

The Impact of AirAsia's E-Commerce Websites on Its Consumer Buying Behavior

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ABSTRACT

The purpose of this study is to examine the impact of e-commerce websites on consumer's buying behavior of AirAsia and to provide suggestions to AirAsia to improve its consumer's shopping experience on its e-commerce website. This research applied qualitative methodology by interviews. It will provide the company with additional understanding about the impact of e-commerce websites on consumer's buying behavior and the effective suggestions provided are highly practicable for the company. It is necessary for AirAsia to understand their consumer's buying behavior to improve the company's performance. Thus, AirAsia needs to put some effort into the research of consumer's buying behavior and constantly improve its consumer's shopping experience.

Keywords: AirAsia, Consumer Buying Behavior, E-Commerce, Effective Suggestion

INTRODUCTION

An organization is a group of people working together to achieve the same purpose. A company is a single organization in which there are a group of employees working hard to achieve the company's objectives, decided based on its mission and vision which provide a direction to increase the company's productivity as the main purpose of the existence of a company is to maximize the welfare of the stakeholders and be responsible to them. To realize its objective, the company should put more efforts into improving its performance and create value for the owners and the consumers. Consumer value is one of the most dominant components that lead to a company's success (Zeithaml, 1988). Customers are more than individuals who purchase a product or a service, they are much more than a source of money as their perceived value is critical to determine the potential of a business. In these few decades, many resources educate consumers to realize their value for a company and they have a high probability to be an investor of a company.

The spread of information or issue in social media is so wide and fast that good customer relationship management is a competitive advantage among the competitors, and it is vital to a company's success. The management of a company needs to put in the effort of customer retention by engaging existing customers and encouraging repeat purchasing. The management would need to have more information and understanding on the consumer's buying behavior and the reason they do so. The behavior influences purchase decisions impactful to a company's performance (Hensher, 1985). Generally, consumers need to go through a decision-making process when they are going to make a purchasing order. The decision-making process includes identifying needs, searching for ideal products, listing out all the alternative products, comparing among alternative products, and finally making the purchase decision.

Different buying behavior will lead to different final purchase decisions (Nolan, 2010). Consumer buying behavior varies from one another since every human being has their own uniqueness. Traditionally, the purchasing pattern might have been influenced by four major factors including cultural, social, personal, and psychological factors (Rani, 2014). Besides, environmental factors, such as technology development, play a significant role in affecting consumer buying behavior. Atmaja and Puspitawati (2019) argued that a reference group behavior strengthens online buying behavior.

Technology development leads to the existence of a new business trend - electronic commerce (E-commerce). E-commerce involves the process of buying and selling goods and services between sellers and buyers in addition to money or data transmission over an electronic network or the internet (Bhat, Kansana, & Khan, 2016). E-commerce is a new trading method enabling consumers to shop and make their transactions online. It is experiencing huge growth in the global market. Statista Research Department (2020) in its 'Global Retail E-commerce Sales 2014-2023' report showed that the growth quickly goes from USD 1.3 trillion industry in 2014 to USD 3.5 trillion industry in 2019. Nevertheless, the number was expected to continuously grow in the next 3 years and reach more than USD 6.5 trillion in 2023. Obviously, it is leading to a significant change in the traditional business model and in the consumer buying behavior from many aspects. E-commerce is divided into few types. They are business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C), and consumer-to-business (C2B). The existence of e-commerce brings challenges such as the competitive Internet environment, and the ways to retain their consumers by using e-commerce websites (Chen & Yang, 2020). A company using internet platforms to engage their consumer could impact its consumers' buying behavior by improving their consumer shopping experience in its e-commerce platforms (Hoffman & Novak, 2020).

AirAsia is a budget airline with the vision to provide a consistent communication platform to its stakeholders globally. AirAsia is the founder of the short-haul low-cost carrier (LCC) model in ASEAN since 2001. At first, it is only one of the domestic airlines in Malaysia and has grown into the largest low-cost carrier in Asia serving more than 130 destinations. The company operates in several ASEAN countries such as Thailand, Indonesia, the Philippines, India, and Japan. In addition to the low-cost flight, AirAsia provides long-haul, low-cost affiliate carrier service under the name of AirAsia X Berhad. The airline company has its own e-commerce website, AirAsia.com, which enables consumers to get information of flights and to purchase flight tickets directly. The consumer can easily change their order details and perform online payment without steps in any company store. AirAsia has followed the trend and used e-commerce wisely in their daily operation activities to minimize operating expenses. It is necessary for the company to investigate

the impacts of e-commerce on consumer buying behavior and identify the existing problems to improve their user's purchasing experience . Based on the background described above, the purposes of this research are to examine the impact of e-commerce websites on consumer's buying behavior of AirAsia and to provide suggestions to AirAsia to improve their consumer's purchasing experience on its e-commerce website.

Traditionally, producers have faced difficulty directly sell products to their customers. They need to distribute their products to retailers or wholesalers, instead of selling goods to customers directly. Technology development leads to the existence of E-commerce which takes off the traditional business method as it provides a lot of conveniences and time-savings for consumers (Yoo, Lee, & Park, 2010). It has provided an alternative way for the society to run their trading activities as it is a new business trend which created an opportunity for a business and a consumer to trade with online platforms. This is because social network plays an important role as it provides chances and limitation which influence the behavior of the people according to the social network theory (Brass, Galaskiewicz, Greve, & Tsai, 2004). Besides improving the sales performance of a company, the result also showed that there are positive relationships between the change in e-sales activities and the factory's labor productivity (Falk, & Hagsten, 2015).

E-commerce has become one of the most popular methods in this few decades. E-commerce has been widely used in business activity as it provides a marketing platform to businesses, businesses could explore more marketing sales and opportunities by market diversifications except from market penetrations (Tolstoy, Nordman, Hanell, & Ozbek, 2020). E-commerce enables businesses to operate in four major types of market segments: Business-to-business (B2B), Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), and Consumer-to-Business (C2B). A company could provide more detailed information to the stakeholders directly through online platforms such as the company website, Facebook, and YouTube. E-tailers should always positively react to consumers' respond to their e-commerce website as it helps to fulfill customer satisfaction and is an effective communication way in retaining consumers (Miles, 1992). Businesses need to keep track and always keep up with the e-commerce trend as it requires the support of advanced Information and communication technology (ICT) and the development of technology is vast and fast in the current world (Jorgenson & Stiroh, 1999).

E-commerce websites also provide a platform for the management to track their customer's preferences by analyzing the data of searches. The consumers' thought to the e-commerce website is not always positive as it needs several days to spend on the purchase affecting the consumers' evaluation (Novak, Hoffman, & Yung, 2000). Besides, there are several factors which also affect consumer's intention to purchase by the e-commerce website such as trustworthiness (Abyad, 2017). The impact of e-commerce on the business may be varied by the business type yet e-commerce data are useful to fulfill the company's marketing purpose when marketing research is ongoing (Ramanathan, Ramanathan, & Hsiao, 2012). AirAsia is one successful business which launches airline commerce by creating its own e-commerce website. Thus, transaction between AirAsia and their customers who purchase services can be done through the website by just one click over their electronic gadgets like tablets or smartphones.

Since e-commerce is experiencing rapid growth in the global market and has changed the buying behavior of society, it is beneficial to recognize the contributing factors to the popularity and the consumers' purchasing intentions in e-commerce websites (Mamonov

& Benbunan-Fich, 2017). They are accessibility and convenience, lower or better price, and wide choices.

Consumers or investors could visit E-commerce websites without time and place limitation. The websites provide convenient shopping experience s as consumers can simply place orders or search for information about the products. Besides, they can easily keep updated with the latest promotion packages or announcements from the companies while searching for ideal products.

In addition, different online payment methods are available in most e-commerce websites providing consumers with more conveniences and increasing the intention to purchase online (Thorleuchter & Van den Poel, 2012). After the consumer makes a purchase decision, they can complete the online instant transfer to make payment and apply any changes to the details of their order by themselves. The E-commerce shopping experience is more convenient than traditional shopping experience in which consumers need to go to different shopping centers just to collect information or purchase goods.

E-commerce websites bring online storefronts to existence with cheaper managing costs than traditional physical stores. Fewer workers are also needed to manage an online storefront compare to a physical store. Online storefronts can also minimize operating costs since there are no lease fees needed. As the operational cost decreases, consumers can purchase goods or services at a lower price. Besides, e-commerce enables them to freely make comparisons between alternative products. They could shop on different online platforms and make choices at their fingertips.

The rapid growth of e-commerce increases the number of online shopping platforms such as Amazon, Lazada, or Taobao. They provide a wider choice of products with various categories of goods from variety of locations (Cassandra et al., 2020). The goods or service that available to the consumer in e-commerce website is not limited by distance or nation as the developed logistics service ensure the parcel can be shipped to consumer within a short period.

This study aims to identify the impact of e-commerce websites on consumers buying behavior in AirAsia, to provide strategies or suggestions for AirAsia to improve its customer shopping experience on its e-commerce website, and to investigate the relationship between purchase frequency and e-commerce websites. This research collected several views as an important resource for the company's improvement. Also, this study could envision the company of any consumer's issues and provide directions for the improvement.

RESEARCH METHOD

Research method refers to the idea or method used to investigate. They are qualitative, quantitative, or a mixed method (Strijker, Bosworth, & Bouter, 2020). The qualitative research method is more frequently used in rural areas, yet before 1990s, the quantitative method dominated research in this field (Crang, 2002; Woods, 2010).

This research is both explorative and conclusive research. However, as the Conid-19 outbreak created a global pandemic, it made communication with our teammates tough. Given this, the sample size taken was relatively small, however, we have tried to maintain the quality of the sample.

Primary resources and a qualitative methodology have been used to collect the data. The qualitative methodology was conducted through video calls and phone interviews with several regular customers, due to the Covid-19 demanding a strict social distancing. The regular customers are those who traveled by AirAsia at least two to five times per year.

In addition, the exploratory research was conducted by randomly selecting samples within our friend groups who are regular customers of AirAsia. We contacted them by WhatsApp call and phone calls and asking them few questions, such as:

- In your opinion, do you prefer to buy air tickets from e-commerce? Why?
- Is AirAsia e-commerce website convenient for sharing and storing important information for the consumer?
- Do you agree that the frequency of purchase in AirAsia increased due to the existence of e-commerce?
- Do you think the consumer can more effortlessly find detailed information through the e-commerce website of AirAsia?
- Do you think AirAsia has a lower price on its e-commerce website compared to other airlines?

We did not want them to know our research objective as it might divert their mindsets. The sample size comprises those selected under the criteria. Due to time and resource constraints, and the Covid-19 outbreak, we chose a small set of sample with nearly 10 customers in both countries.

RESULTS AND DISCUSSION

We have carried out an interview section with respondents working in the private sector. Based on the result of this interview, we found that the respondents have a different view on the impact of E-commerce Websites on AirAsia's consumer buying behavior.

Purchase Shift from Physical Stores to Online Storefronts

Some respondents said they prefer to buy air tickets via e-commerce. They stated that that is a new business trend offering advantages for both sellers and customers. It leads to high efficiency as it is convenient and saves time visiting physical stores. Besides, the respondents also said that the sellers used to offer vouchers to encourage customers to purchase from their online platforms and consumers can easily purchase their preferred goods at a lower price. However, one respondent claimed that he did not prefer to buy air tickets from e-commerce even though he has tried once. He said he has no experience s in buying products from an online platform since he was not good at using a smartphone. He preferred to buy products from a physical storefront as he could get a clear understanding of the products.

Safety Issue Awareness of E-commerce Website

Almost all respondents agreed that the AirAsia e-commerce website is convenient for sharing and storing important information for consumers. They said that they felt confident with AirAsia's security system to protect their privacy. Besides, they also believed that AirAsia will have certain regulations and guidelines to protect customer's personal information. Thus, they felt comfortable filling in a personal message when purchasing through an e-commerce website. Some respondents said that they

constantly got important information, such as personal promotion. However, there was one respondent who had a neutral stand on this issue since she remained concerned about sharing her information details and remarked online security issues should be carefully considered.

Increased Purchase with E-commerce Website

As they were asked 'do you agree with the frequency of purchase in AirAsia increased due to the existence of e-commerce?', some of the respondents agreed with this statement. They said that they could get a better price offer on the e-commerce website when booking a flight ticket in AirAsia during their promotion period. The existence of an e-commerce website eases their work to buy or book with only one click on a smartphone or laptop. They do not need to go visit the AirAsia store to get flight information and book the ticket. Also, it enables the consumers to compare competitors and flights and to make easier orders. However, four respondents disagreed with this statement. They stated that they travel by air service once or twice a year around countries due to job conditions. Therefore, the existence of an e-commerce website would not affect their frequency to travel.

The Effect of Information in E-commerce Websites upon Decision Making Process

All respondents agreed that they could easily find detailed information on the AirAsia e-commerce website. They stated AirAsia kept its e-commerce website updated with information about flights, available locations to travel, promotions, and travel packages. The It also pops-up windows and attracts them to understand their current promotion packages. One respondent said that the website has provided a brief introduction to each popular destination and it helps the respondents to search the flights by smartphones. The information also allows respondents to choose the place they want to go and book their flight.

Other respondents stated that the e-commerce website also gives more extra information to respondents as they can get AirAsia's performance detail on the website. This allows any potential investors to understand and analyze the company's performance.

Price Sensitivity and the Influence of Discounts

Furthermore, some of the respondents mentioned that AirAsia has a lower price on its e-commerce websites compared to other airlines. However, some other respondents were not sure, or they were loyal consumers who just purchase AirAsia tickets. AirAsia focuses more on the e-commerce business and always saves its wages cost for physical storefront staffs so that respondents agreed that AirAsia has a reasonable and affordable price on e-commerce websites compared to other airlines.

A reasonable and affordable price allows ordinary families to purchase flight tickets. Along with the e-commerce website, following their observation and comparison, various vouchers and discounts were provided by AirAsia on their e-commerce website. For instance, the early bird promotion is the reason that respondents agreed that AirAsia has a lower price. It helps respondents to book their flight tickets earlier at the lowest price.

Consumer Suggestions

Lastly, the respondents also gave several suggestions for AirAsia to improve their consumer's purchasing experience on the e-commerce website. They suggested AirAsia invest in its e-commerce website by improving the server system and data storage system. The server system and data storage system are crucial to prevent system jams

and increase the number of online shoppers. Some of the respondents pointed AirAsia's web page design should be improved with season or festival themes to attract the consumers and provide more spaces for some important information.

In addition, AirAsia could improve the language as several words are difficult to understand especially for the elder people. AirAsia should also provide online customer service and detailed guidance on the e-commerce website's homepage to guide first-time consumers. This helps consumers solve their problems in a short time. AirAsia may add a subscription button allowing the consumers to subscribe to its e-commerce website's latest updates, such as AirAsia's special promotion.

To conclude, most of the respondents emphasized the good impact of e-commerce websites on consumer's buying behavior of AirAsia. They tend to purchase flight tickets on the website due to lower cost, convenience, and price comparisons.

Suggestion to Improve Consumer's Purchasing Experience

As technology rapidly grows in recent decades, a business must make improvements from many aspects. There are few suggestions for AirAsia to improve its e-commerce website. They are:

Providing Different Payment Options

Online payment is required when someone books a flight ticket from AirAsia e-commerce website. The only payment option is by MasterCard. This shows that AirAsia is alienating lots of potential customers. Even though MasterCard is one of common payment methods offered by various e-commerce businesses, there is certain amount of online shoppers who do not get used to use MasterCard. Thus, AirAsia should increase their capability to accept different payment methods such as Credit Card, Pay Pal, Google Pay, and Amazon Pay.

Improving Page Appearance

Online shoppers will not only make purchases with computers, as they also use their other smart gadgets. AirAsia should put in effort in improving the page appearance to make it more mobile-friendly. This is important to improve consumer's shopping experience by mobile phones, and indirectly increase sales. Besides, AirAsia should also improve the display and the color of its e-commerce website. For instance, when scrolling the options of flights, all the flight information looks similar without a clear different line as it may cause difficulty for mobile users.

Improving the E-commerce Website Server

The server's performance is one of the most important things that a company need to concern on their e-commerce website, since customers will always have their high expectations on the website speed. If the loading time is too slow, customers will lose their patience and might exit the website and search for another alternative with more faster servers. This might result in losing potential customers. Therefore AirAsia needs to make sure that its e-commerce website server is always updated and has a constant speed or so that customers will be satisfied.

Maximizing the Efficiency of Online Customer Service

It is necessary to provide online customer services to help first-time customers. Online customer service plays an important role in improving customer's purchasing experience on an e-commerce website since people sometimes have difficulties in accessing some

features in the website, especially for senior people. Therefore, AirAsia needs to maximize the efficiency of online customer service, provide training to their customer service staff. This measure is important in maximizing customer satisfaction as satisfaction is AirAsia's priority.

CONCLUSIONS

The results and discussion lead to a conclusion that the respondents have different views on the impact of e-commerce websites on consumer's buying behavior in AirAsia. The result shows that most of the respondents had positive views that e-commerce websites shift purchases from physical stores to online storefronts, raise the safety issue awareness, increase purchases, and affect decision making process, price sensitivity, and discounts.

However, several respondents gave neutral and negative responds as they accentuated the weakness of using smart devices in purchasing flight ticket through AirAsia e-commerce website. Besides, there was one respondent with a neutral stand on the benefit of the e-commerce websites, as she was still concerned with the security issue. Several consumers also claimed that the frequency they travel was not influenced by the e-commerce website.

To improve consumer's shopping experience in AirAsia's e-commerce website, the company should provide online customer services and detailed guidance on the website especially for first-time consumers. AirAsia needs to improve its server system and data storage system to increase consumer's trust and to obtain their loyalty. Quality service should be at the best level to satisfy consumer's needs. Lastly, AirAsia could also offer more online vouchers or discounts to attract more customers.

In conclusion, AirAsia needs to conduct more research or surveys to identify the needs of consumers from different age group. AirAsia could also make some changes or improvements by referring to consumer feedbacks.

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