

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

READINESS TO PURCHASE AIRLINE TICKETS THROUGH SMARTPHONE: A MALAYSIAN PERSPECTIVE

FOR REFERENCE ONLY

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Abstract

Increased popularity in using new technology made Companies to invest hugely to bring up new technologies in smartphones. The breakthroughs of Internet into the society, people are more advanced in wireless and networking. There has been a high increase in the internet users and people who stays online always. Most of them are always using their smartphones for internet purposes and stay online every time. Another sudden change in consumer's life was online purchasing, now a days consumers purchase many things online which includes books to groceries. But question remain unanswered regarding the consumers perception towards accepting a new technology like purchasing through their smartphone. So the research is to find out the consumers perception in purchasing airline tickets through their smartphones. Unfortunately, there are no quantitative studies done to find consumers readiness to purchase airline tickets through smartphones which is a common and high purchasable item.

Throughout the study it concentrates more on the various aspects of technological readiness and intention of the consumers to purchase online. The study will be conducted in the urban areas of Kuala Lumpur and Selangor, which are considered to be the highly populated areas of Malaysia. Quantitative research approach is used in the study to get more details from the respondents. A well-drafted survey will be distributed in the particular locations of the study. The sample sizes of the study are considered to be 400 because of time limit of the study. Out of the 400 questionnaire, 333 were effective and usable. Reliability analysis was done to check reliability and validity of the variables. Regression was used to check the relationship between the independent and dependent variables. The findings of this study indicate that there is a significant association between Optimism, Innovativeness whereas Insecurity and Discomfort showed inverse relationship with intention to purchase through smartphone.

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Last, but not the least, I also take this opportunity to thank my family and friends who contributed through their valuable suggestions and presence during the completion of this project.

Remo Philips

August, 2013

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Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

15th August 2013

Remo Philips

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CHAPTER I

INTRODUCTION

1.0. Chapter Summary

Chapter one starts with the overview of the technological advancement in the present scenario followed by the detailed discussion of the new technology like smartphone and their involvement in airline industry. The next section of this chapter will focus on the background of the research and problem statements where each and every gap is identified for this research. This chapter includes the research question, objective followed by the significance, scope and limitations of the study. Finally this chapter will give more detail about the problem and outline of the study.

1.1. Telecommunication advancements

In this new era telecommunication affects our lives and controls our lives than ever. The growth in the field of communication is immense that from the early ages of verbal communications to the new sophisticated technology which enhances the ability to communicate effectively with anyone. We can feel telecommunication technology all around us when we watch a TV show, when we make a phone call and even when we use our laptop for social networking; the benefits of telecommunication are received (Nemko, 2010). Telecommunication is using electronic means to communicate and the concept of telecommunication can be simply defined as the transmission of information from one location to the other location.. our life's are rapidly improving and we are moving faster so the continuing attempts to find out more and better ways to communicate has made rapid change in the field of communication and has given us new ways to communicate very easily (Chartered Techno functional Institute, 2010). Human beings had a time when they used to communicate with nonverbal means such as facial expressions and gestures, but where are we now. We could only express the feeling like fear, anger and happiness through facial expressions. And when verbal communication started we had series of sound that later on changed into the spoken language. The earliest methods of transportations made changes in the communications. Dogs and pigeons were used as early methods of communication.

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When there was advancement in the telecommunication fields these methods were gradually stopped and new methods came up. In the olden days speed of communication was the major problem. Information's cannot be communicated to long distances effectively (Telstra, 2012). The first electronic transmission was made in the year 1844 when Samuel Morse developed the system of dots and dashes which symbolize the letter of the alphabet. Telegraph was a transmission device which was used to send coded signals over wires. The telegraph became the common method of communication during the time of American Civil War. It took many years to sink telegraph to all over the world. Actual voice communication started in 1876 when Bell held the first phone call with his assistant. The alternative written communication was gradually changed into voice communication (Alam, 2011). Later on under water cable lines for telecommunication was made between America and Europe. By 1900 the communication technologies gone so far as we were enabled to transmit long messages to long distances without the need of wires. The dream became such a reality when the first communication was made between Marconi and his assistants (ten24, 2013). They heard the Morse code "dot-dot" the letters had almost travelled 1,700 miles from Conwell, England. November 1920 a Pittsburgh, Pennsylvania went on air and went a live radio broadcast on air.

Modern telecommunication relies mostly on the advanced ones in all the fields. When you look at all the fields of technology there are high advancements. Computer industry has been growing rapidly along with the mobile phone industry. Now a days mobile phones are actually converted into smartphones. From the first grade onwards students know more about computers and cell phones. With the help of advancements in telecommunication there was accessibility for everything. Now within the matter of a second the computer can access you anything you want around the world. Now a days the importance for laptops and desktops are decreasing since the usage of smartphones are really high. Smartphones are available in cheap prices even so that it can also be accessed by normal consumers. The technology has changed everything and the way we use information.

These changes in technological advancements had made way to this research. We have moved so far from the old methods to book an airline ticket through a smartphone we carry in our hand

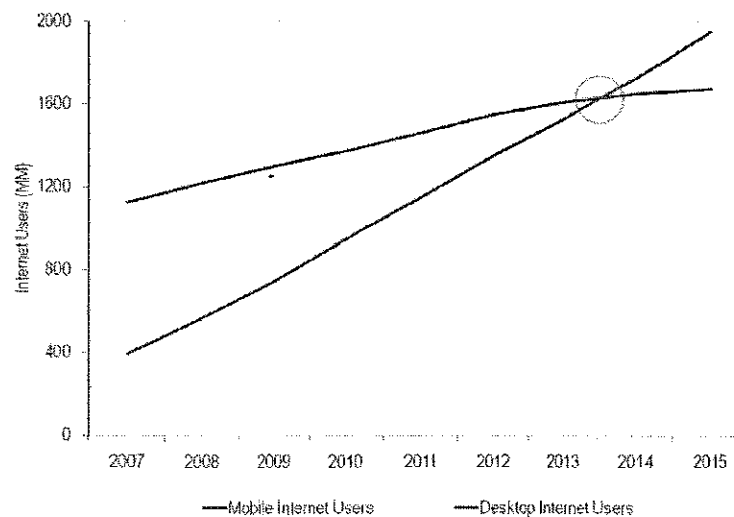
1.3. Introduction of mobile phones and changes it made

Global adoption of mobile technology has raised so quickly in the last decade. Mobile phone subscriptions will reach 5 billion worldwide by the end of 2010 (May & Hearn, 2005).

- More than 1 billion mobile devices will have mobile broadband access to the internet.
- Overall shipments of smartphones are forecast to grow at a compound annual growth rate of 25.9 percent through 2015.
- There will be a dramatic change in the broadband consumption habit in the next 3 to 5 years, with internet access occurring via mobile devices rather than through desktops.

Figure 1.1 Internet usage comparison from mobile phone to Desktops

Figure 1. Internet Use via Mobile Devices Versus Desktop PCs, 2007–2015 (estimates)



Source: Morgan Stanley, 2009

Mobile phones will play a prominent role in broadband data communication with new mobile communication technologies and standard such as 3G, 3.5G and 4G. . Large investments by service providers in these technologies will hasten the age of the "mobile Internet."

1.4. Influence of Mobile technology in Airline Ticketing

In adopting innovative technologies, the airline industry shifted from paper based ticketing to internet enabled bookings and this allowed the passengers to individually research negotiate and purchase tickets from different sources.

This created a new and cheaper travel option. Airlines are investing in technologies for passenger convenience, as internet connectivity via mobile devices increased. The Airline Business and SITA study shows that over 90% of airlines surveyed are increasing their investments in mobile capabilities to improve customer's airport and in-flight experience (Valerie, 2011).

1.5. Airline ticket purchases through smartphone

A joint study conducted in 2012 by Airline Business and SITA. This is an international business that provides aviation technology and service. It found out that in these two years, the usage of mobile-related aviation applications has a huge increase (Valerie, 2011). Passengers are increasingly using their smart phones and tablets to book tickets and reserve seats. Passengers are increasingly using their smart phones and tablets to book tickets and reserve seats.

1.6. Importance of mobile application in airline industry

Sita (2012) stated that business approaches of airline industry are experiencing an essential revolution due to the increasing implement of cellphone applications. These applications are gradually being used in all aspects of passengers' journeys and central parts of business operations. According to the Fourteenth SITA (Airline) Survey of Information and Technology Trend, 93% airline companies offer relevant mobile applications or services to travelers and treat this as a prior investment in the future 3 years. Meanwhile, 58% companies treat this as one of the main investments. However, the actual revolution does not only reflect in sales data. The survey indicates that airline
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companies use mobile applications to run through their businesses. Around 90% airline companies are planning to let all of their essential services being covered by mobile in 2015. These essential services include flight searching, boarding passing, ticket purchasing, check-in services, flight notifications, traveler feedback handling and so on.

Around 50% of airline companies are applying flight searching and check-in services on mobile terminals. Almost 50% of them provide boarding passing, flight notifications and ticket purchasing as well. The aim of applying these is to increase customer experiences, decrease operation costs and earn more revenues.

Airlines and airports can use mobile channels to offer better service to passengers at various touch points along the journey, delivering real-time, relevant, and value-added information, offers, discounts, and personalized services that help build a trusted relationship.

1.7. Smartphones Usage

The introductions of smartphones have changed everything in our society. Smartphones have repositioned everything in the field of telecommunication. They have replaced the use of PC's and laptops for many that includes students, business officials etc.

The first generation of personal computers was developed in the early 1945 and took almost 60 years to grow into the advanced technology. The uses of new and new technologies are increasing day by day. The first cell telephone communication system began to operate in the significant number and attracted many members in the mid 1980's Lacohee, et al., (2003). Mobile phone sales are expected to outstrip the PC sales in 2011, the increase in the usage of smartphone worldwide will be more than 500 million by 2013 Hanson (2011). This can show us that smartphones have taken over the market.

Mobile phones or smartphones in the early years of its launch were only used by the upper class people or the high income people in the society. (Pearson, 2003). Smartphones are highly advanced when compared with all the traditional phones which use landlines. As mobile phones evolved into the smartphones, new and new features

were added into it, the more the features are the more the demand will be and more technology are induced into the phone such as mp3 functions, texting function, inbuilt camera and many other features which make customers to replace their old boring phones. As per the result done in the early 2009, Mobile phones have replaced most of the computers in America (Cavelry, 2009).

Mobile phones are getting more advanced and more and more smartphones are available in the market now. As the latest technologies are induced into the smartphones, the trend keeps on changes and new mobile phones are launched into the market every time. The huge development is that they are getting smarter and more and more user-friendly, now day's companies used to design their phones in such a way that it can be used by any particular age. Even the small companies are trying to build their smartphones to compete in the market cause most of the consumers even in a budgeted price they want to look for smartphones. As stated by Litchfield (2010) even "dumb" phones can become smartphones cause of the features like touch screen and android operating systems. As stated in his research as conclusion Litchfield defined smartphone as an open operating system that can be permanently connected with the internet.

However it has become important to know about the smartphone features on a smartphone. In today's world smartphone can be used instead of laptops or desktops. There are hundreds and thousands of apps that are available in the smartphones which can be downloaded according to the user's convenience. Both app store and android market are competing to create new applications every day. This helps the users to get application for every purpose. Today's smartphones are advanced which can constantly stay connected to the internet and have various other features which enable them to use it. The various types of keyboards that are virtually available inside the smartphone make it much better than laptops. The smartphones in this era will be considered to have all the features of a computer which have an excessive advantage of mobility.

Figure 1.2 Smartphone subscribers around the world

**Smartphone Subscriber Growth = Remains Rapid
1.5B Subscribers, 31% Growth, 21% Penetration in 2013E**

Rank	Country	2013E Smartphone Subs (MM)	Smartphone as % of Total Subs	Smartphone Sub Y/Y Growth	Rank	Country	2013E Smartphone Subs (MM)	Smartphone as % of Total Subs	Smartphone Sub Y/Y Growth
1	China	354	29%	31%	16	Spain	20	33%	14%
2	USA	219	58	28	17	Philippines	19	18	34
3	Japan*	94	76	15	18	Canada	19	63	21
4	Brazil	70	23	28	19	Thailand	18	21	30
5	India	67	6	52	20	Turkey	17	24	30
6	UK	43	53	22	21	Argentina	15	25	37
7	Korea	38	67	18	22	Malaysia	15	35	19
8	Indonesia	36	11	34	23	South Africa	14	20	26
9	France	33	46	27	24	Netherlands	12	58	27
10	Germany	32	29	29	25	Taiwan	12	37	60
11	Russia	30	12	38	26	Poland	11	20	25
12	Mexico	21	19	43	27	Iran	10	10	40
13	Saudi Arabia	21	38	36	28	Egypt	10	10	34
14	Italy	21	23	25	29	Sweden	9	60	16
15	Australia	20	60	27	30	Hong Kong	8	59	31

2013E Global Smartphone Stats: Subscribers = 1,492MM Penetration = 21% Growth = 31%

Source (Morgan et al., 2013)

1.8. Usage of applications (Apps)

There are is end to the usage and purposes of the smartphone applications that you can download for your phone; whether you use your phone for fun or for work, there are apps that can fit with your needs. Which apps are available for your smartphone depends on your brand and model of phone; some apps are universal while others are specific to certain brands.

- SOCIAL MEDIA AND COMMUNICATION

While not quite the most commonly used applications on smartphones, the ability to keep up with various social media sites is vital in a digitally connected age. Social media apps for Facebook and Twitter are common, as well as specialized apps for checking

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your email, connecting to your friends via instant message and making calls using VoIP services such as Skype and Vonage. There are also media websites, such as Google Voice, that offer Web apps--mobile versions of the website that act as apps

- **GAMES**

The most popular use of applications on smartphones, there's a wide range of gaming apps that you can download for your smartphone, all depending on what brand of phone you have. You can find classic games rebooted for the smartphone, word games and even games made especially for the smartphone.

- **ENTERTAINMENT AND INTERNET**

You can use smartphone apps to keep on top of your favorite websites; most entertainment-gearred websites offer a version of their sites for mobile browsing, if not a full app. Some media services, such as Pandora, YouTube, and Hulu allow you to stream media directly to your phone via app so that you can watch videos and listen to music anywhere you go.

- **INFORMATION**

Smartphones can help you find local and destination information, allowing you to check the weather, track your location via GPS, find restaurants and events in your area, and even use services like Google Maps to get directions to where you're headed. You can also find apps to keep you up to date from your favorite news site, track your stocks and handle your banking.

1.9. Airline Industry

The airline industry in Malaysia is huge and growing one. In the past several years the airline industries in Malaysia have fledged and showed its growth than any other airline services in any countries. More than 1 billion passengers are carried and most of the figures shoes that there is an increase in passengers every year. The governments have been supporting immensely on the requirements of the airline companies. (Franke, 2004) In Malaysia the airline services have been differentiated to two which includes

both passenger and cargo airlines. The passenger airlines which includes Air Asia, Malaysian Airline (MAS) and there are some other small services to all the locations inside Malaysia which are carried out by some group companies. The cargo services that completely involve in shipping which include Athena Air services and MAS cargo which are owned by the Malaysian government and Transmile Air services. Despite all the things in Malaysia the airline services have been completely monopolized by Malaysian Airline System Berhad which is completely a service national carrier that began service in 1947. Now there are more than 80 Boeig and 30 Airbus for MAS. A MA completely operates in the KLIA Kuala Lumpur International Airport. The other airline is Air Asia which has rapidly grown from the year 2001 onwards. (Kho et.al, 2005). They has destinations to more than 61 destinations. Air Asia has made his rapid growth with low cost travelling techniques. They have been consequently awarded as the "Best Low cost Airlines". They work in the philosophy of Now Everyone can Fly. The main base for Air Asia is the Low Cost Carrier Terminal (LCCT) and KLIA.

1.10. The importance of Smartphone Applications (Apps) in Airline Business

Most of the marketers have identified the importance of mobile apps in the airline business field. Marketers are introducing new and new apps to increase. From booking tickets to checking the flight status to tracking the flights the list of application are unlimited. Most of the applications created enable the passengers to check in online and access all the information through their smartphones. I-phone and android are ruling the app world with enormous applications. The uses of mobile applications are common in Malaysia. Most of the travelers tend to purchase their tickets through desktops, laptop and tablet devices. They tend to check everything else on their smartphones and tailor and make plans for their trip (Airtravel, 2013). with the immersive use of smartphones and the various mobile application consumers can easily prepare for their travelling purpose.

1.11. The process of booking airline tickets through smartphone application.

The process of booking airline tickets through smartphone is a simple process when comparing with booking through laptops or desktops. The process can be seen from the figure inserted below.

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Figure 1.3 Process of Booking through Smartphone

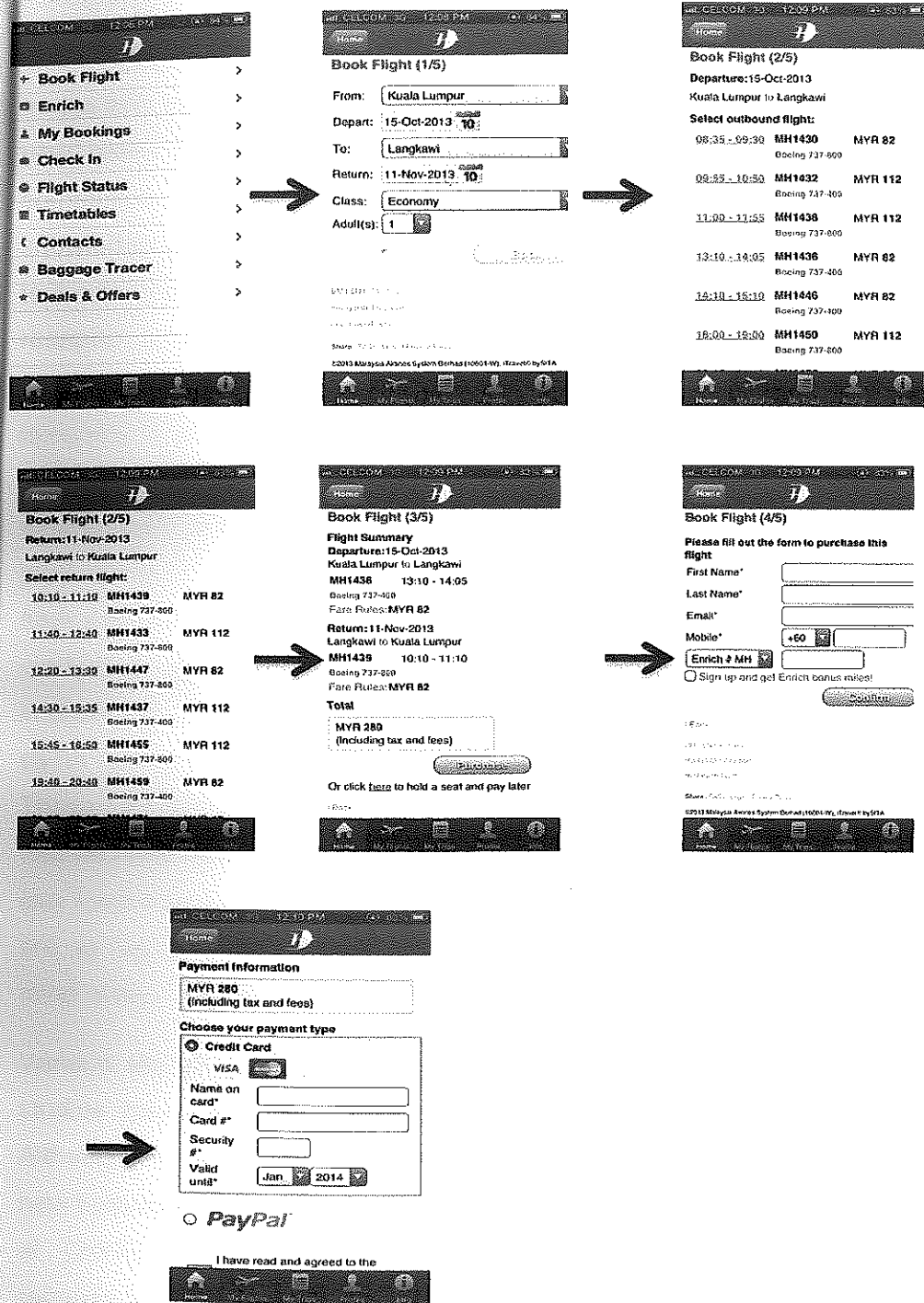


Figure: source (Malaysian Airlines smartphone application- Appstore)

1.12. Problem Statement

In the field of telecommunication there has been much advancements. The people are now ready to accept new technologies that will make their life easier. However, sometimes, people are not ready to accept the new technology fully due to lack of knowledge and due to the lack of information and study conducted with regards to new technological acceptance from the side of consumers. The main analysis of this research comes in this area. With the help of this research it will enable to find out whether people are ready to accept new technologies. With the advancement in telecommunication and with the introduction of smartphones they have changed the face of consumer's level of technological acceptance. From the iPhone to the HTC One smartphones are dramatically changing the way we live – how we shop, buy, search, play and connect with the world (Kenny and Pon, 2011). Smart phones have opened a new era by opening new technologies and application. So the new way of mobile marketing, which on a smartphone is seen mostly through applications, allows for interactivity and location based services (Yang, 2010). Smartphones are exactly the same mobile phones which are highly advanced and can do amazing tasks very easily. These devices have multiple features that make the life of humankind so easy. It allows features and communication in different ways , gives you quick internet access and you can keep tracks of your meetings schedules appointments and now a days the features are so high in smartphones that you can get high end application that can blow your mind away.

Various studies have been done in the area of technological readiness. Most of the studies have discussed consumer's readiness to accept various new technologies. Although many literatures have discussed on the readiness of consumers in accepting new technology Kevin et al., (2009), Janelle et al., (2010), Yang et al., (2011), Haque et al., (2009); Jahangir and Begum, (2009). But there are no researches done in Malaysia regarding the consumer's readiness to purchase airline tickets through smartphone. Even though there are lots of smartphone users in Malaysia nobody has ever focused on a new research topic like this (Morgan et al., 2013). The level of new technology acceptance of Malaysian smartphone consumers was not analyzed. Since there are no

studies done on the Malaysians readiness to purchase through smartphone, this research is more relevant and aims in studying about the perception of the Malaysian consumers in accepting new technologies. A study by Ivan Burmistrov (2009), pointed on the importance of Mobile Air Ticket Booking where he pointed out the difficulty in using the mobile phones for ticketing purpose. He explained the future scope in the field of the research, but he did not bring up the importance of mobile applications available in the smartphones. Limited studies have been done on smartphone purchases of airline tickets in Malaysian context. Farhad et al., (2011) had examined the perception of air travelers towards mobile ticketing in Malaysia. The research simply focused the travelers frequency in traveling and there problems in traveling in Malaysia

The online stores can only retain few customers back. Previous researches shows that only 10% of the internet shoppers who visit the website purchase from there rest of them tent to leave quickly (Overby and Lee, 2006). Why do most of the internet shoppers browse through the website rather than purchasing from it? If they are not willing to purchase, how will they purchase through smartphone. To examine how they can be motivated towards online shopping through their smartphone and since the success of the online business stores depends on the repurchases done by the online shoppers.

In order to support the evidence of the boom of smartphone application in booking airline tickets, some of the top airline tickets booking applications were analyzed. Top smartphone stores like App store from apple, Play store from Android and Blackberry App store from Blackberry were considered to do the comparison. The primary research showed the presence of smartphone application for booking airline tickets in the various stores. This study has shown that most of the top airline companies have smartphone applications. App store and Android market has high number of application but Blackberry has very few limited applications. In Malaysia Air Asia has apps for all the three stores.

Table 1.1: Top airlines and there their apps in different OS

<i>AIRLINES</i>	<i>APP STORE</i>	<i>ANDROID</i>	<i>BLACKBERRY</i>
1. QATAR	★	★	★
2. Asiana	★	★	NA
3. Singapore	★	★	NA
4. Cathay Pacific	★	★	★
5. Nippon Airways	★	★	NA
6. Etihad airlines	★	★	NA
7. Turkish airlines	★	★	NA
8. Emirates	★	★	NA
9. Thai airways	★	★	NA
10. Malaysian airlines	★	★	NA
low cost airlines	<i>APP STORE</i>	<i>ANDROID</i>	<i>BLACKBERRY</i>
1. Air Asia	★	★	NA
2. Virgin America	NA	NA	NA
3. Jet star Airways	NA	NA	NA
4. Air Asia X	★	★	NA

5. Easy Jet	NA	NA	NA
6. WestJet	NA	NA	NA
7. Jet star Asia	NA	NA	NA
8. Southwest airlines	★	★	★
9. Azul airlines	NA	NA	NA
10. Indigo airlines	★	★	NA

★ =
Available in
store

NA = not available in the application market

The list was analyzed by checking through each phone in their app stores. Blackberry still don't have applications to book airline tickets through smartphones. Only few airline companies have introduced applications for blackberry this can be due to the lack popularity of blackberry smartphones.

Table 1.2: Top airlines, usage and ratings of android

<i>Airlines</i>	<i>Rating (From users)</i>	<i>Total Installs</i>	<i>Owned by</i>
QATAR	4.3 (298)	50,000 - 100,000	Qatar Airways IT
Asiana	3.7 (1,128)	500,000 - 1,000,000	Asiana Airlines
Singapore	3.6 (288)	100,000 - 500,000	Singapore Airlines Limited
Cathay Pacific	3.7 (448)	100,000 - 500,000	Cathay Pacific

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			Airways
Nippon Airways	4.0 (221)	100,000 - 500,000	All Nippon Airways
Etihad airlines			
Turkish airlines			
Emirates *	2.2 (16)	5,000 - 10,000	App Striker
Thai airways *	4.0 (174)	100,000 - 500,000	G Softbiz Co.,Ltd.
Malaysian airlines	4.3 (914)	100,000 - 500,000	SITA Lab

*Apps not made by parent company (Third Party)

Table 1.3: Low cost airlines – android usage and users rating

<i>Airlines</i>	<i>Rating (From users)</i>	<i>Total Installs</i>	<i>Owned by</i>
Airasia	3.7 (2,066)	500,000 - 1,000,000	AirAsia Berhad
Virgin America	Nil	NA	NA
Jetstar Airways	Nil	NA	NA
Airasia X	Nil	NA	NA
Easy Jet	Nil	NA	NA
WestJet	Nil	NA	NA
Jetstar Asia	Nil	NA	NA
Southwest airlines	3.7 (4,714)	1,000,000 - 5,000,000	Southwest Airlines
Azul airlines	Nil	NA	NA
Indigo airlines	3.7 (125)	50,000 - 100,000	InterGlobe Technologies

The table discusses the number of downloads and rating of different applications. The total number of downloads shows the popularity of application among the users. Looking at all these figures we can see that there are number of applications downloaded by the user's every year.

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1.13. Research Questions

1. What is the level of perception of Malaysians towards purchasing airline tickets through smartphone?
2. What is the level of perception of Malaysians towards accepting new technologies?
3. Do the motivators and inhibitors of technological readiness have any influence on intention to purchase online?

1.14. Research Objectives

The overarching research objective of the study is to examine the readiness of Malaysians to purchase airline tickets through smartphones.

The specific objective of the study is

1. To examine if Optimism, innovativeness, insecurity and discomfort has an association with readiness to purchase through smartphone.
2. To suggest improvements in the field of Airline Industry.

1.15. Assumptions

- In this research it is assumed that the independent variables such as Optimism, Innovativeness, Insecurity, and Discomfort are associated to intention to purchase through smartphone.
- In this research it is also assumed that the all the data's and information collected from the respondents are accurate and thereby can be used for getting proper results.

1.16. Significance of the study

1. The importance of the study to academia:

This research will help other researchers to understand the extent of technology used in the smartphone areas and future researches can be executed based on these researches. This research will open a new gate to the academic field to understand more about readiness of consumers to accept new kinds of technology.

2. The importance of the study to government:

The findings from the study are useful for the government to find out the opinion of the Malaysian consumer on a new topic like purchasing through smartphones. The study is also useful for future references to look at the level of technological acceptance and readiness level of the Malaysian consumer to accept new things.

3. The importance of the study to industry:

Most of the companies are opening online web stores for their products since people have become more interested purchasing online. So this research will show light to more industries to create more online purchasing stores and application which is easy for the consumers to purchase directly without going into the websites. This study can also help the upcoming industries in thinking of opening new online stores and to create new more application. The result from the study will enable the complete mobile industry in making their smartphones better and it will also help them in finding new ways to promote online purchases via smartphones.

1.17. Scope of the study

The general aim of this research is to study the Malaysian consumer's readiness to accept new technology and their readiness to purchase airline tickets through smartphone. Most of the consumers spend most of their time on their smartphones. Thus; the focus of this study will be on the urban areas like Kuala Lumpur and Selangor. The research will be undertaken by quantitative research. The sample size will consist of smart phone consumers who are from the age of 18 years. 18 years and more are considered to be good for research since their opinion are taken valid in previous researches (Farhad et al., 2011). The data obtained from the questionnaire will be analyzed with the help of computer software spss 20.0 version. The data collected from the research can be useful to fulfill the objective and will be useful for future researches.

1.18. Structure of Dissertation

This study is basically divided into five main chapters as follows:

Chapter-1 Introduction

In the first chapter, an introduction on the selected areas of the research has been presented and followed by the general overview of the smartphones and airline business are discussed. Then the summary of the problem definition was presented along with the research objectives, research questions, scope and significance of the study as well as its limitations

Chapter-2 Literature Review

In chapter two, a literature review of the theories and previous studies will be discussed related to the topic is presented with an introduction from traditional way of booking airline tickets to the modern and along with that previous studies that have discussed are also included. Along with these the various variables which are used in this research are also explained.

Chapter-3 Methodology

In this chapter, describes the methodology and techniques used in the collection and analysis of the survey data. Also the reasons for choosing this methodology are discussed

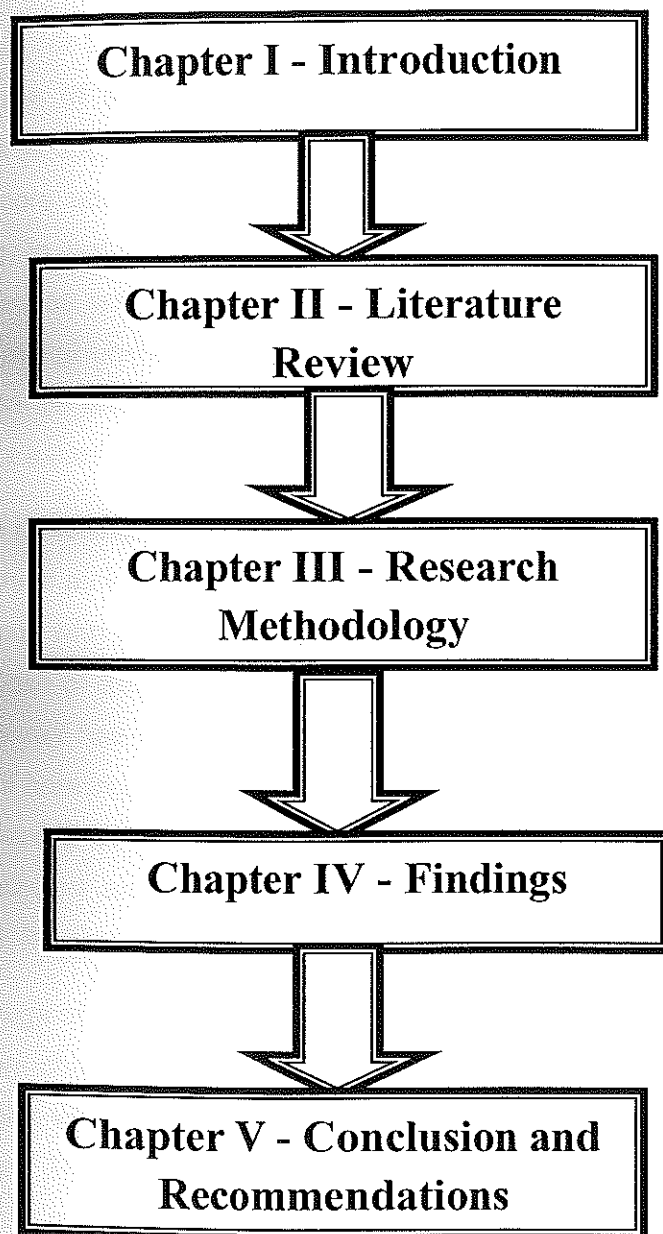
Chapter-4 Findings and Discussion

In this chapter, the findings gathered from the research are analyzed. Data collected from the survey respondents are presented in the form of tables and charts for better understanding. In this chapter, the findings of the data gathered are interpreted in the light of the literature review presented.

Chapter-5 Conclusion and Recommendations

Last but not the least, In chapter 5, the conclusion of whole this study will be described and also suitable recommendations will be given for the marketers so that they can undertake a better marketing strategy to attract more customers. This chapter will also consist of implications of further research, implications for marketers along with personal reflections of my learning experience

Figure 1.4 Structure of Dissertation



CHAPTER II

LITERATURE REVIEW

2.0. Chapter Summary

As the area of purchasing through smartphone is new there have to be relevant literatures to support the technology acceptance of the consumers. This chapter will discuss more about the evolution of air ticketing and the importance of smartphone technology in that field. The following section will present the relevant concepts with the use of theories and will eventually find out the perception of consumers in purchasing through smartphone and their level of accepting new technologies. While discussing the importance of technology in the field of air ticketing in the relevant chapter, the hypothesis based model will also be established.

2.1. Air ticketing traditional way

The history of airline ticket came into view with the history of airline industry .In the year 1909 , along with the first passenger flights the first airline tickets were also introduced .The purpose of the airline tickets is to identify the passenger and to examine whether the passenger has the authority to board the flight. Earlier internet was considered as the part of booking tickets. American airlines introduced the airline reservation system. As the coming of an important event in 1970's advanced computerized reservation system allowed airlines to easily perform cost benefit analyses on different pricing structures, leading to almost perfect price discrimination in some cases.

As the usage of internet increased it has made it easier for the upcoming agents to find distribution channels and to sell their tickets over internet. But because of the relationships with the companies the traditional travel agents played an impotent role in the market. The traditional way of booking tickets became less convenient with the introduction of internet purchases. Customers had to collect the tickets from the agencies and these tickets will be in printed format. Online purchases made the customers more convenient and comfortable in doing business.

2.2. Internet Usage in Malaysia

The internet in Malaysia was first introduced by the Malaysia Institute of Microelectronic System (MIMOS) which was initiated by the government. The Internet service Provider (ISP) was set up by the MIMO in the year 1992. There was a rapid growth in the users all around Malaysia. Since there was this rapid growth in the need for internet Telecom Malaysia introduced the second ISP called TMNet in the year 1996. The rates of internet users have grown rapidly from 3.5 million users in the early years of 2000 to 14.7 million users by 2008. This rate shows a 10.3% rise in the growth of internet users per annum. (Malaysian Communication and Multimedia Commission, 2008). The statistics report from the Commission also indicated that every household has about 2.51 average Internet users. Even though there are many internet service providers in Malaysia the usage of internet amongst the Malaysian population has been increasing on the whole (Arasu R & Viswanath A, 2010). Looking into the whole perspective Malaysia is ranked 25th in the world in terms of percentage of people using internet and they are ranked 7th in Asia. The users will be more than 50% which means that there are more 16 million using internet out of the 26.7 as stated by the international telecommunication union in the year 2009.

2.3. Modern ticketing

2.3.1. Airline e – ticketing

In the year Park and Han (1998) described two types of airline ticket services. One is the voucher less service in which the customer reserves the ticket by telephone or the internet and collects the ticket at the airport, and the second one is the direct reservation service which the consumer uses an internet site to reserve ticket directly and receives the ticket through a delivery service. Usually airline companies and travel agencies use both the methods. Samenfink (1999) found that airlines are using internet to spread information's widely and as revenue generating channel. Travelers chose to visit the websites and complete reservations online rather than going to the nearest travel agency. (Kim et al, 2005). By the year 2000 web has forced firms to change from pushing services to pulling clients. (Standing, 2000) Internet browsing shops stayed open 24 hours a day, seven days a week to allow access to relevant information
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