)

Table 8. The ranking of average agreed level, combining all statements of air traveler responses. (1 = strongly disagree; 5 = strongly agree)

4.3 The Consumer ranking on the motivators

In order to understand the customer preference, the respondents are asked to rank the motivators which they believed to be most important to the lease important. There are total eight choices from most important to least important. This allows the respondent to rank the criteria together to give a more definite view to the preferences.

According to the respondents' feedback, price has ranked first accounted for 45.7%. The respondents have ranked price as the most important element when they are selecting their airline choice. The second ranked more important are related to the airline flight schedule and the routing structure. The traveler concern about the schedule of the flight ensuring the time that the airline offers to suit their needs, they also play concerns to the airline routing structure, favoring nonstop flight and avoiding connecting flights.

Airline staff interaction ranked fourth, which the travelers also focus when they are selecting the airline choice. Airline facility on the ground and in flight was ranked fifth, which are little importance to the travelers. The travelers also revealed that the airline distribution channel plays less important to their airline choices. As the travelers assumed that they are already aware of the various airline distribution channels. The least important criteria involved the airline positioning which demonstrates the traveler's social status and the airline frequent-flier program which the travelers believe that these are the least important motivator toward their airline choice.

	The price of the ticket is worth of value (Price)	The overall service that the airline personnel are provided (Service)	The airline flight schedule (Service)	The airline route structure (Service)	The image of the airline matches your social status (Positioning)	The airline's frequent flyer program (Frequent-flier Program)	The airline distribution channel (Place)	Facilities offered at the airport and on the aircraft (Service)
N valid	600	600	600	600	599	600	600	600
Missing	0	0	0	0	1	0	0	0
Mean	2.2451	3.6078	2.5294	4.0294	6.1683	5.9020	5.2941	5.7353
Median	2.0000	4.0000	2.0000	4.0000	6.0000	6.0000	6.0000	6.0000
Mode	1.00	4.00	2.00	2.00	8.00	8.00	7.00	5.00

Table 9. The consumer ranking on the motivators

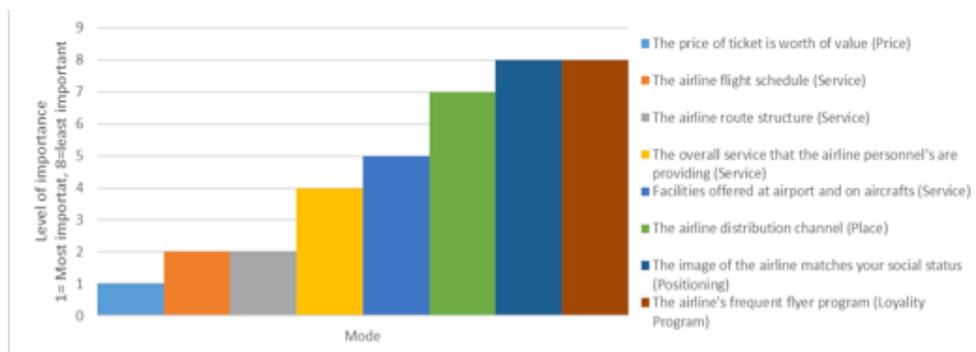Figure 2. The consumer ranking on the motivators

4.4 Responses from travel agency

To understand drivers toward the travelers' purchase behavior of air ticket, data have been collected from the travel agency. Those travelers who purchase their air ticket at travel agencies are having face to face interaction with the agents, and they will be able to offer additional data on the traveler's purchasing behavior to the study. A total of 45 travel agents in various cities are being interviewed. Travel agents interact with the travelers every day, and they played a main part in assisting the travelers selecting the airlines. A total of 45 interviews has been carried out in three cities as Bangkok, Chiang Mai and Phuket. Each city is accounted for 15 surveys, and the yielding is 100%. To recognize the travel agent customer base, the travel agency in business duration was identified. 24.24% of travel agencies have been operated from 1-5 years; travel agency operated 6-10 years accounted for 17.78% and travel agent operated 11-15 year, and 16-20 years are equally ranked at 15.55%. There is a total of 26.67% of travel agency operated 21 years and over. Out of the 45 travel agents, 30 companies are the BSP agent (66.7%) while 15 companies are non BSP agent (33.3%). 27 travel agents are the general sales agent (GSA) associated with an airline (60%), while 18 do not relate to any specific airline (40%).

57.8% travelers purchasing their ticket through the travel agents are traveling for individual purposes, including leisure and family/friend visit while 42.2 % of the travelers are traveling for business purposes whom the tickets are paid by their company. For these business travelers, 56% have designated airlines based on the company policy while 44% are allowed the staff to choose their own airlines.

From the travelers who contacted the travel agent, 60 % asked he travel agent for an airline recommendation while 40 percent already had their choice of airlines in mind. This indicated that over half of the travelers who contacted the travel agent required suggestions. Those travel agents who are associated with an airline will suggest their represented airline company.

Factors		Frequency	Percentage
Year of Operation	1-5 years	11	24.45
	6-10 years	8	17.78
	11-15 years	7	15.55
	16-20 years	7	15.55
	21 years and over	12	26.67
BSP agent	Yes	30	66.7
	No	15	33.3
GSA	Yes	27	60
	No	18	40

Table 10. The travel agents profile

When the travel agents are preparing the traveler's itinerary, over half of customers (62.2%) of travelers' main concerns is price, while 20.5 % of traveler's concern at the time. 13.6 % of travelers chosen the airline due to their membership with the airlines while only 2.3% of percent concern the comfort and facilities.

According to the travel agents' feedback, the majority of customers (71.1%) they interact had the most concern about the price, followed by suitable time (8.9%), the city/destination that the airline served ranked third (6.7%), frequent flyer programs ranked fourth (4.4%). Their travel experience, the airlines' safety standard, service and routing network are equal rated fifth (2.2%).

To understand the travelers, several specification questions were asked to understand the customer preference when they are making their purchase. The questions are asked individually with no other influence factors.

From the travel agent experiences, most travelers are not willing to pay higher prices for better service (55.6%) while a few travelers are desirous of pay extra for added services. The majority of travelers have concerns to the flight schedule. The majority of travelers selected the airlines due to the departure time suited their schedule (64.4%). A large number of travelers preferred Non-stop flight due to its convenience (86.7%). Frequent-flier program is also important to the traveler's decision (64.4%). The majority of travelers are moreover, concerns about the reputation and safety standard of the airline (73.3%).

To identify the importance of each decision criteria, based upon the experience that the travel agents interacts to the travelers at the travel agents, the following result was produced.

4.4.1 Pricing

To identify the customers' feedback on pricing, the travel agency has responded to that traveler's concerns about price. (The average agreed level 4.31 out of 5). They also have claimed that their customer pays a lot of attention to the promotion offered by the airline (average agreed level 3.35 out of 5).

Comparing the data from the two questions, the result is shown identical data that customers are concerned over the price that they pay when they are choosing their airline choice.

Statement	Agreed level
Customers are looking for low price (n=45)	4.31 (agree)
Customers concern about discount or promotion offered by the airline (n=45)	4.35 (agree)

Table 11. The average agreed level with the two statements related to pricing. (1 = strongly disagree; 5 = strongly agree)

4.4.2 Loyalty Program

The importance of the airline frequent-flier program leading to airline choice was also evaluated from the travel agency responses. Two survey questions examining the importance of the frequent-flier program attracts traveler's repurchase and the travelers' awareness to the benefit of the frequent-flier program is asked. The responses from the travel agency have demonstrated that frequent-flier programs do help the airlines to attract customers repurchase (average agreed level 3.36 out of 5). They also claim that the travelers in contact are aware of the benefits they get from the membership program (average agreed level 3.40 out of 5).

This has verified that frequent flier does play some role to travelers in selecting their airline choice.

Statement	Agreed level
Frequent flier program attaches many returns customers (n=45)	3.36 (agree)
Customers are aware of the benefits that they will get from their frequent flier membership (n=45)	3.40 (agree)

Table 12. The average agreed level to the two statements related to the loyalty program. (1 = strongly disagree; 5 = strongly agree)

4.4.3 Service

In related to the airline services, the travel agent claims that the customer somewhat concern about the airline staff quality (average agreed level 2.60 out of 5) however, they are paying less interest to the personal services offered by the airline staff (average agreed level 2.11 out of 5). However, the customers do pay more interest to the inflight services. They are expecting the airlines are offering high inflight products, which include comfortable seats (average agreed level 3.60 out of 5). In terms of inflight entertainment, it is somewhat important to the travelers (average agreed level 2.31 out of 5).

For the questions related to the aircraft model, the travel agents have claimed that they agree that it is one factor motivating the travelers' airline choice. (average agreed level 3.04 out of 5) From the result, it is indicating that inflight service is important to some travelers. However, it is not the most important factor affecting their decision-making process. Majority does not care about the inflight entertainment system offered by the airlines.

Statement	Agreed level
Customer's concern about the quality of airline staff (n=45)	2.60 (neutral)
Customers are looking for personal service from the airline staff (n=45)	2.11 (not agree)
Customers are expected airlines to offer high-quality in-flight products (n=45)	3.60 (agree)
In-flight entertainment is a big concern to the customers (n=45)	2.31 (no agree)
Customer's concern about the aircraft model operating the flight (n=45)	3.04 (neutral)

Table 13. The average agreed level to the two statements related to servicing. (1 = strongly disagree; 5 = strongly agree)

4.4.4 Schedule

The airline offered schedule is demonstrating as one of the important factors of the air travelers. The travel agents have agreed that the traveler concern at the flight departure time (average agreed level 3.68 out of 5). A second question was asked to evaluate the variance between schedule and price. The question is asking whether the customers are willing to buy a more expensive ticket if there is a time which suits them. The travel agent responded that their customers are willing to pay more money to purchase a ticket which suited them. (average agreed level 4.00 out of 5).

Statement	Agreed level
Customers choose their flight accordin to departure time (n=45)	3.68 (agree)
Customers are willing to buy more expensive tickets when there is a flight which suits their time (n=45)	4.00 (agree)

Table 14. The average agreed level to the two statements related to scheduling. (1 = strongly disagree; 5 = strongly agree)

To examine the relationship between time and price, a question was asked to evaluate whether the travelers accept longer flying time for a lower price. The majority of responses received to have indicated that travelers are neutral to the question of spending more time on their travel even the ticket prices are low. (average agreed level 2.51 out of 5).

To justify the accuracy of the response to the previous question, another question was incurred in a different way. To the question-related, passengers are not wiliness to pay more for non-stop flight; the travel agent shows not agree. (average agreed level 2.06 out of 5) This is demonstrating that the travelers are willing to pay more for better schedule.

This test demonstrates the accuracy of the majority of travelers still preferred to take non-stop flight, even though the price of tickets is more expensive.

Statement	Agreed level
Customers are willing to take multiple connections as long as the price tickets remained low (n=45)	2.51 (neutral)
Customers are not willing to pay more for non-stop flights (n=45)	2.06 (not agree)

Table 15. The average agreed level with the two statements related to price and time. (1 = strongly disagree;

5 = strongly agree)

4.4.5 Others

Other factors influencing the customers' airline choice are separated into various categories, including safety, positioning, baggage and dependability.

Safety The safety standard of the airline is also a main consideration for the travelers. The travel agents gave responses that the customers do care about the safety standard of the airlines. (average agreed level 3.95 out of 5).

Positioning According to the question about the customer concern for the reputation of the airlines, the travel agents claim that the travelers do care about the reputation of the airlines. (averaged agree level 3.8 out of 5).

Baggage Allowance

At the interaction between the travel agents and customers during the air ticket booking process, the importance of free baggage allowance was also evaluated. A question was asked to the travel agents for their responses to whether the customer concerns about the amount of free baggage allowances allowed. The data collected to have shown that baggage allowance is also a concern to the travels' airline choice (average agreed level 3.08 out of 5).

From the responses, free baggage allowance is one of the considerations when the travelers are choosing their airline preference.

Dependability Time seems to be somewhat important to the customers, the agents claim that the travelers pay some concerns with the airline on-time performance (average agreed level 2.90 out of 5). From the responses, the passenger pays more concerns to the airline's schedule while they do not focus on the airlines' on-time and cancellation performance.

Statement	Agreed level
Customer's often choose the airline based on the safety standard (n=45)	3.95 (agreel)
Customers are concerned with the reputation of the airline they are taking (n=45)	3.08 (neutral)
Customers concern about the amount of baggage they can check-in (n=45)	3.08 (neutral)
Customers are more concern to the dependability of the airlines (n=45)	2.90 (neutral)

Table 16. The average agreed with the four statements related to other influential factors. (1 = strongly disagree; 5 = strongly agree)

4.4.6 Summary of air traveler responses

Ranking	Statement	Agreed level
1	Customers concern about discount or promotion offfered by the airlin	4.35 (agree)
2	Customers are looking for lowest price	4.31 (agree)
3	Customers are willing to buy more expensive tickets when there is a flight which suits their time	4.00 (agree)
4	Customer's often choose the airline based on the safety standard	3.95 (agree)
5	Customers choose their flight accordin to departure time	3.68 (agree)
6	Customers are expected airlines to offer high-quality in-flight products	3.6 (agree)
7	Customers are aware of the benefits that they will get from their frequent-flier membership	3.4 (neutral)
8	Customers flier program attached many return customers	3.36 (neutral)
9	Customers concern about the amount of baggage they can check-in	3.08 (neutral)
10	Customers are concerned with the reputation of the airline they are taking	3.08 (neutral)
11	Customer's concern about the aircraft model operating the flight	3.04 (neutral)
12	Customers are more concern to the dependability of the airlines	2.9 (neutral)
13	Customer's concern about the quality of airline staff	2.6 (neutral)
14	Customers are willing to take multiple connections as long as the price tickets remained low	2.51 (neutral)
15	In-flight entertainment is a big concern to the customers	2.31 (not agree)
16	Customers are looking for personal service from the airline staff	2.11 (not agree)
17	Customers are not willing to pay more for non-stop flights	2.06 (not agree)

Table 17. The ranking of average agreed level combining all statements of travel agents' responses. (1 = strongly disagree; 5 = strongly agree)

4.5 The Travel Agent ranking of the motivators

From the travel agency interaction with their customers, they are asked to rank the motivators, from the most important to the lease important to their customer preference.

There are total eight choices from most important to least important. This allows the respondent to rank the criteria together to give a more definite view to the motivators influencing the traveler's choice of airline.

According to the respondents' feedback, price has ranked number one. The respondents have ranked price as the most important element for the customers in contact when selecting their airline choice. The second in the rank is the airline flight schedule and the routing structure. The travel agency customers concern about the schedule of the flight ensuring the time that the airline offers to suit their needs, they also play concerns to the airline routing structure, favoring nonstop flight and avoiding connections.

The fourth in the rank is frequent-flier programs; the travel agent countered that some customer chooses the airline preferences due to their membership to an airline loyalty program. The airline

service quality is ranked fifth, which demonstrated that travelers are showing neutral to the airline's staff service quality in influencing their choice of airline.

The airline positioning which demonstrates the traveler's social status is ranked sixth. The travel agents have indicated that the customer is nature in the airline company that they are taking; no matter, they are full service airlines or low-cost carriers.

The facility offered by the airline is ranked seventh, which demonstrated that travelers are showing amenities extended by the airline is not an influential factor in their airline selection. The least important criteria involved in the distribution channel to their airline choices, and these customers have already contacted the travel agents for their air ticket arrangements.

	The price of the ticket is worth of value	The overall service that the airline personnel's are providing	The airline flight schedule	The airline route structure	The image of the airline matches your social status	The airline's frequent flyer program	The airline distribution channel	Facilities offered at the airport and on the aircraft
N valid	45	45	45	45	45	45	45	45
Missing	0	0	0	0	0	0	0	0
Mean	1.3333	4.7778	2.7778	3.3556	6.2222	4.5333	6.2889	6.6889
Median	1.0000	5.0000	3.0000	3.0000	6.0000	4.0000	6.0000	7.0000
Mode	1.00	5.00	3.00	3.00	6.00	4.00	7.00	7.00

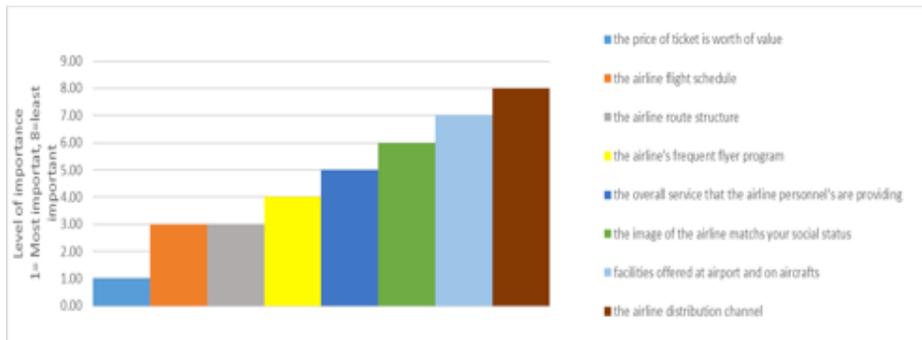Table 18. The travel agent ranking of the motivators

Figure 3. The Travel Agent Ranking of the motivators

5. Conclusion

The study is aiming to understand the Thai travelers' air ticket purchase behavior and the customer relationship management. To recognize these travelers' needs, survey questions have been separated into multiple sections, including price, time, service and others.

According to the feedback from both the customers and the travel agencies, both price and time are proving to be the major concerns to the air travelers when they are considering their airline choice. Price is demonstrated as an important motivator for Thai air travelers. This is mainly because Thailand is a developing country with an extensive network of land base transportation, including buses and trains. Those customers who chosen to fly often compare the airline ticket price with the ticket prices of land-base transportation offered by the government. The air travelers pay a lot of attention for the price offered by the airlines, and their concern about the promotion offered. Promotion often motivates the travelers to consider flying rather than taking another mode of transport. With many airline choices, travelers are also comparing prices between airlines before making their decision. Time is shown to be the other important element for the travelers; travelers often choose a flight according to the time that's suit their schedule. Sometimes, they chose a flight departing at the time which best suit their needs, even though the price is not as attractive. On the other hand, for those customers who contacted the travel agency for ticket purchases, time is less important. The safety standard of the airline also played as an important element when the travelers are planning for their trip. Even though the government has implemented strict regulation on airline safety standard, which every register airline must respect, however, the customer will also judge the airline based on what they see. These include the cleanliness of the aircraft and the age of the aircraft. These will often create an impression to the safety rating of the airline. An airline operates with second-hand aircrafts, often have a lower safety rating even though their maintenance procedure was strictly upheld. There is some concern of Inflight service by the Thai travelers. Air travelers are expecting basic inflight service offered such as water and snack. However, inflight service is shown fewer concerns, compare to price, this possibly due to the short duration of the flights that the travelers are taking. Moreover, the majority of customers surveyed are traveling with low-cost carriers, and they are already aware that limited inflight services are offered.

Some travelers concern the aircraft model, operating the flight, as the type of aircraft will have a direct impact in their travel process. Airline operating larger aircraft is believed to have a longer queue during check-in, more time required for boarding and disembarking and longtime waiting for the baggage. Some travelers prefer to take a smaller aircraft as it is fewer hassles which the traveling process is more convenience.

Travelers are also concerned about the amount of baggage allowances offered by the airline. Even though the additional cost is required when travelers need to check in their baggage on low-cost airline, but some low-cost carriers in Thailand are offering a free baggage allowance for the air travelers. Some low-cost carriers in Thailand are offering a free baggage allowance for the air travelers. Some low-cost carriers in Thailand are offering a free baggage allowance for the air travelers. These have changed the expectation of some customers.

In terms of customer service, the air travelers are demonstrating neutral. Customer service was claimed to be a powerful tool to help a service company to differentiate their product compare with other competitors. However, air travelers do not agree nor disagree on the quality of airline servicing staff is important. This is perhaps due to the airline staff standard, and quality has already become the basic expectation of the travelers, and therefore, this driver does not show any significant. Loyalty program offered by the airline is becoming less attractive. The majority of travelers does not believe that the frequent-flier program will motivate their purchase for their next trip since the travelers will assess the price and time of other airlines before making their final decision. It is believed that travelers traveling on famous full service airlines are having a higher social status while those who traveled on low-cost airlines are rated lower social class. From the survey responses, travelers ranked last. It generally means that the travelers do not care about their social status when they are making their airline choice.

6. Recommendations

Based from the result, Thai airline is needed to focus on their pricing strategy as passengers are most concerned over the price. This is becoming one of the main factors that the customers consider when they are selecting their airline choice. In order to compete in the intense aviation market, each airline must monitor the market trend and the competitors' moves and make adjustments to the pricing scheme periodically. Airline pricing is becoming more transparent when the customers are able to obtain prices of air tickets from different sources such as the airline's website. Information on prices is also shares in blogs and forum. The airline should in addition identify the high demanding period of time for their flight so that they could arrange an attractive schedule by coordinating with the airport authority. Many customers are willing to pay more money to choose a flight that suit their time, especially the business travelers who prices sometimes are not their main concern. This allows the airline to earn additional revenue by operating a flight with high demand and charge a higher price. The airline can also offer incentives for returning customers by offering special fares. The customer who received the special offer will make the customer feel important and thus this will help the airline to

develop a personal relationship with the travelers and loyalty will be also generated. When the price and time are compatible, the customer will start looking for other benefits. The customer will be comparing their privilege when traveling on different airlines, including free baggage allowance and inflight services. From the study, it is recommended to the airline must control their cost so that a compatible ticket price can be offered. Controlling the cost also allows the airline to offer differentiated amenities and additional facilities to their customers.

Frequent-flier program is becoming a less attractive source of motivation, especially with the emerging of low-cost airlines in the region. Airline customers are perceiving frequent-flier program as an airline secondary product, but not demonstrating significant importance.

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