

CHAPTER FIVE

CONCLUSIONS

This chapter presents (1) a summary of the study, (2) a summary of the findings, (3) discussion, (4) conclusion, and (5) suggestions for further research.

5.1 SUMMARY OF THE STUDY

The summary of this study is summarized as follows:

5.1.1 Objectives of the Study

In this study, the main objective was to study the effect of low cost carriers on the Thai Aviation Industry according to the views of aviation related management. Moreover, there also were three sub objectives regarding their personal attitude towards the carriers compared with full service airlines. Besides, their degrees of satisfaction with both types of airline as well as problems always arising from the operation of low cost carriers are among the sub objectives of the study.

5.1.2 Subject, Materials, and procedures

This study was conducted among 110 samples consisting of management team related to the aviation field working in Bangkok. In order to study the effect of the carriers on the Thai aviation industry, particularly from the managements' view points, the research instrument of the study is a questionnaire used to collect needed data. The questionnaire was composed of three main parts in which a general background of the respondents, information from the executive as passengers, and their attitudes as well as future trends of the carriers were included.

The survey can be divided into two stages: the pre-survey and the survey. In the pre-survey, 30 pretest questionnaires were tested and some errors were found. The questionnaire was then edited and 150 subjects, from the total population of 400 related executives were selected at this stage. Eventually, only 110 questionnaires from the respondents were received.

Statistical procedures used to analyze the data collected are frequency and percentages as well.

5.2 SUMMARY OF THE FINDINGS

The results of the study can be summarized as follows:

5.2.1 General Background Data

It was found that 55.5% of the respondents in the survey are male and 44.5% of them are female. Moreover, 20.9% of the respondents are the management team aged 40-44 years old and 58.2% of them have graduated with a Bachelor's degree

50.9% of them are single. It also was found that 26.4% of them had a monthly income of 10,000-20,000 Baht.

Moreover, 49.1% of them are state enterprise employees. 69.1% of them, who gave the ideas in the questionnaire, are in preliminary management.

5.2.2 Information from the Executive as Passengers

It was found that the proportion of the respondents who have traveled by low cost airline is 52.7% which is bigger than the number of the management team who have never traveled by low cost airlines. For those who used to travel by the airlines, 48.2% of the respondents normally traveled by using such airlines less than once a month.

The result also showed that 43.4% of the respondents still travel with full service airlines in which Thai Airways was mostly chosen by the respondents while Thai AirAsia, which is considered a low cost airline, was chosen by 22.9% of them. According to the survey, it was found that 87.3% of them recently flew with full service airlines while 92.7% personally preferred full service airlines.

5.2.3: The Executive's Attitude and Future Trends of Low Cost Carrier

- **The Satisfaction level with low cost airlines**

According to their satisfaction with low cost airlines compared to full service airlines, the results agreed on by the respondents regarding the degree of their satisfaction are shown as follows:

- The factors that the largest number of the respondents agreed about low cost is that carriers are better than full service airlines are reasonable air fares (51.9%), effective advertisement campaigns (40.0%), and sales promotions (54.5%)

- The factors where low cost carriers provide the same satisfaction as full service airlines are frequent flights per week (42.8%), safety matters (47.3%), proper aircraft (50.9%), convenient ticket booking (59.1%), and ownership, such as by Thais or foreigners (53.6%).

- The factors where low cost carriers provide lower satisfaction compared to full service airlines are reliability (51.8%), proper service (55.5%), punctuality (47.3%), and mileage programs (40.0%).

- The factors where low cost carriers provide much lower satisfaction compared to full service airlines is food and beverages on board (49.1%)

- **The Attitude towards the Effect of the Airline**

67.3 % of the respondents personally agreed that low cost carriers generally have good effect on Thai aviation industries. Moreover, in terms of the open sky policy which leads to the popularity of such airlines, 57.3% of them were satisfied with the policy.

In addition, 47.3% of the respondents revealed that the carrier does not mainly support their organization's profit. Conversely, 40% of them agreed that the carrier mainly attacks their organization's profit. However, 20.9% of the respondents stated that it does not give any support to their organization and 26.4 % agreed that it did not attack their organization.

In this regard, 56.4% of the respondents agreed that the future prospects of the carriers will be better than for full service airlines and 54.4 % agreed that it will be more popular than full service airlines in the future.

Lastly, 33.0% concluded that proper service provided is the strongest point of full service airlines whereas 51.8% agreed air fares becomes the weakest point of the airlines. Meanwhile, reasonable air fares (58.2%) and proper services (25.5%) are the strongest and the weakest point, respectively, of low cost carriers.

- **Other related suggestions regarding the operation of low cost airlines.**

For the open ended questions asking for related comments and suggestions on the influence of low cost carriers on Thai aviation industries, the comments as well as suggestions of the respondents are categorized as follows:

1. The carrier will mostly be directly beneficial for passengers not for the air operators themselves.

2. It can be a significant factor that is able to drive the growth of the airline industry.

3. As the carrier can produce much more competition in the aviation field, thus, any related development will then be easily met. Consequently, more alternative modes of transportation for passengers are also enabled. As such, it also helps to enhance the popularity of tourism in Thailand.

In order to make the carriers provide higher qualities, some respondents suggested as follows:

4. Safety matters, provision of services, and reliability in terms of the cancellation of flights should be more seriously addressed.

5.3 DISCUSSION

According to the results, it was found that low cost carriers are able to serve the passenger needs particularly during the period of economic downturn that almost the entire world has to face. It was in line with the statement said by Supachai Panichapak (สุภชัย พาณิชภักดิ์, 2544), as indicated in the review of literature of the research, that the theory of liberalization, which leads to the theory of low cost carriers is the usage of a marketing system as a guideline so as to be in accordance with the world's economic condition. In addition, the policy is the attempt to provide full market access without restrictions on designation, route rights, capacity, frequency, code sharing, and tariffs. As such, the carrier eventually helps enhance proper competition in terms of aviation. Passengers will gain advantages from that competition as transportation choices are increased. Thus, the carrier has a good effect on the Thai aviation industry in a positive way especially for passengers.

As the main objective of the study is to perceive the effect of low cost carriers on Thai aviation industries, the results revealed that more than half of the management team in this survey agreed that such carriers generally have a good effect on the aviation industries in Thailand because the competition in airline industries will be increased. As such, each airline will automatically have to find other effective

strategies in order to compete with each other and passengers will benefit from such competition.

However, nearly half of the respondents agreed that the carriers do not mainly support their organization; almost all of them personally preferred full service carriers to low cost carriers. Thai Airways, which is a full service airline, was ranked firstly among the airlines always chosen by the respondents. As a matter of fact, price is a major factor for general passengers to consider before choosing any flight, so, price becomes a good strategy of the carrier to compete with other airlines. However, according to the results of the study, it can be implied that price is not a major factor for most executives. They might be concerned about other factors instead, such as good services, food and beverage served on board, safety, punctuality, and reliability of the flight.

Most of them agreed that the outstanding characteristics of low cost carriers is they provide lower satisfaction compared to full service airlines such as reliability , proper service, punctuality, mileage program, and food and beverage served on board. They think that the low cost carrier business should be focus on the capacity and capability of personnel as well.

The decision made those of various type of occupation and levels might be different. So the carrier affect each person of a different occupational type and level differently such as information stated in figure 1 of chapter 1 pertaining to the proportions of passenger according to different type of career.

According to the results, price is a major factor for general passengers driving their decision to fly with low cost airlines. It was found that low fare airlines are quite proper for price oriented passengers or customers. As a result, most of them decide to buy the ticket as they want to save money.

Veldhuis (2009) indicated that low cost carriers are capable of inducing passengers who have less chance to travel by air transportation such as for those who do not receive a high salary.

From the above information, the respondents unavoidably agreed that low cost carrier helps Thai aviation industries. Moreover, they also agreed that these airlines are going to be more popular in the future compared to full service airlines. However, it was recorded in the finding that most of them still preferred full service airlines. It

can be, thus, implied then that because they might not be concerned about a cheaper price, which is the most outstanding characteristic of the airlines that can mostly be profitable for general customers but not for the related management as air fares is not the main factor for them.

Even though, in the overall picture, they think that the carrier will have a good effect on aviation, they also paid concern to the rapid growth of the carriers. Providing that relevant authority does not develop any proper criteria or policy to control the growth of the carriers, they thought that anything unpredictable or disadvantageous might happen as previously said by Dr. Jaron Meesomboon, Director of Air Transport Promotion and Development Bureau in chapter 2. They think that there should be some strict rules to govern the growth of the carriers so as to avoid some long term problems, for instance, the bad effects directly happened to a Thai national airline which can be an effective indicator of the economic status of Thailand and the environmental problems which surely have a very bad effect on Thai society.

5.4 CONCLUSIONS

Based on the objectives of the study aimed at learning the effect of low cost carriers on Thai aviation industries as well as their personal preference of carrier, the conclusions can be drawn as follows:

5.4.1 Although almost all of the respondents revealed that low cost airline did not directly support their organization, they, however, agreed that the airline generally has a good effect on the aviation industry of Thailand as it becomes another choice of transportation for most passengers.

5.4.2 Most of the respondents agreed that the airlines will be more popular among passengers in the future as prices become the most significant factor for a majority of passengers to consider before deciding to fly. They, however, personally preferred a full service airline to a low cost airline.

5.4.3 According to their comments and suggestions, the carrier should develop better characteristics in some areas such as the punctuality of flights, safety matters, reliability of flights, better services, as well as mileage programs. Moreover, they commented that related governmental authorities should control the rapid growth of

the airlines so as to avoid any problems such as changes in air marketing mechanisms from which an unpredictable impact might occur.

5.5 SUGGESTIONS FOR FURTHER RESEARCH

Future research should be conducted to investigate the effect the carrier have on some particular organizations in the form of a case study as well as the respondents' satisfaction with the carrier, for instance, the research regarding the effect of the carrier according to the viewpoints of the management at the Department of Civil Aviation.