The Effect of Buyers' Characteristics on the Selection of Categories of Indonesian Domestic Airline Service

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ABSTRACT

This study aimed to see the impact of buyers' characteristics on the selection of categories of Indonesian domestic airline service. The category of Indonesian domestic airline services currently divided into three categories, namely full services, medium services, and no frills. Buyers' characteristics that will be examined in this study are ethnic consumers, the frequency of domestic flights consumers in the past year, age, income, and flight situation. The study involved 400 people who use the services of domestic airlines in Indonesia's Soekarno-Hatta Airport and have a trip with domestic flights at least once in Indonesia. Data collection began with distributing questionnaires to 400 people mentioned above. The data processing is divided into three stages, namely the processing characteristics of buyers, the determination of the types of airline which Indonesian preferred the most, and the influence of buyers' characteristics of domestic Indonesian airlines election by using statistical software SPSS 17 with MANOVA analysis. The results showed that the category of domestic Indonesian airlines service that most preferred is a full services airline. Factors of ethnic consumers, consumer flight frequency, age, income, and consumer flight situation affects the selection of domestic airline service categories.

Keywords: *Buyers' characteristics, airline service category, MANOVA*

1. INTRODUCTION

The development of business today is demanding fierce competition from makers of products and services. Companies or industries are required to provide more than just products and services produced. Quality of service and price become one of the important factors to base the selection of products other than quality of the goods themselves. Since flights deregulation, many new players in the airline business are emerge. Airline deregulation policy that free the lower limit rate flight trigger "price war" and the proliferation of Low Cost Carrier (LCC) airlines company in Indonesia. This situations make the consumer has wide open opportunities for choosing several categories of services provided to go travelling. There are three services provided by air transport enterprises, namely the service with a maximum standard (full services) with the upper limit price equal to 100% of the maximum distance rates, service with a standard medium (medium services) at the upper limit rate at 90% of tariff maximum distance, and service with minimum standards (no frills) with the upper limit of tariff rates by 85% of the maximum distance rates. This means that the higher the service the higher the price offered.

Kotler and Armstrong (2003) said that companies which really understand how consumers react to the features, prices, and advertising of different products have great advantages compared with its competitors. The starting point for companies to understand consumer reaction is a model of consumer buying behavior, or better known as the Stimulus Response Model. Stimulus Response Model explains that the consumer buying behavior is influenced by the characteristics of the buyer. This study aims to find out the category of airline services most preferred by consumers and the influence of the characteristics of the buyer against the selection of categories of Indonesian domestic airline service. Limitations in this study contained in the scope of the research is only conducted at the Soekarno-Hatta Airport, Tangerang, Indonesia, then this research is only done for domestic flights Indonesia.

2. RESEARCH METHODOLOGY

The study began with the research questionnaire. Distributing research questionnaire conducted in Terminal I and Terminal II of Soekarno-Hatta Airport, Tangerang, Banten during the month of October-November 2010. Distributing questionnaires is using judgemental sampling technique with a total sample of 400 respondents. Distributing the questionnaire began with pretest questionnaire to analyze the feasibility of the research questionnaire from both the sentence structure as well as testing the validity and reliability.

Research data processing is done using statistical software SPSS 17. First of all, the characteristics of the buyer will be processed using descriptive statistical analysis tool to know the description of the characteristics of respondents who obtained through the research questionnaire. Second is to determinate the service category preferred airline customers. Processing the data using a formula based on the calculation of airline type of research questionnaires. Third is to determinate the influence of each factor of the characteristics of buyers in the selection of airline service category. This process is using MANOVA analysis.

3. RESULTS AND DISCUSSIONS

As a source of primary data, questionnaire research should be tested first, such as by using a pretest questionnaire. Based on the pretest questionnaire, it is known that the proposed research questionnaire can be feasible. It can be seen from examination of the validity of the Pearson correlation value greater than 0.361, and also testing the reliability of Cronbach Alpha value of 0.835.

3.1. Processing Buyers' Characteristics

Characteristics of respondents are pieces of data relating to the identity or characteristics of respondents. Based on the characteristics of the respondents, the distribution of characteristics of the respondents as follows:

3.1.1. Ethnic respondents

Most tribes came from ethnic Chinese with the percentage of 45%. The second largest tribe of the respondents came from the Javanese with the percentage of 31.8%. The third respondent tribe most came from other tribes with a percentage of 8.3%. The fourth respondent tribe came from ethnic Sundanese with percentage of 6.5%. Tribe which is the fifth highest percentage is ethnic Betawi 6.0%. The sixth respondent tribe came from Minang with a percentage of 2.5%.

3.1.2. The frequency of domestic flights in the past year

In this research can be seen that most respondents are the respondents with a frequency of flights two times in the past year with a percentage of 35.8%. The second largest respondent is the respondents with greater equal four times in the past year with a percentage of 31.8%. The third is the respondent with the three times frequency in the past year with the percentage of 20%. The smallest respondent is the respondents which did one-time flight frequency in the past year with the percentage of 12.5%.

3.1.3. Age of respondents

Most respondents came from the age group 20-29 years with a percentage of 54.5%. The second largest group of respondents came from age 30-49 years with a percentage of 38.3%. The third most respondents came from a group that greater equal 50 years with a percentage of 6.3%. The smallest respondents came from the age group smaller equal to 19 years with the percentage of 1%.

3.2. Income of respondents

Based on questionnaires which are distributed to 400 respondents, we found most respondents came from the group income Rp.4.000.001 - Rp.20.000.000 with percentage 62.0%. The second highest respondents came from the group income smaller equal Rp.4.000.001 with a percentage equal to 26.8%. The third highest respondent is from group income between Rp.20.000.001 - Rp.41.000.000 with a percentage of 8.5%. Group income that greater than Rp.41.000.000 is a group which is the smallest respondents with percentage 2.8%.

3.3. Flight situation

Flight situation is a list of destinations that will be given to the respondent to look at the trends category selection Indonesian domestic airline service in each of these goals. How to find out the tendency of the category selection Indonesian domestic airline service is to look at the average score of respondents rating. Based on the processing is known that for the full airline services, the score is the most preferred was the score of 8 (eight). While scores of at least chosen by respondents are scored 1 (one).

As for the medium airline services, the score is the most preferred was the score of 5 (five). While scores of at least chosen by respondents are scored 1 (one). Then, for no frills airlines, the score is the most preferred by respondent was the score of 8 (eight). While scores of at least chosen by respondents was the score of 2 (two).

3.4. Determination of Airline Service Category

Based on all respondents who have collected data, it can be seen that out of total respondents we have, as many as 230 respondents tend to prefer full airline services, 112 respondents tend to like medium airline services, and 58 respondents tend to like the no frills airlines. If divided according to the flight situation, it is known that consumers tend to choose full service airline for business purposes flights situations long distance, short distance business trip, long distance for visiting family or friends trip and long distance vacation trip. While they are more likely to choose no frills airline for short distance visiting family or friends trip and short distance vacation trip.

3.5. Effect of Buyers' Characteristics

Here we will clarify the data processing to determine the effect of buyers' characteristics (represented by the respondent) on the selection of categories of Indonesian domestic airline service. Testing was performed using SPSS software 17 with MANOVA analysis tools.

3.5.1. Assumption of Manova

To perform the test using a MANOVA, first, there are the assumptions that must be met (Santoso, 2010):
1.The existence of independence between members of the group.
2. The similarity of the covariance matrix of inter-group on the dependent variable.
3. The dependent variables should be normally distributed.
4. Inter-dependent variables should not be a strong correlation.
5. MANOVA quite sensitive to the presence of extreme-value data (outliers).

3.5.2. MANOVA

In this study, the use of MANOVA is conducted to analyze problems involving five independent variables and three dependent variables. The independent variables in this study are the frequency of domestic flights in the past year, age, ethnicity, income and flight situation. The analytical tool used in decision making is MANOVA Pillai's criterion. This is due to violations of MANOVA assumptions. Pillai's criterion said to be the measurement most immune to violations of assumptions underlying MANOVA, but this measurement still retain the largest power (Hair, et.al., 1995).
Testing MANOVA provides output multivariate and univariate output. From the results of multivariate processing can be seen that the characteristics of buyers in the form of ethnicity, the frequency of domestic flights in one year, age,

income, and flight situations have an influence on the selection of Indonesian domestic airline service. Then from the univariate tests, it is known that the score which is selected by respondents for the category medium airline service is not significantly different.

4. CONCLUSION

In this chapter will discuss the overall conclusions based on research that has been done previously. From the overall data processing and analysis in the previous chapter, it can be deduced:

1. Category of domestic airline services which consumers preferred as a whole is full airline services.
2. Consumers prefer the full airlines flight services for short distance business trip situations, for long distance business trip situations, for long distance visiting family or friend trip, for long-distance vacation trip situation.
3. Consumers prefer the no frills airline flight services for short distance visiting family or friends trip and for short distance vacation trip situation.
4. Using multivariate testing, it can be seen that there is the influence of ethnic factors, the frequency of flights in the past year, age, income and situation of the flight towards selection of categories of Indonesian domestic airline service.

5. MANAGERIAL IMPLICATION

Based on the conclusions that have been described above, it can be said that today's consumers no longer just put prices as variables that affect the purchase. Many other factors begin to realize the consumer to consider beyond the price factor. Therefore, airline companies that choose to set low ticket price strategy to attract consumers need a little cautious. According Natalisa (2005) experience from airlines in the United States also shows that there are airlines in America are experiencing financial problems due to low price strategy, even ultimately bankruptcy or being acquired by competitors. The study also concluded that the factor of ethnic consumers, the frequency of flights in one year past, consumer age, income and flight situations have influence in the selection of categories of Indonesian domestic airline service. This means that airlines can provide different services according to the characteristics of the existing group to attract more customer loyalty. Medium airline services can more targeted segmentation to the Betawi ethnic society which was more like the medium airline services. Medium airline services also need not worry about losing customers, because the tendency of consumers has shown an awareness to get service in accordance with the price offered. No frills airlines can develop the more routes for short distances, because it is known that consumers prefer the no frills airline services for short distance travel routes. Full airline services can look consumers from businessman with a willing heart prefers to travel with full airline services than the other categories airlines.

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