Channels of Electronic Word-of-mouth Affecting Consumers’ Buying Decision-making Process in the Low Cost Carriers (LCCs)

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ABSTRACT

Word-of-mouth is one of the most powerful sources of information which customers often search for or consult about to help them make a careful decision before purchasing things. It can be seen that after using products or services, consumers may use the internet not only for expressing their comments and opinions about using the products or services online but they can also easily share information about the products and services with others. Consumers' reviews and evaluations can be written in different electronic forms. This study, therefore, attempts to investigate characteristics of electronic word-of-mouth that affects consumers' buying decision-making process in the Low Cost Carriers (LCCs) market. The data in this study was collected from participants who have experienced purchasing their low-cost airline ticket after reading product information from online review sites and social media networks. The results from this study significantly indicate that the electronic word-of-mouth channel plays an important role in customers' decision-making when purchasing their low cost airline ticket. Based on these results, the low cost airline companies should create effective marketing plans and develop online relationship strategies to ensure that potential customers can receive information about products and services in various electronic forms.

Key words: Channels of electronic word-of-mouth, consumers' buying decision-making process, low cost carriers, Thailand

INTRODUCTION

Word of mouth communication has become a new component of integrated marketing communication which helps consumers to choose products and services that meet their requirements (Chen and Xie, 2008). Word of mouth channel has nowadays caught marketers attention and interest as this communication channel helps marketers to deliver commercial messages about their products or services to customers in a very effective way (Heriyati and Siek, 2011). The term 'Word of mouth’ has been defined by a number of people in the communication field. Liu (2006) highlighted that it is a consultation method that people use to communicate with each other about products and services. It is free of bias. The word of mouth communication has a profound impact on consumer behavior. The positive messages that are sent through this communication channel can encourage consumers to buy the products and services while negative messages suggest consumers should not buy the products or services. Jalilvand et al. (2011) added that word of mouth communication is a process permitting consumers to share both information and opinions directly to buyers. Hawkins et al. (2007) agreed with this, stating a similar concept of word
of mouth in that it refers to the direct processes of sharing product information, opinions and product bands. When discussing about the impacts of messages sent through this channel, Heriyati and Siek (2011) interestingly summarized that according to several studies, messages through word of mouth can positively influence consumers’ purchasing decision making. Kempf and Palan (2006) revealed that word of mouth communication was ranged as one of the highly effective sources of communication channels customers used when they wanted to obtain information about products and services and they often determined customers’ purchasing decision making.

Although word of mouth communication can benefit groups of consumers when they communicate and share information, opinions and experiences of using products and services, traditional word of mouth communication is limited and can be done only within small groups of potential customers such as a group of friends, a group of colleagues and a group of family members (Jalilvand et al., 2011). People have used eWOM channels to communicate with other people more especially in WEB 2.0 Technology era. The examples of their online communication channels include online web boards, companies’ web sites, online review web sites created by groups of consumers, social network web sites, web blogs and others (Gupta and Harris, 2010). These online channels allow product information and consumers’ experiences to be sent further and faster when compared to traditional forms of word of mouth communication which is limited only to small groups (Li and Hitt, 2008).

The eWOM has worked well especially in service and travel industries where it is very difficult for customers to make a purchasing decision as they have no chance to see or experience the products or services until purchasing them (Williams and Buttle, 2011). The eWOM communication, therefore, plays an important role in increasing and directing customers’ purchasing behaviors. Customers often search for useful suggestions through eWOM when they are thinking about choosing hotels and airline companies. This is because travelers can easily access any information they want to know. The information can therefore help them to see whether the quality of products and services they are about to buy is worth purchasing (Sparks and Browning, 2011).

In Thailand, aviation industries generate very valuable income to the Thai economy. It also helps to take people from one city to another. Oxford Economics (2011) viewed that people tend to travel by air more often as it is easy to get to their destination comfortably.

Furthermore, the growth in the number of passengers travelling by air and the leniency of travel regulations from one place to another initiated high competition in the aviation industry. The common marketing strategy which most airlines have employed to compete against each other seems to be reducing the prices of their air tickets. This strategy, however, may not be so successful in the long run especially in the business environment where price competition strategy is advertised by almost every airline. Improving service quality of the airlines, in contrast, sounds a more effective and sustainable marketing strategy in the long term (Chang and Yeh, 2002). This can actually be seen by looking at the number of low cost airlines in the area that try to draw customers’ interests by introducing cheap airfares (Jou et al., 2008). Despite this common competitive strategy, Kim and Lee (2011) highlighted that price competition may not become an advantageous strategy in the long run, but service quality has become one of the key factors guiding passengers’ decisions when selecting the airline company to travel with. The information about service quality and experiences they perceive about the airline will impact on consumer behaviors. They may or may not come back to choose the same airlines again based on the information they experienced themselves or information they may receive through word of mouth channel (Park et al., 2004; Yang et al., 2012).
The advance of internet technology facilitates people to deliver their ideas, product information and experiences of using products and services widely and easily. In other words, electronic word of mouth can be sent faster and easier than traditional word of mouth. It is generally accepted that this communication channel has been widely used by marketers. This includes those in service and tourism industries. It is therefore, interesting for researchers and marketers to investigate in detail how eWOM may influence consumers’ buying decision-making process for the low cost carriers. The objectives of this study were:

- To identify types of eWOM channels influencing consumers’ buying decision-making process for low cost carriers
- To investigate each type of eWOM channel influencing consumers’ buying decision-making process for low cost carriers at different purchasing stages

LITERATURE REVIEW

Consumer’s decision buying process: Buyers’ decision process covers several steps and issues buyers need to consider from pre-purchasing stages to their feeling after purchasing (Kotler and Armstrong, 2010). This was also mentioned by Peter and Donnelly (2007). They explained that the consumer decision making process started when customers realized the need to buy products and services. They will search for some related information they can obtain about products and services. They will then analyze the information to make a decision on whether it is worth buying the products and services. Blackwell et al. (2005) elaborated on this, stating that during consumer’s decision buying process, they are motivated by their environment or the context surrounding them which plays a significant role in influencing or directing their decisions. These environments include their social status, culture, personal motives, family and other factors. Individual differences, interestingly, provides consumers useful information about their own needs, personal motivation, source of knowledge and information, as well as attitudes toward products and services. Consumers tend to search useful information about products and services from external sources such as the internet, websites, online comments or even online advertisements which is quite popular presently.

It was found later on that a number of relevant studies about the above viewpoints were conducted. For example, Zettelmeyer et al. (2006) found in their study that many consumers preferred to search for some information from the internet. They found that by surfing information from the internet, they could: (1) Access many useful pieces of information easily, (2) Make a better decision when they are buying things and (3) Get their stuff at a better price as they knew the range of reasonable prices so they could bargain from suggestions posted on the internet. Huang et al. (2009) claimed that searching for information about products which customers wanted from both companies’ websites and a post shared by experienced customers, was a new method that the customers might undertake to know more about things or services they were going to buy. It might be regarded as a new consumer behavior trend. This finding also agreed with a result found in Jepsen (2007). He found that on average, internet users searched for information online before they wanted to make a purchase. Moreover, it found that the number of times internet users surf the internet to get information about products and services they wanted to buy has become significantly higher than the number of times consumers surf the internet just looking at information in general. Dellaert and Haubl (2012), furthermore, added that consumers’ decision-making processes which were made during the time consumers search for recommendations about products they wanted to buy, also played a significant role in making a
purchasing decision, apart from solely reading and comparing the information they obtained. In other words, opinion recommendations about products shared on the internet allowed consumers to purchase their products in a more satisfactory manner.

Senecal and Nantel (2004) similarly found that before buying certain kinds of products or services, many customers preferred reading suggestions given by experienced customers to solely reading product information in general. Opinions given by experienced customers were found to significantly influence new customers’ purchasing decision-making. Frambahc et al. (2007) found that consumers who always obtain information about products and services online will think about buying the product and services in three main stages. They are the pre-purchase stage, purchasing stage and post-purchasing stage. From their study, it was found that while many consumers searched for comments about products and service online during pre-purchasing stage, many consumers also shared opinions -- both positive and negative comments about their experience of using the products and services online at the post-purchasing stages. Whilst purchasing products and services, many consumers prefer to buy their products offline. Simply put, they did not order their products and services online.

**Electronic word-of-mouth (e-WOM):** The advance of internet technology allows consumers to share and exchange their comments online with other people regarding their experience of using products and services. This form of communication has been called electronic word-of-mouth (eWOM) (Cheung and Lee, 2012; Li and Hitt, 2008).

It is generally accepted that many consumers often consider the information they received from word-of-mouth communication channel before making a product purchasing decision (Cheung et al., 2009). This often happened, especially when customers had no chance to see or experience products or services before they bought items or service online. Consultation suggestions and comments from experienced customers allowed them to make a buying decision based on useful information they could easily obtain. The information could impact on consumers’ purchasing decision-making process. Consultation took place during the pre-purchasing process, purchasing process and post purchasing process. Some consumers looked for discount prices as well as comments made by experienced customers. They collected the information and made comparisons before making their buying decision (Lee and Lee, 2009).

**Channels of electronic word-of-mouth (e-WOM):** There are a number of communication forms that have been used when people intend to share their comments, stories and experiences of using products and services. For example, consumers may post their comments and suggestions, comparing and contrasting products and services, on a web page. There were many such web pages allowing groups of people to do so, for example www.tripadvisor.com, www.virtualtourist.com, www.xzenga.com.de. Some people might prefer to use online forums such as www.zapak.com. Some people prefer an online opinion board such as www.epinions.com. Companies’ websites such as www.amazon.com could also be considered as an eWOM channel. Online chat boards on social networks like the one on Facebook also became a popular channel (Cheung and Lee, 2012). The eWOM can be categorized based on the number of senders and receivers. A person could send his or her message to another person by using email. In some cases, one person could send his or her message to more than one person. This latter type of communication could often be seen when information was posted on a web page. New communication channels in today’s modern world such as internet chat rooms permitted many people to present their information to many other people (Hoffman and Novak, 1996).
In the tourism industry, travelers liked to search for their information through Wiki travel blogs such as travel blog. Some enjoyed sharing and discussing their journeys or destinations in micro blogs or social network software such as Facebook, Flickr and YouTube. Some trip-advising websites were the place to go where travelers could also find some useful ideas about trips (Jacobsen and Munar, 2012).

A number of previous studies confirmed that eWOM could impact on consumers' buying decision making. People considered that reading comments and travelling experiences posted by travelers could guide them into making better decisions (Park et al., 2007). It was also found that social networking or online communities encourage people to experience traveling after listening to other people's stories. It showed that when new interesting travelling information was posted, people in the online community would help each other to find out more information. They shared and exchanged not only information they found online, but also their ideas or attitudes (Zhang and Watts, 2008). In the business travelling sector, marketers viewed that more and more people strategically searched for information about their trips online. Many of them browsed through reviewed web sites and web blogs. They did search in advance to reduce possible risks (Xiang and Gretzel, 2010). Table 1 presents different types of e-WOM, their description and example of channels.

Overviews of low cost carriers industry: Low cost airlines have been involved in airline businesses since 1970. The success of this business strategy was originally developed from a business plan of Southwest Airline in 1990 in the United State of America. It led to many new low cost airlines in Europe during 1990 to 2000. The low cost airline business started entering Asia in 2000 (O'Connell and Williams, 2005). In the past, most low cost airlines provided only transportation service and did not serve food on board. The ride was inexpensive and it could be 40 to 60 percent cheaper than traveling with normal airlines (Oliveira, 2008).

Another reason that makes low cost airlines become a good choice of transportation is that it is quite cheap for young people or teenagers who do not earn much income or do not have enough

<table>
<thead>
<tr>
<th>Table 1: Typology of channels of electronic word-of-mouth (e-WOM)</th>
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<tr>
<td><strong>Typology of eWOM channels</strong></td>
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<tr>
<td>One-to-one</td>
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<td></td>
</tr>
<tr>
<td>One-to-many</td>
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<td></td>
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<tr>
<td>Many-to-many</td>
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Adapted by Litvin et al. (2008)
money to book their seats with full service airlines. To save time during short holiday period, people have especially used low cost airlines to travel. Additionally, the air ticket can easily be purchased online. It is clearly seen that most travelers choosing to travel with low cost airlines do not intend to choose full service airlines to travel with at the beginning but intentionally choose low cost airlines at the beginning of their process of decision making. Moreover, low cost airlines still gain many competitive advantages when compared with full service airlines in term of providing good service quality. This kind of business marketing, therefore, affects consumers’ attitudes regarding value for money when consumers think about flying to travel (Kim and Lee, 2011).

Low cost airlines have been in business in Thailand since 2004. The ones which are quite famous in Thailand are Nok Air, Orient Thai and Thai Air Asia (O’Connell and Williams, 2005). One reason making low cost airlines operating successfully in Thailand is partly because of support from the government. This is because the Thai government would like to give Thai people choices of transportation and also to solve the problem of the limited number of busy roads that do not cover all areas in Thailand (Saha and Theingi, 2009). The low cost airlines have become a good choice for Thai customers because the aircraft are quite modern, there are many flights a day and tickets can be easily purchased online. The low cost airlines can survive in the business because of their cheap operating costs and price competitive strategy. For example, they use smaller numbers of flight attendants. Food and drinks can be additionally purchased if they are ordered by passengers and there is only one economy class in which seats are not allocated unless passengers pay additional fees to choose a particular seat. It is usually short point-to-point travelling instead of long haul flights (Thanasupsin et al., 2010). In 2012, more than 20 million passengers travelled with low cost airlines.

Although the lower price of air tickets can definitely attract customers to fly with low cost airlines, it has been found that service quality has recently become an important factor that can influence consumers’ purchasing behavior. In other words, the customers have also looked for an airline offering good quality service, to fly with. This has happened more and more especially in today’s competitive airline business. Improving airline service quality can, therefore, help low cost airlines to gain competitive advantage and grow sustainably (Balcombe et al., 2009). When service quality is improved, it is likely for customers to come back to travel with the airline again. Furthermore, satisfied customers will also share their good impression experience through word of mouth communication to other people (Park et al., 2004).

METHODOLOGY

As online questionnaires were employed in many previous studies (Lin et al., 2007; Park and Lee, 2009; Foddar et al., 2009; Sparks and Browning, 2011), the data collection technique used in this study was an online questionnaire. In this study, online survey research was employed because it is faster and easier to collect information from a number of participants. As questions were posted through newsgroups, chat rooms and message board communities, (Wright, 2005) viewed that it helped researchers to get the information from participants sharing common characteristics—they are groups of people who have the same interests, attitudes, beliefs, values and purchasing styles. Another benefit of online questionnaires is the information can be converted into numerical form which can be used to analyze using a statistics program immediately (Pan and Yan, 2010).

The participants in this study were customers who had searched only to get some information before deciding to travel with one of the following three low cost airlines: Thai Air Asia, Nok Air and Orient Thai. The 545 online questionnaires were answered.
A seven-point-Likert scale ranging from strongly disagree (1) to strongly agree (7) questionnaire was developed after reviewing related literatures to ensure the correctness of its content validity. A pilot test was administrated and Cronbach’s coefficient was used to measure internal consistency and reliability. Only questions which received over 0.7 were included in the questionnaire (Hair et al., 2006; Huang, 2010; Saha and Theingi, 2009). The results of reliability analysis were presented in Table 2.

RESULTS AND DISCUSSION

The majority of subjects who participated in this study were male (59.1%). Most of them were between 31-45 years old (45.9%). A good number were working in private companies (20.1%). Most people traveled for leisure (69.2%). A large number travelled with Thai Air Asia (62.1%). The largest number of participants bought their air ticket online (88.5%).

Table 3 presents the model summarizing the results of the regression analysis. Consumers’ buying decision-making process is shown as a dependent variable. It can be seen from the Table 3 that one-to-many channel and many-to-many channels were independent variables which 0.00 significantly influence consumers’ buying decision-making process in all purchasing stages-pre-purchasing stage, purchasing stage and post-purchasing stage. This study also found that one-to-one channel independent variable showed no significant influence on consumers’ buying decision-making process in the pre-purchasing stage and the purchasing stage.

This study, additionally, found that the $R^2$ in every regression model turned out to be more than 0.20-Pre-Purchasing Stage ($R^2 = 0.21$), purchasing stage ($R^2 = 0.20$) and post-purchasing stage ($R^2 = 0.27$). This indicated that eWOM channels significantly influence consumers’ buying decision-making process by around 20-27%. In other words, there are some other factors that can also influence consumers’ buying decision-making process.

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### Table 2: Reliability analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of items</th>
<th>Deleted items</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-to-one channel</td>
<td>3</td>
<td>-</td>
<td>0.855</td>
</tr>
<tr>
<td>One-to-many channel</td>
<td>3</td>
<td>-</td>
<td>0.825</td>
</tr>
<tr>
<td>Many-to-many channel</td>
<td>4</td>
<td>-</td>
<td>0.836</td>
</tr>
<tr>
<td>Pre-purchase stage</td>
<td>5</td>
<td>-</td>
<td>0.837</td>
</tr>
<tr>
<td>Purchase stage</td>
<td>5</td>
<td>-</td>
<td>0.842</td>
</tr>
<tr>
<td>Post-purchase stage</td>
<td>10</td>
<td>-</td>
<td>0.835</td>
</tr>
</tbody>
</table>

### Table 3: Results of the regression analysis

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Pre-purchase stage</th>
<th>Purchase stage</th>
<th>Post-purchase stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Std. beta</td>
<td>p-value</td>
<td>Std. beta</td>
</tr>
<tr>
<td>One-to-one channel</td>
<td>0.029</td>
<td>0.596</td>
<td>0.053</td>
</tr>
<tr>
<td>One-to-many channel</td>
<td>0.264*</td>
<td>0.000</td>
<td>0.278*</td>
</tr>
<tr>
<td>Many-to-many channel</td>
<td>0.223*</td>
<td>0.000</td>
<td>0.182*</td>
</tr>
<tr>
<td>Constant</td>
<td>2.640</td>
<td>0.000</td>
<td>2.941</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.210</td>
<td>0.001</td>
<td>0.201</td>
</tr>
<tr>
<td>Sig.F</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**p<0.01**

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This study found that one-to-many channels of electronic word-of-mouth communication which were company web sites, website reviews and chat rooms as well as one-to-many channels of electronic word-of-mouth communication including social media, online communities, news groups and weblogs had an effect on consumers’ buying decision-making process for low cost carriers in every purchasing stage-pre-purchasing stage, purchasing stage, post-purchasing stage. This finding was also agreed by Williams and Buttle (2011). Additionally, the findings in this study agreed with Frambach et al. (2007) when they highlighted that a large number of consumers might surf the internet to get some suggested information before making a decision about purchasing things. From the theoretical contribution in terms of consumers’ behavior view point, this study confirms that consumers may find information from more than one source before purchasing things. The varied sources of information may include personal sources such as family members, neighbors, friends; commercial sources such as advertisements, sales people, contributors, packages, product events or exhibitions, internet websites; Public sources such as media, consumer organizations and experienced consumers which are recognized as the best source of information (Kotler and Armstrong, 2010; Peter and Donnelly, 2007). Word-of-mouth occurred when people spoke about and asked questions to each other regarding experiences of using products from experienced consumers. This helps people to make a careful decision before purchasing their products and services.

Due to the advance of modern media, the internet helps to connect people from one place to another more easily. Electronic-word-of-mouth can also be communicated in many online forms. People can search for information and comments about products and services to guide their purchasing decision from many online sources. By reading online opinions about the products and services people posted on the internet, Park et al. (2007) explained that people could receive information from two types of people sharing their experiences. They were tellers and advisors. While the tellers might just tell their experiences of using products and services, the advisors add their own either positive or negative attitude about the products and services in their story of experiences. It is common for most consumers wanting to buy intangible products or services to read the online opinion of experienced consumers (Senecal and Nantel, 2004). Agreed with Ye et al. (2009) presenting their research findings that online positive comments significantly affected the increases in sales volume of hotel bookings. Furthermore, it was found that 80% of consumers planning to buy goods and service online, searched for online comments on review websites before making a purchasing decision (Cheung and Lee, 2012).

In the post-purchasing stage, customers who enjoyed satisfactory experiences may both repurchase the products and services and share their satisfactory experiences with others. He revealed that if consumers of an airline evaluated the quality of services they had got and found that they were satisfied with them, they would come back to use the same airline again next time and they were likely to share their satisfactory experiences with other people. By the same token, Saha and Theingi (2009) found that if customers were not happy with the services and the experience, they would share their unsatisfactory stories with other people. It can therefore be assumed that consumers keep sharing both their satisfactory experiences and unsatisfactory stories with others through word-of-mouth communication. The internet thus becomes the medium where suggestions, comments and experience messages are delivered from senders to receivers.

This study, moreover, showed that one-to-one channels of eWOM such as E-mail, SMS, Instant Message (Line, or Whatsapp programs) did not significantly influence consumers’ buying decision-making process for low cost carriers during pre-purchasing stage and purchasing stage.
This agreed with the consumers’ behavior viewpoint which explained that at the pre-purchasing stage and the purchasing stage, consumers preferred to check suggestions and information about products and services they planned to buy from a variety of information sources. They could also do some external searches from popular media such as the internet, web sites and advertisement web sites (Blackwell et al., 2006). Receiving the information just from another person through e-mail or SMS, therefore, was not enough for them to jump to the conclusion to buy online products and services. This is especially true when people have received a lot of junk mails in their inbox. Not only is personally receiving product advertisements through email recognized as a poor source of information to make the buying decision, but companies can also receive a bad image (Litvin et al., 2008). One-to-one channels of eWOM might work well during purchasing stage and post-purchasing stage. This might be because people were about to buy the products and services after getting suggestions and information from varied sources. The email or SMS advertising products and services coming in forms of new promotions can therefore help confirm consumers’ buying decision. Once people are satisfied with products and services they had experienced, they would be interested in receiving information about the products and services via all channels and this includes emails and SMS.

CONCLUSION

Based on findings found in this study, consumers travelling with low cost carriers pay great attention to product information and experiences, comments and the suggestions of other consumers. They have searched for useful information from a variety of sources and channels before purchasing their air tickets from one particular airline. Popular modern media the consumers use includes airline review websites and social media network. Therefore, marketers in airline companies should, strategically and effectively plan their marketing communication channel strategies to catch their potential customers’ and inform them about their products and services. As eWOM can spread both positive and negative comments fast, to keep and protect companies’ images, the airline companies should also set up an effective team to assist customers and respond to customers’ complaints through the company websites and any eWOM channel. Additionally, one-to-one channels should be only used to deliver news or promotions to experienced customers or passengers who have been travelling a lot which can be checked from examining airline records. This one-to-one channel communication works better with this group of customers than with new or potential customers.

While this study highlights that eWOM communication had a 20-27 percent impact on consumers’ buying decision-making process for low cost carriers, this study suggests that much research needs to be done to investigate other factors that can impact on consumers’ buying decision-making process in the low cost carriers market. Some interesting factors include content of eWOM, credibility of sources of information and the amount of information searched by consumers before making a decision to choose airline carriers.

REFERENCES


