

ON-LINE CUSTOMER SERVICE FOR NATIONAL AIRLINES IN THE BIMP-EAGA REGION

by

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ABSTRACT

This paper outlines the study of on-line customer service for the national airlines in the BIMP-EAGA (Brunei-Indonesia-Malaysia-Philippines – East ASEAN Growth Area) region. This regional economic group is Asia's largest regional grouping consisting lands covering 1.54 million square kilometers with a combined population of 57.5 million. Transportation issues in the region are one of the major focuses where transportation policies aim for sustainability of both the transport and tourism industries through better air connectivity. The national airlines in this study are Royal Brunei Airlines, Garuda Indonesia, Malaysia Airlines and Philippines Airlines where they are the major player in air transport for the BIMP-EAGA region. The usage of Internet for airlines customer service is progressively becoming to hold a major role in most airlines including those in BIMP-EAGA. On-line services enable customers to search for flight details, to make bookings and to pay for the flight through cashless methods. Other on-line services include searching for information about the product and services of the airlines and also making enquiries on-line where a customer could highlight specific issues. Literature reviews suggested those excellent on-line customer services resulted in benefits such as improvement in sales and company's image with better satisfaction level for employees as well as customers, which in turn ensuring the survival of the airlines in this competitive industry. The study employed exploratory as the methodology with content analysis as the main method of analysis. The paper suggested that the national airlines in the BIMP-EAGA region all have opted to utilise on-line customer services but the level of usage for each airline are different even though they are offering similar on-line services. It is also suggested that these on-line services are not without loopholes and still in need of manpower for efficient and effective customer service operation.

KEYWORDS

On-Line Service, BIMP-EAGA, Transport, Tourism, Airlines, Content Analysis

INTRODUCTION

This is a study on the effectiveness and efficiency of the online customers' service of the national airlines in the Brunei-Indonesia-Malaysia-Philippines – East ASEAN Growth Area (BIMP-EAGA). The airlines include the Royal Brunei Airlines, Indonesia's Garuda Airlines, Malaysia Airlines and Philippines Airlines, which are also the major players in the BIMP-EAGA regions. Such online services enable customers to search for flight details, make bookings and pay for the flight through cashless methods. Other services include searching for information about the products and services of the airlines. Customers can also make enquiries online on specific issues that might not be resolved through the online information provided. While online customer services aim to help existing and potential customers in resolving problems and to provide convenience to them, it creates other problems related to its usage.

This paper will look into the five main categories of issues about the online customers' service of the national airlines: ease of site navigation; product and services information; language options; extra services; and the schedule, fares, booking and payment. Customers' feedback on their past and current online experiences with these airlines will be taken as part of the data used for the empirical research. These data will then be classified into the categories stated and will be analyzed for its positivity or the opposite. These data will also relate to the impacts on the BIMP-EAGA economics in the future to reveal the potentials and threats in order for actions to be taken enhancing and resolving any issues found.

LITERATURE REVIEW

Customer service is now an important element and considered as part of product package for many businesses. It is defined as the total of all interactions and connecting area of product and services through a company's representatives with their customers (Lieberman, 2011); be it current or potential future customers. According to Voss (2006), companies meeting the needs and satisfying the wants of customers through quality products is not superior experiences for the customers but rather an expectation. Excellent customer services are important and some of the benefits that prevailed are improvement in sales, company's image, surviving in the competitive industry, better level of satisfaction for both employees and customers. It also ensures better customer loyalty through their satisfaction as cited from the Royal Museums Greenwich website after they have researched on the issue. It is stated that the airline industry is a "major economic force" and has a high impact on numerous industries mainly, the tourism industry, which has recorded a growth of 7% annually ("The Airline Industry," n.d.).

In the same article, it was stated that its growth was both in the leisure and business travel which recorded 1.5 billion passengers travelled in the year 1999 and people could now travel to more exotic places. This has led to the research on a new concept and trend of airlines in what normally people would regard as exotic destinations; the BIMP-EAGA region. The Brunei Darussalam-Indonesia-Malaysia-the Philippines – East ASEAN (Association of Southeast Asian Nations) Growth Area (BIMP-EAGA) is "Asia's largest regional grouping" ("About BIMP-EAGA," n.d.) consisting lands from the four member countries covering 1.54 million square kilometres. These areas were once considered as 'exotic' places and are now being developed by the government and private organisations of the countries with tourism as a major growth engine.

The BIMP-EAGA website states that this idea started in the year 1992 when Fidel Ramos, the president of Philippines brought up the concept of EAGA to the East ASEAN Heads of State in Brunei Darussalam and later with the then, Dato Seri Dr. Mathathir Mohamad; the prime minister of Malaysia. Transportation in the region is a major focus with transport officials of the 4 countries working towards having better transportation policies on 27 July 2011 (Crismundo, 2011) at the 6th BIMP-EAGA Transport Ministers Meeting held in the Philippines, which aims for sustainability of the transport and tourism industries ("6th BIMP-EAGA," 2011). Datuk Amar Abang Johari Tun Openg, Sarawak's tourism minister and minister in-charge of BIMP-EAGA tourism has explicitly support the idea of crossing boundaries through better air connectivity ("Trans-boundary travel," 2012). Meeting this concept is the recent move by MASwings Sdn Bhd, the sister company of the national courier of Malaysia, Malaysia Airlines (MAS), to enhance routes connectivity among the BIMP-EAGA regions connecting routes such as Kota Kinabalu to Bander Seri Begawan, Brunei. It was also mentioned that these moves will eventually reduce the economic gap of the region.

A lot of airlines have started to provide online services such as booking and payment of flights, online check-in and other services ("Growth Recorded Online Booking", 2009). With the growth of air transportation being such rapid with its online services experiencing the same; and the BIMP-EAGA playing major role in the economic growth of the East ASEAN area, this study intends to look into the effectiveness and efficiency of the national airlines' (which serves as the image of one's country) online customer services and its relation to the growth of the airlines and ultimately, the BIMP-EAGA region as a whole. The research has identified 5 major issues related to the usage of online customer services of the national airlines that could impact the BIMP-EAGA region.

Ease of Site Navigation

According to Zeithaml et al. (2002), ease of navigation is one of the tools that provide consumer's satisfaction in service quality in the internet. The study examined the effect of perceived usefulness on the potential attitudes, behavioural intentions and actual behaviour of customer. Ease of navigation or ease of use has been often been termed as usability in the online context (Swaminathan et al.199). A site's search function, download speed, overall design and organization are among the key elements that affect the usability (Jarvenpaa and Todd 1997) This research is also supported by Lohse and Spiller 1998; Montoya-Weiss, Voss, and Grewal 2000; Nielsen 2000; Novak, Hoffman, and Yung 2000; Spiller and Lohse 1998.

Schedules, Fares, Booking and Payment

According to the Brons et al (2002), the demand of the air transport depends on the customers' spending. Price has always been one of the most important factors in the decision making process for customers to purchase air tickets (Proussaloglou & Koppelman 1999; Volwes, 2000). Kaynak and Kucukemiroglu (1993) also found that the reliability of the airlines, customers' past experience with the airlines, quality of the tickets, quality of service and safety are the five most important factors when selecting airlines. Chen (2008) also identifies connection to the destination, price, emergency handling services and special discount for frequent flyers as important criteria in European flight destinations.

The increase of online booking and advancement of information technology help speed up the Low Cost Carriers use of the online booking system. The Full Service Carriers airlines have been affected by this improvement when IATA (International Air Transport Association) requires the issuance of e- ticket by all airlines (UNWTO, June 2006).

Lack of and Inaccurate Product and Services Information

Product and service information posted online by the airlines website administrators might contain misleading information such as the prices shown in the website. Additionally, some information might not be available or incomplete description on the products and service. Information quality was the most important in purchasing products and services online. To encourage repeat visits to the website, visitors need to be provided with relevant, complete and easy to understand information (DeLone & McLean, 2003). Information quality is viewed as having two principal aspects, currency and relevance. Currency refers to up-to-date information. Last update/review date is a critical way of notifying users of the currency content (Lee & Kozar, 2006; Smith, 2001). Relevance includes relevant depth, scope and completeness of the information (Lee & Kozar, 2006). The airline's website could consider providing relevant information on the unique cultural resources of a country as it would help online customers to pre-experience the cultural aspects of a country and might increase their interest in travelling to that destination (Han & Mills, 2006).

Unsuitable or Insufficient Language Options

The effects of using different pivot languages are investigated using the multilingual Basic Travel Expressions Corpus (BTEC), which is a collection of sentences that bilingual travel experts consider useful for people going to or coming from another country (Paul M., et al, 2009). Language options on the airlines website are important as international customers can check the flight details and follow the instructions. Some of the airlines websites offer several languages for customers to choose. For example, the website of Malaysia Airlines provides English, Malay and Chinese languages as options. However, there is a limit on the language selections on the website. Only few of the language options have been provided on the websites. Even though English is the common language used in the international website, not everyone from the BIMP-EAGA region can understand English.

Inadequate and Inefficient Extra Services

Extra services such as online check-in and information of delayed or cancelled flight are considered as important part of airlines customer service. The airline industry employs a variety of self-service technologies, including check-in kiosk, online check-in, and mobile check-in technologies. Self-service check-in saves time for passengers and reduces the operating costs for airlines (Weiss, 2006). As a result, more airlines plan to increase the number of self-check-in kiosks and offer web and mobile check-in services (Jenner, 2009). The information on flight delay and cancellation must always be updated to the customer in many ways of communications such as call, e-mail or text messages. A foreseeable problem is when the information on flight delay or cancellation is not received by the customers due to technical errors. This will create a bad image for the airline and generate negative feedbacks from the customers. A similar problem will be faced by the airline if the online check-in system is not functioning well.

METHODOLOGY

There are two methods employed by this research. A content analysis will be used as the main method and a mystery guest approach as a side study to provide support to the results. In the content analysis method, 100 random complaints consisting 25 complaints for each national airlines are analyzed in relation to the five categories of issues raised. The data are taken from the year 2008 to year 2012 to ensure currency and relevance of data. To perform content analysis, all of the complaints are categorized into the five categories; ease of site navigation, product and services information, language options, extra services; and the schedule, fares, booking and payment to find out which issue is more prevalent than others and by which airlines.

For the mystery guest approach, e-mails of enquiries were sent to the 4 airlines and they were given four weeks to reply. All e-mails sent were in English and general e-mail addresses were used to avoid detection that this was an academic study.

LIMITATIONS

From the data gathered for content analysis, only the most recent data were available. Older data were not archived. If older data were available, a further research on the trend of online customer services provided by the national airlines in the BIMP-EAGA region could formulate future customer service strategies.

RESULTS

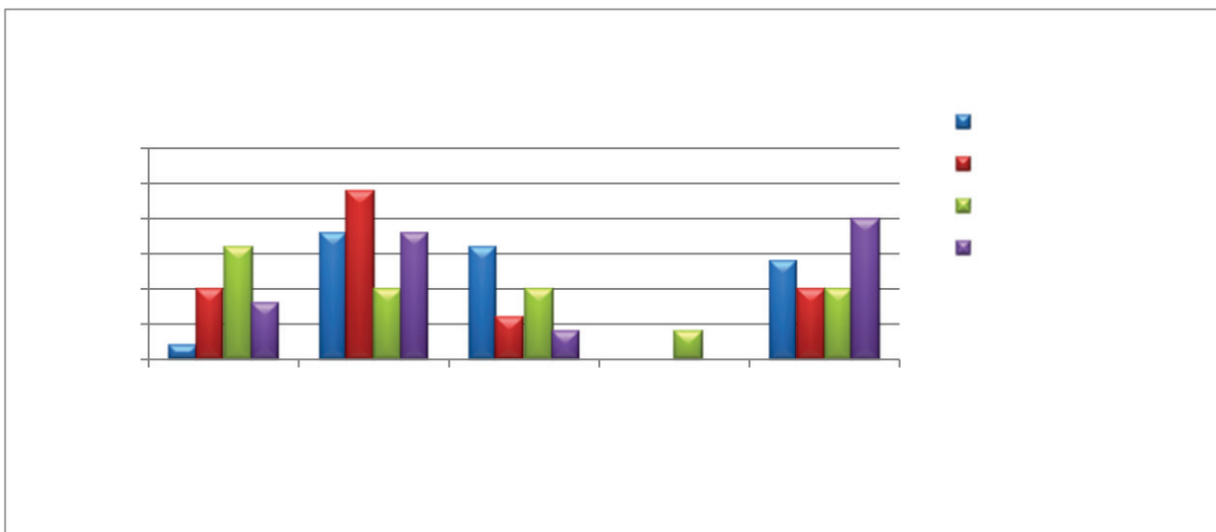
The bar chart (Figure 1) shows the result of our findings based on customers' feedback in online customers' services among four national airlines of BIMP-EAGA region. They are segregated into five categories: ease of site navigation, schedules, fares, bookings, products and service information, language options and extra services, from year 2009 to 2012. The first category, ease of site navigation, Garuda Indonesia Airlines is found to have the highest percentage (32%) showing the website does not work well, being the worst of all four airlines. For ease of navigation, the Royal Brunei Airlines is the best among the four airlines, with the lowest percentage (4%) of complaints.

For the second category, schedules, fares and bookings, almost all the four airlines faced the same problem with Malaysia Airlines being the worst (48%). This is followed by Royal Brunei Airlines and Philippines Airlines with both facing 36% of complaints. The lowest is Garuda Indonesia Airlines at 20%.

Next is the products and services information. In this category, Royal Brunei Airlines received the highest (32%) complaints. Some of the customer complained that few details were available on the website such as seat selection and flight details after rescheduling. Most of customers of Philippines Airlines were satisfied with the products and services information that they obtained with only 8% of the customers complained.

From the data obtained, only Garuda Indonesia received complaints on the language options of their online customer service. The customers said that they received e-mails and phone calls conversation with poor English.

FIGURE 1
COMPARISON OF THE FIVE CATEGORIES



Lastly, from the data on extra services such as online web check-in and information of delayed or cancelled flight updates, all four airlines had received complaints. Philippines Airlines was the highest among all with 40% of their customers complained. The customers were not satisfied as they were either not informed or late in receiving the information on their flight being delayed and cancelled. Many customers also complained about having no replies on their enquiries or refunds. Royal Brunei Airlines followed with 28% and both Malaysia Airlines and Garuda Indonesia Airlines have the same percentage (20%) of complaints.

Mystery Approach – Email Enquiries

Besides the data mentioned above, the mystery approach for the last category yield the same results. Having a window of four weeks, e-mails of enquiry sent to the airlines received no replies from them. This agrees with the earlier results and explains why, on average, all four airlines received substantial complaints in the last category.

DISCUSSION

This research paper is set to determine the importance of online customer service of national airlines to BIMP-EAGA region. From the findings, the five main categories which are ease of site navigation, product and services information, language options, schedule, fares, booking and payment, and extra services, are important components in online customer service and to the airline industry as a whole. This is because these services have a high impact towards the satisfaction of customers as they are directly dealing with customers on their transactions. This is consistent with the statement by Lieberman (2011) that, online customer services have high potential in meeting the needs and wants of customer (Voss, 2006).

Based on the results of customers' feedback on the ease of use of online customer services among the BIMP-EAGA national airlines, Garuda Airlines received the highest percentage of complaints among the four airlines. Garuda Airlines is also having problems in terms of language options receiving the highest percentage of complaints. To date, Garuda Airlines has replaced the Arga system with the Amadeus network system ("Garuda joins Sky," 2012) to enhance their airlines network distribution system for better website navigation as they have been using the Arga system since 1997.

The next category is complaints received on schedules, fares and booking. Malaysia Airlines received the highest percentage of complaints in this category. The higher fares and problems with the booking procedure might be either due to peak and festive seasons or the limited time frame from promotional efforts such as yearly sales. It has been supported by Prousaloglou & Koppelman (1999) and Volwes (2000) that price has always been one of the most important factors in the decision making process for consumers in purchasing air tickets. One of the reasons people complained about Malaysia Airlines' higher fares even though they booked online is due to the existence of AirAsia, a low-cost, no frills carrier that has become a major competitor to Malaysia Airlines in terms of pricing.

In terms of information of products and services, the result has shown that Royal Brunei scored the highest rating in receiving complaints. This is due lack of specification of products and services information provided on their website for customers to read. The information posted might not have been updated on a regular basis.

In the last category, extra services, Philippine Airlines received the highest percentage of complaints where most of the customers were not satisfied when they received no replies on their online enquiries and their refund status.

The results can provide positive and negative impacts on that influence not only the customers and the airline industry but also the tourism industry in the BIMP-EAGA region. The positive impacts are mainly providing convenient services for customers to book online and get information without needing to reach the place physically for the booking and payment as well as other services like rescheduling travel plans. Other benefits include enabling potential customers to search online for fare comparison purpose. It could also cater for those who have problem understanding English as there are language options provided online rather than meeting a sales representative that may not be able to speak their languages.

As for the airlines companies, through online customer services their business could grow faster whereby they could choose to deal directly or indirectly with their customers. Without wasting time in explaining their products and services to the customers, the airlines companies can put all the information online and to provide first-hand information and solutions by having customers posting questions and queries online. Furthermore, airlines are able to save cost by not having to employ someone who can communicate in different languages with their customers as there are language options on their website that the customer can use with just a few simple clicks.

The most prominent benefit to the BIMP-EAGA region through online customer services is the growth in economy. Providing good online customer services will increase confidence in the eyes of travellers towards visiting countries that operate such airlines. Domestic travelling will also increase as there was perception that flying is still a luxury mode of travelling. With the information provided and the helpful online services to troubleshoot and answer all customer queries; regional customers will not have problems in travelling by air. The ease of travel will eventually increase the tourism businesses in the BIMP-EAGA region. Customers will be able to make bookings easily and they will also be informed on any promotions available through the online services provided. However, if managed poorly, these online customer services may also contribute to negative impacts on the people, the airlines and tourism industry in the BIMP-EAGA region. Problems with the online services that resulted in errors or misunderstandings will make give a negative image to the companies, its perceived quality and finally the airlines' businesses. The possible impacts are that customers will change to other destinations instead of visiting the BIMP-EAGA region resulting in a slower growth of the tourism industry in this region.

CONCLUSION

In conclusion, all the national airlines in the BIMP-EAGA region have opted to utilize online customers' service. This research looked into the effectiveness and efficiency of the online customers' service of the Royal Brunei Airlines, Indonesia's Garuda Airlines, Malaysia Airlines and Philippines Airlines. This paper looked into the five main categories of issues about the online customer's service of the national airlines: ease of site navigation; product and services information; language options; extra services; and the schedule, fares, booking and payment. Customer's feedback on their past and current online experiences with these airlines will be taken as part of the data used for the empirical research. These data were classified into the categories stated and will be analyzed for its positivity or the opposite. The results showed the shortcomings in each of the five categories with some airlines being rated worse than others.

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