

Transportation Tourism – Generation Z Satisfaction Towards AIRQUAL on Low-Cost Airlines

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ABSTRACT

The Airline Deregulation of Act 1978 created a new type of airline that is both cheap and affordable which is known as low-cost carriers (LCCs). Low Cost-Carriers (LCCs) are defined as airline that differentiates themselves in the market through reduced ticket prices. This paper investigate the relationship between Generation Z satisfaction on LCC airlines based on AIRQUAL dimensions. The paper also aims to determine what factor influences Generation Z satisfaction the most based on the AIRQUAL dimension. Data was collected via face-to-face intercept survey at arrival lounges of Kuala Lumpur International Airport Terminal 1 (KLIA T1) and Kuala Lumpur International Airport Terminal 2 (KLIA T2) of Low-Cost Airlines (LCCs) passengers, particularly Generation Z. In total, 227 valid responses were used for the final analysis. The study used Statistical Package for the Social Science (SPSS) to test validate the research model and hypothesis posted. The result revealed that Generation Z's satisfaction as a passenger is significantly affected by the AIRQUAL model. The study contributed to passenger satisfaction in the LCC sector is of the utmost importance for both airlines and the broader tourism industry, specifically concerning the service quality of LCCs by using the AIRQUAL framework. Furthermore, study of LCC passenger satisfaction yields valuable insights into the preferences and expectations of cost-conscious passengers. This information was significant for destinations and tourism businesses seeking to attract and cater to this market segment.

Keywords: Low-Cost Carriers (LCCs), Low-Cost Airline, Passenger Satisfaction, AIRQUAL, Generation Z

INTRODUCTION

Research Background

The airline industry is known as a business that involves the transportation of paying passengers and cargo by air. Airlines have become more accessible, and more people can take advantage of travel once again. Currently, the management of airlines has dramatically changed to become profitable along with the need to survive, considering the big changes that had occurred during the pandemic outbreak.

In 2022, international air traffic began to recover as it slowly caught up with the domestic air traffic. International traffic which was at 24.6% of pre-pandemic levels in 2021 has increased substantially to reach 62.1% in 2022. The recovery trend in international traffic continues to increase into the first quarter of 2023, with March 2023 reaching 81.6% of March 2019 levels (IATA, 2023). International Air Transport Association (IATA) stated in its Annual Report 2023 that the world is experiencing a rapid recovery in air travel as the pandemic subsides. The press release made by IATA (2022) announced the overall traveler numbers in 2021 were 47% higher than in 2019. This figure is anticipated to rise to 83% in 2022, 94% in

2023, 103% in 2024, and 111% in 2025. The desire of people to continue traveling has been growing hence the travel demand is naturally getting higher than the previous year.

Notably, the importance of the airline industry extends beyond the world of transportation as it plays a vital role in tourism and hospitality. The demand for tourism heavily relies on the utilization of airlines as the primary mode of transportation, particularly for long-distance travel (Badrillah et al., 2021). Understandably, the airline industry has been recognized as a critical component of the service sector by the World Trade Organization (Any et al., 2019). In other words, it has greatly influenced the development of tourism.

Malaysia's tourism sector has experienced remarkable growth as stated by the Ministry of Tourism Arts and Culture (MOTAC). Malaysia recorded a notable increase in tourist arrivals, with 4.5 million visitors in the quarter of 2022. The annual data illustrated in Malaysian Aviation Commission (MAVCOM) reflects an impressive 7.375% increase in tourist arrivals in 2022 compared to 2021, a total of 10.1 million visitors. The data provided highlights the airline industry's links with the broader tourism and hospitality industries, emphasizing its vital role in global travel as well as economic recovery.

This renewed interest in traveling has raised competition within the industry to retain satisfied customers with top-notch service quality. The airline industry is a major sector within tourism that is primarily composed of two distinct categories which are Full-Service Carriers (FSCs), also referred to as traditional airlines, and Low-Cost Carriers (LCCs). FSCs are recognized for their comprehensive service offerings, encompassing a wide array of pre-flight and on-board services in different classes, and often utilizing intricate pricing structures. Yet, the current challenges in the airline markets such as cutting costs, managing fluctuating demand, and maintaining precise quality standards have led to the emergence of a new type of airline known as LCCs (Baker, 2013).

The Airline Deregulation of Act 1978 created a new type of airline that is both cheap and affordable which is known as low-cost carriers (LCCs). Deregulation allowed airlines to set prices and enter the market upon meeting the standardized insurance and safety standards in a liberalized market (Baker, 2013). Known for reduced prices, LCCs manage to set the price lower than the competitor's prices using different strategies such as fuel efficiency, careful management of revenue, and yield management.

Additionally, they are also eliminating business or premium lounges and reducing staffed check-in areas (Buaphinan & Truong, 2016). Hence, the concept of LCCs has proved to be monetarily and operationally robust for several domestic operations (Thanasupsin et al., 2016). These airlines have pursued simplicity, efficiency, productivity, and high utilization of assets to offer low fares.

Based on Statista (2020), the global LCCs market was expected to maintain positive growth rates from 2019 to 2025 (Lin, 2021). Based on MAVCOM, AirAsia continued to have the largest local airline market share of 38.2% in the first quarter of 2023. On the other hand, Firefly and Batik Air had smaller market shares of 4.4% and 5.1%, respectively (MAVCOM, 2023). This is due to the steady growth of the international market since the reopening of borders in the fourth quarter of 2022.

Other than providing low price and service quality, LCCs also considers digitalization as one of the important strategies to improve its productivity and attract more customers (La et al., 2021). This is owing to the fact that high technologies help airlines to provide better service to satisfy their customers as well as achieving greater value (Heiets et al., 2022). The digitization that LCCs apply in their service is known as self-service technology. As a result, passengers have been allowed to participate directly in the service process without the involvement of service personnel (Suwannakul & Khetjenkarn, 2022).

Due to the revolution of technology, passengers nowadays are concerned about the efficiency, effectiveness,

and customization of service delivery. Unsurprisingly, Generation Y and Z are two generations that monopolize the travel trend 2023. Nonetheless, Generation Z has slowly caught up with Generation Y after a study by Roeschke (2023) found out that 52% of Generation Z are already frequent travelers, on par with travel-happy millennials. According to Tjiptono (2020), Generation Z in Malaysia is currently the largest age group representing 29% of the overall population. Generation Z is the first generation born into a digital world that lives online and virtually integrated and engages with its favorite brands. A study conducted by Walker (2020) stated this generation is hard to satisfy which means customer loyalty is tougher to acquire than ever before. Hence, LCCs need to start focusing in catering this generation as target customers because they are a part of the future world market (Damanik et al., 2022).

This study examines AIRQUAL framework in evaluating Generation Z satisfaction as passenger in LCCs. This is to gain more understanding of these attributes that impact on Generation Z satisfaction.

Problem Statement

Past research has explored various aspects of LCCs, including service quality, passenger satisfaction, and airline reputation (Suki, 2014; See & Rashid, 2016). Waramontri (2021) also expressed that although LCC's top priority is not high-quality service, they still need to meet customer expectations. A Malaysian study found out the factors that determine satisfaction among passengers are the level of service performance, service delivery, and pricing (Lim & Lee, 2020). Even so, Generation Z has low expectations when looking at the standard offer and services (Walker, 2020). As mentioned in Fromm (2023), it was revealed that Generation Z is particularly less satisfied with current customer experiences with just 50% satisfaction compared to 71-72% for previous generations. This statement also aligns with the study that found Generation Z have low expectations when it comes to the standard offer and service of airlines (Walker, 2020). Thus, this study is needed to understand if Generation Z has low confidence in airline service quality.

Likewise, a study conducted by Herjanto et al. (2021) agreed passengers who ride LCCs regard airline staff's attitude, luggage-related issues, and flight issues as the three LCCs factors that produce dissatisfaction the most. Aside from punctuality, youth passengers are also likely to demand quick and efficient procedures for luggage handling which does not correlate with a prior study that stated how terminal tangibles may not directly translate into satisfaction (Shen & Yahya, 2021). This is because Generation Z is known to value experience more than price (Walker, 2020). The Malaysian Aviation Commission (MAVCOM) reported LCCs such as AirAsia X received the highest number of registered complaints with 253 complaints in the second half of 2022. Namely, AirAsia and AirAsia X were the two LCCs with 32.9% (643 cases) and 10.0% (196 cases). This is contrary to the study conducted by Lim & Lee (2020) since the experience should be more valuable than or equal to the prices.

Moreover, from the perspective of the theoretical framework, this paper aims to study Generation Z satisfaction by using the AIRQUAL model to measure the service quality of LCCs. To our knowledge, there are limited research studies on the relationship between the AIRQUAL model and the service quality of LCCs in the tourism sector. Instead, there had been a lot of research that utilized the SERVQUAL model on LCCs (Suki, 2014; Any et al., 2019; Lim & Lee, 2020). Even though AIRQUAL had been designed to be more advanced and suitable for airlines, it has not been used widely as it is expected to. This study will extend the previous studies and enlighten a better understanding of AIRQUAL dimensions that consist of airline tangibles, terminal tangibles, personnel service, empathy, and airline.

Additionally, cost is a pressing issue for Generation Z when it comes to traveling (Damanik et al., 2022). It further explained they are keen to choose cheap flights since their adaptation to low service quality correlates with a more open, matter-of-fact attitude towards viewing differences in their surrounding environment. Despite that, The Star (2023) revealed Generation Z's are now willing to spend in regard to traveling as they are inclined to cut other spending to pay for travel. According to Pitrelli (2023), Generation

Z travel purchases surged 60% whilst their average spending per purchase has decreased for fashion (7%), technology (6%) and food (12%). This shows that Generation Z has slowly possessed high spending power, which indicates they might be sensitive towards service quality in the future. This is because they are ready to spend money in exchange for equal or superior service experience. Therefore, it is necessary to conduct this study to discover whether Generation Z has developed a heightened sensitivity towards LCCs service quality or if their attitude remains consistent with past behaviors.

Research Objective and Research Question

Research Objectives

1. To investigate the relationship between Generation Z satisfaction on LCCs airlines based on AIRQUAL dimensions.
2. To determine what factor that influences Generation Z satisfaction the most based on AIRQUAL dimension.

Research Questions

1. What is the relationship between Generation Z satisfaction on LCCs based on AIRQUAL dimensions?
2. What is the factor that influences Generation Z satisfaction the most based on AIRQUAL dimension?

Significance of Study

Academic Contribution

Understanding the factors that contribute to passenger satisfaction in the LCC sector helps in improving the educational, transportation and tourism industry fields. It is crucial to increase the existing body of knowledge in the tourism industry, specifically concerning the service quality of LCCs by utilizing the AIRQUAL framework. This will contribute to a more comprehensive understanding for the researchers, educators, and enthusiasts regarding the field and provide additional insights into LCCs' service delivery and research field for future research.

Practical Contribution

In an organizational perspective, discerning the elements that bring about contentment among LCC passengers will help airlines enhance their services and effectively address their specific requirements. The study of LCC passenger satisfaction yields valuable insights into the preferences and expectations of cost-conscious passengers. This information is significant for destinations and tourism businesses seeking to attract and cater to this market segment. By comprehending the aspects that LCC passengers value, tourism stakeholders can customize their offerings and marketing strategies to better align with their needs, ultimately elevating the overall travel experience. The study and investigation of the impact of digitalization on the airline industries can also help airlines improve or develop new strategies to attract more passengers, mainly Generation Z whilst obtaining benefits. With added information, airlines will provide better services to passengers by introducing new electronic equipment. Additionally, identifying the key items or factors that are most appreciated by passengers will aid LCC management in effectively allocating their tangible resources. By focusing on these critical items, LCCs can optimize their resource allocation strategies and ensure maximum passenger satisfaction.

LITERATURE REVIEW

Generation Z

The term “Generation” refers to people or cohorts who were born around the same time and hence live throughout the time together (Agarwal & Vaghela, 2018). Generation Z (25%) represent the largest generational cohorts in Malaysia (Worldometers, 2020). The majority of Generation Z is composed of Malay ethnicity, followed by Chinese and Indian. Generation Z was born between 1998 and 2010 (Bulanda & Vavrecka, 2019). This generation is also born and raised in the world of Internet, smartphones, video games, and so on (Damanik et al., 2022). As a result, they are known as frequent seekers of online knowledge. Generation Z is always connected, frequently engaging in a range of online activities at the same time and has information as well as communication channels at their fingertips (Van De Bergh, 2023). As research managed by Damanik et al. (2022), direct contact with service providers or via price finder site is relatively rare for Generation Z. The study further explains the penchant for using various information technology platforms, social media, mobile applications, websites, and multi-device usage patterns to make it easier for Generation Z to plan, compare and search for all travel information simultaneously.

This young generation prioritizes allocating money on experiences rather than any material possessions (Walker, 2020). This statement was confirmed by Damanik et al. (2022) who found out that Generation Z is relatively more price-sensitive due to their financial dependence on their parents. They constantly access such media more intensively to learn about details on prices and types of attractions as well as to get more benefits for their money. As they are driven by the desire to escape, the members of Generation Z value travel experiences even more than material possessions and share them online for public recognition (Gentina, 2020).

AIRQUAL on Low-Cost Airlines

According to Kotler (2002), service quality can be defined as any behavior or act based on a contract between two parties which are the provider and the receiver, as well as the essence of this reciprocal process, which is intangible. In this study, improving service quality depends on the airlines’ ability to consistently meet the needs and desires of passengers. In return, numerous benefits will be granted to the airlines such as customer satisfaction, encouraging customer loyalty, repurchase intention, and increase in airline’s profits (Hussain et al., 2014). Therefore, it is essential for airlines to know the importance of service quality as it is an investment that will generate greater profits in the future.

The AIRQUAL model was next introduced by Bari (2001) to specifically assess the quality of service delivered by airlines. Its dimensions consist of airline tangibles, terminal tangibles, personnel service, empathy, and airline image. As a result, these five dimensions of the AIRQUAL model are significant in satisfaction. The study conducted by Ali et al. (2015) showed a high level of AIRQUAL will lead to an elevated level of satisfaction. Similarly, services provided by Malaysia Airlines also revealed that all five dimensions have positive impacts on satisfaction (Farooq et al., 2018). Thus, this study adopts AIRQUAL to further validate the model in the context of LCCs since previous studies have been conducted from the perspective of full-service airlines as advised by Shen and Yahya (2021).

Airline Tangibles

Airline tangibles refer to the facilities and equipment inside the aircraft. For instance, the seats, toilet, entertainment, and air conditioning are the tangibles that directly determine the service quality of an airline (Farooq et al., 2018). It can be regarded as one of the most crucial service quality dimensions in the airline industry. Based on Tsafarakis et al. (2018), airline tangibles can be defined as the inner environment of the

aircraft, including cabin cleanliness, toilet cleanliness, comfortable seats, good internet service, and entertainment facility. Based on the research conducted by (Koklic et al., 2017), airline tangibles can be referred to as physical surroundings represented by objects and subjects. Likewise, airline operations and cabin facilities are also considered dimensions of airline tangibles. A study found out that airline tangibles are stronger predictors of passenger satisfaction. Similarly, Shen and Yahya (2021) also stated the airline tangibles directly lead to satisfaction.

Terminal Tangibles

Terminal tangibles are one of the most visible indicators to determine the service quality provided by airlines (Farooq et al., 2018). One aspect of the level of service quality that the airport offers may be summed up are the check-in desk waiting time, check-in desk service, boarding efficiency, and staff service during board (Tsafarakis et al., 2018). A key component that complements the standards of services offered by the airlines is terminal tangibles. These services contain effective boarding signs, off-duty shops, available trolleys at the airport, a good air-conditioning system, friendly staff, reliable security, and control system, clean toilets, and information counters (Ali et al., 2015). Yet, a study conducted by Shen and Yahya (2021) stated how terminal tangibles may not directly lead to satisfaction.

Personnel Service

Personnel service is a significant and valuable dimension of airlines' service quality, which can be described as the quality of service delivered by the airlines' staff (Farooq et al., 2018). Personnel service can also be defined as the act of responsiveness that refers to the willingness to help passengers, provide prompt service, and respond quickly and immediately to passengers' requests (Hussain et al., 2015). Furthermore, personnel service can be related to communication skills and styles, which means the ability to communicate with passengers during the flight. Examples include being able to communicate with passengers in various languages, comprehending the captain's briefings throughout the flight, and reporting important flight data. According to Ali et al. (2015), a better quality of interaction with personnel improved passenger satisfaction. However, as per a study conducted by Shen and Yahya (2021), personnel services may not immediately contribute to satisfaction.

Empathy

Empathy refers to the firm's ability and willingness to offer individual care and service to each customer (Leong et al., 2015). This dimension denotes the airline's ability to provide personalized service to passengers. This impacts passengers' cognitions, attitudes, and assessments of items and services, resulting in favorable service quality judgments and customer satisfaction. An empathic cabin crew can comprehend the passengers' feelings and requirements. These are important to be noted as passengers nowadays are better educated and require a high degree of personalized and empathetic attention. Most airlines are also emphasizing providing individual and personalized care to their passengers as a way to keep them as passengers because of the fierce competition to keep in the industry. As a result, those passengers can receive great and exceptional service, which will increase their sense of satisfaction and loyalty. The studies have provided evidence for the positive influence of empathy on passenger satisfaction (Farooq et al., 2018; Shen & Yahya, 2021).

Airline Image

According to the definition of airline image, this includes the general opinion or perception that current or potential passengers have of an airline brand. A positive airline image is essential for building customer trust and loyalty, attracting new passengers, and maintaining a competitive edge in the airline industry. Through their engagement and experience with the brand, including elements like punctuality, safety, comfort, and

other considerations, a brand image can be established. Thus, Ekiz et al. (2006) stated an airline's image comprises its overall perception, value for money, promotional offers, and goodwill. It may be developed by consistently providing high-quality services, putting a priority on safety and security, providing helpful and effective customer service, coming up with distinctive characteristics, and being dedicated to sustainability and social responsibility. Moreover, the airline image was found to have a significant relationship with passenger satisfaction (Ali et al., 2015). This finding is in line with a result concluded by Shen and Yahya (2021) that reported a good airline image led to enhanced passenger satisfaction.

Digital Technology in Low-Cost Airlines

Digitalization affects many aspects of society and economy by greater network connectivity that digital technologies provide. Digitalization is a trend in the global civil aviation industry, with 58% of airlines and 35% of airports having formed a digital strategy (Lampathaki et al., 2019). Over time, extensive literature has developed on the digital transformation that refers to the combination of digital technology and areas of the business model (Schallmo & Williams, 2018). Airlines offer all kinds of personalized high-tech products that include self-service facilities, in-flight entertainment systems, media platforms, and various airline mobile apps to attract passengers. IATA (2019) has also indicated the trend of growing demand among airline passengers for self-service options (Ekkarat, 2022). Intangible services that have been applied in the airline are websites, mobile applications, and self-service kiosks. By adopting self-service technology, airlines can allow passengers to perform flight bookings, check-ins, and to print boarding passes independently. Not only that, AI powered chatbots have also been installed in some airline websites for information enquiry services. This is aligned with Gen Z that prefers to receive services via digital technology instead of face-to-face with the airline's staff.

Passenger Satisfaction with Low-Cost Airlines

Satisfaction is the umbrella concept and service quality refer to the specific attributes of the service. Passenger satisfaction is core to the hospitality industry and has been a well-researched topic for over four decades, and is an ever-evolving field (Wikhamn, 2019). In a book source from Oliver, R. L. (2014), the word satisfaction is derived from the Latin *satis* (enough) and *facere* (to do or make). "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature provides a "pleasurable" level of consumption-related fulfillment, including levels of under or over-fulfillment." On the other hand, Helms & Mayo (2008) defined customer satisfaction or dissatisfaction as the derivation from the passengers' experience with a service encountered and the comparison of that experience to a given standard. In simple terms, satisfaction is generated when a customer purchases a product that fulfills their needs and exceeds their expectations (Tsafarakis et al., 2018).

Several studies have been conducted regarding the importance of service quality in air transportation and it is important to note the difficulty to measure the service quality of airlines because of its heterogeneity, intangibility, and inseparability (Tsafarakis et al., 2018). Kaushik et al. (2008) also mentioned some empirical researchers have identified service quality, expectations, disconfirmation, performance, desires, and equity as significant antecedents of customer satisfaction.

Tourism and air travel are deeply connected, particularly in the context of leisure traffic, and demand for air travel is mostly driven by tourism activities (Tsui, 2017). Passenger satisfaction will lead to favorable behavioral intentions such as repeat purchases, positive word-of-mouth, and brand loyalty. Not only will it boost the low-cost airline's brand image, but also increase the opportunity to retain frequent passengers as well as intrigue new passengers. Thus, the operations of low-cost airlines will contribute to future growth in domestic tourism demand and local economies.

Theoretical Framework

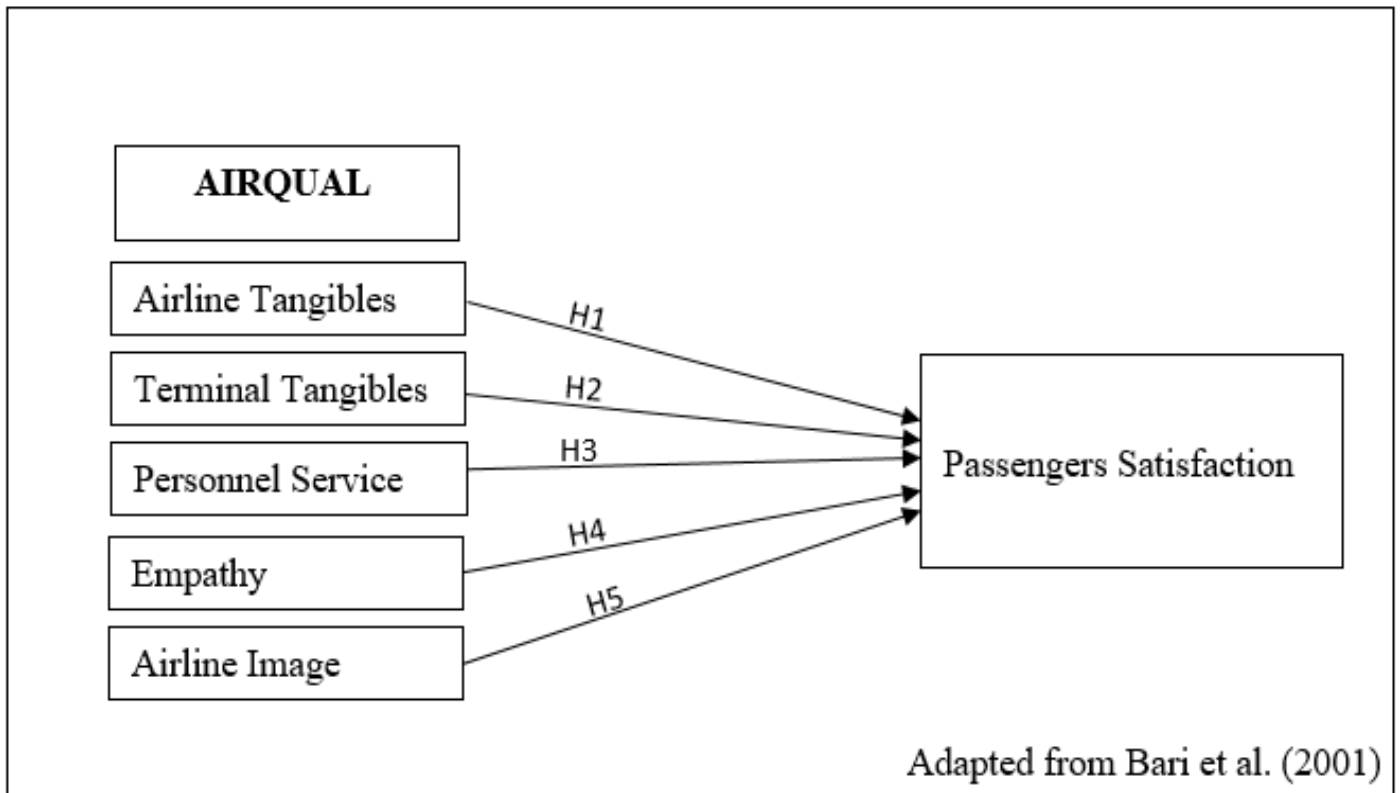


Diagram 1.0: Research Framework

Expectation Confirmation Theory

Expectation Confirmation Theory (ECT) explains the satisfaction of consumer. This theory created the idea of perceived performance relative to customer expectations may indicate whether the consumer will be satisfied or not (Oliver, 1997). It is a cognitive theory that seeks to explain post-purchase satisfaction as a function of expectations, perceived performance, and disconfirmation beliefs. Furthermore, it describes that satisfaction will be positively affected if the service perceived by the customer outperforms its expectations. However, if the perceived performance underperformed consumer satisfaction, a negative effect would indicate satisfaction (Oliver, 1980).

Therefore, the application of ECT to customer service is expected to offer useful information on the types of requirements that must be fulfilled in order to increase customer satisfaction. This study will adopt ECT as a basis of conceptual framework. The combination of ECT and AIRQUAL's dimension will be used to determine the factor that creates satisfaction according to Gen Z, which is the objective of this study. This theory was also applied by Shen and Yahya (2021) whose study utilized ECT and AIRQUAL framework to determine satisfaction on the relationship of service quality, price, and loyalty.

Hypothesis

H1: There is a positive relationship between the airline's tangible and passenger satisfaction.

H2: There is a negative relationship between the terminal tangible and passenger satisfaction.

H3: There is a negative relationship between personnel service and passenger satisfaction.

H4: There is a positive relationship between empathy and passenger satisfaction.

H5: There is a positive relationship between the airline's image and passenger satisfaction.

METHODOLOGY

Research Design

A survey instrument was adopted from Ekiz et al. (2006) and Shen and Yahya (2021) for data collection from passengers of LCCS using quantitative methods. The classification of this research was causal research as it was the most suitable to investigate cause-and-effect relationship between variables. Descriptive research was used to collect data that can describe the features of goals, occurrences, or circumstance. Through this study, the researchers tried to gain a clearer understanding of the concept involved in the research problem by using clarification investigation. This study has also been conducted in a non-contrived setting which is a natural environment where work proceeds normally. Moreover, studies conducted in which correctional or cause and effect were studied with some researcher interference. For this purpose, data were collected to determine the relationship between Generation Z satisfaction as passengers in LCC service quality. Not only that, but researchers are also interested in examining the satisfaction with LCC service technology. Regarding the time horizon, researchers has used multiple cross-sectional designs because there was more than one sample of respondents needed. Often, information from different samples is obtained at different times (Sundram et al., 2022).

Sampling

This study was to examine the relationship of Generation Z satisfaction as passengers between the AIRQUAL of LCCs. To achieve this objective, the target population included the youth generation who were using LCCs. Then researchers reduced the target sample to focus solely on Generation Z. According to the (Tjiptono et al., 2020), Department of Statistics Malaysia stated the population of Generation Z in Malaysia is 8.15 million. This study involved the sample being drawn from the part of the population which is close to hand. That said, the type of sampling suitable for conducting this study was convenience sampling. This study focused on LCCs, which means participants who preferred to use full-service airlines must be excluded. The data has been collected based on the answers gathered from targeted respondents.

Data Collection

An airport-intercept survey questionnaire was used to collect data. The survey will be conducted face-to-face in the waiting lounges of Kuala Lumpur International Airport Terminal 1 (KLIA1), and Kuala Lumpur International Airport Terminal 2 (KLIA2) starting December 2023 until January 2024. The questionnaires were distributed to passengers at different times of day during those 2 months. Before distributing the questionnaire, the study's objective has been explained to the participants to reduce the chance of attracting the wrong target respondent. The respondent's criteria must be aligned with Generation Z, such as the age range must be someone born between 1997 and 2010. 384 questionnaires have been distributed in two different airports using a convenience sample method, and a total of 227 responses were received back, constituting a response rate of 59.11%. Even though the respondents did not reach the target sample, Tabachnick and Fidell (2013) stated the smaller sample should be sufficient if the solutions have several high loading marker variables which are above 0.80 (Pallant, 2016). In addition, another study conducted by Hair et al. (2018) has mentioned that simple regression analysis needs at least 50 samples and generally 100 samples for most research situations (Memon et al., 2020). An absolute minimum of 200 samples are required for Pearson Correlation analysis (Guilford,1954). Hence, this study is relevant to be taken into action since the high loading marker of this study is 0.849 and 227 respondents can be considered as valid

based on these studies.

Data Analysis

In this research, reliability test, descriptive test, significant correlations, and regression were used to obtain the data. Once the necessary data was collected, the data was analyzed and interpreted in a readable and easily interpretable form. Therefore, the latest version of IBM Statistical Package for the Social Science (SPSS) Statistics (29.0) was used to summarize the data. The tabulation with SPSS was used to complete the data collected for further analysis. Besides, data could be presented in descriptive analysis in the form of frequency, mean, mode, median, correlation and other parts of tests conducted using SPSS. Descriptive statistics are used to describe, examine, and summarize the main features of collected data quantitatively (Sundram et al., 2016). Moreover, the study was analyzed using simple regression due to research objectives which determine the relationship between Generation Z satisfaction as passengers on LCCs. This was the best method if the study has a strong relationship and a moderate amount of missing data (Sundram et al., 2016). Thus, it was relevant for the study to use simple regression and SPSS analysis.

Table 3.5: Pilot Test

Variable name	Cronbach's Alpha	Number of items
Airline Tangible	.813	4
Terminal Tangible	.880	5
Personnel Services	.970	5
Empathy	.836	4
Airline Image	.848	3

To validate the survey questionnaire, a pilot test was conducted before its distribution, and the results confirmed its reliability and validity. The pilot test included the first 30 people who responded early via handed out questionnaire. A pilot test was used to evaluate suitability of a research instrument as a preliminary examination or trial. A pilot experiment was carried out in this study to assess the reliability of all variables. Cronbach's Alpha should be greater than 0.6 for the date to be regarded credible. All Cronbach's Alpha scores in the table exceed 0.6, indicating that they are dependable. Airline tangible, terminal tangible, personnel services, empathy, and airline image all had Cronbach's Alpha ratings of 0.8 or higher, indicating remarkable reliability and a strong relationship to the study.

FINDINGS

Demographic Profiles

Table 4.1: Frequency Result of Respondents' Profile

Category	Frequency	Percent (%)
Age		
13 – 18 years old	58	25.6
19 – 25 years old	169	74.4
Gender		
Female	190	83.7
Male	37	16.3

Marital Status		
Single	210	92.5
Married	17	7.5
Divorced	0	0
Occupation		
Private sector	24	10.6
Public sector	31	13.7
Self-employed	11	4.8
Student	157	69.2
Unemployed	4	1.8
Education		
High School Certificate	42	18.5
Undergraduate	171	75.3
Postgraduate	14	6.2
Monthly Income		
Below RM1300	146	64.3
RM1300 – RM1500	7	3.1
RM1500 – RM2000	21	9.3
RM2000 – RM2500	19	8.4
RM2500 – RM3000	11	4.8
Above RM3000	23	10.1
Purpose		
Leisure	176	77.5
Business	8	3.5
Education	43	18.9
Medical	0	0
Travel Frequency		
Less than 1	84	37
1 – 2 times	104	45.8
3 – 4 times	25	11
More than 5 times	14	6.2

The result from the respondents’ demographics revealed that most are female (83.7%) and aged 18-26 (74.4%), confirming that Generation Z is actively hitting the road that claims by Roeschke (2023) that says Generation Z are already a frequent traveler. These youthful travelers tend to be single (83.7%) with most of them students (69.2%). When it comes to leisure trips, Generation Z opts for LCCs, with nearly half (45.8%) taking 1-2 trips regularly. Interestingly, the majority (64.3%) earn RM1300 or less per month. This aligned with Generation Z’s preference for experiences over material possessions, as noted by Walker (2020).

Descriptive Analysis

This study examined Generation Z’s satisfaction towards AIRQUAL on low-cost airlines, as mentioned in Chapter 3. This work’s theoretical model included two types of reflecting and formative measurement models. An independent model; service quality has reflected measurement models; passenger pleasure has formative measurement models. These were generated using a survey tool. All items were rated on a 5-point

Likert scale, from strongly disagree (1) to strongly agree (5). SPSS was used to obtain the mean score and standard deviation. Three steps were taken to reach the goal of this research. First, the reflecting model was evaluated, followed by the formative model. Finally, the structural model was examined.

To test the research’s validity, the mean and standard deviation of the AIRQUAL model were calculated. As demonstrated in Table 3.0, the chosen LCC has praiseworthy tangible attributes, with passengers expressing high satisfaction with the aircraft’s cleanliness and current aesthetics, as seen by a mean rating of 3.99 and a standard deviation of 0.924. However, opinions on in-flight entertainment and Wi-Fi services revealed a lower level of satisfaction, with a mean rating of 3.40 and a standard deviation of 1.102.

Table 4.2: Airline Tangibles

	Mean	Std. Deviation
The LCC I chose is a clean and modern-looking aircraft	3.99	0.924
The LCC toilet’s cleanliness is pleasing	3.87	0.917
I am satisfied with the in-flight entertainment and in-flight Wi-Fi	3.4	1.102
The LCC provides comfortable seats	3.58	1.071

Table 4.3 reveals that respondents’ perceptions of terminal tangibles show positive perceptions among respondents. The amount of trolleys available for use had a better average grade of 3.97, with a standard deviation of 0.864. This demonstrates the success of the terminal’s navigation infrastructure. Furthermore, the availability of parking places obtained an average rating of 3.54 with a standard deviation of 0.908. It reflects a consistent and reliable performance, based on passenger feedback.

Table 4.3: Terminal Tangibles

	Mean	Std. Deviation
There are a lot of parking spaces available	3.54	0.908
I found the security control system is reliable	3.78	0.908
The airport has an effective signage technology	3.97	0.864
There are a lot of trolleys available for use	4.1	0.902
I feel comfortable waiting in the waiting hall of the airport	3.87	0.958

In terms of personnel services, Table 4.4 reveals that airlines’ employees’ willingness to assist in issue resolution had the highest mean rating of 4.08 with a standard deviation of 0.884. The LCC’s workers were viewed as responsible and knowledgeable of their tasks, and passengers expressed great satisfaction with a mean rating of 4.03 and a standard deviation of 0.884. On the other hand, the quality of employees’ overall attitude had a low mean of 3.85 and a standard deviation of 0.978 compared to other attributes.

Table 4.4: Personnel Services

	Mean	Std. Deviation
The quality of employees’ general attitude was exceptional	3.85	0.978
The employees have the knowledge when answering my questions	3.96	0.954
The employees are willing to help when there is a problem arises	4.08	0.884
The LCC I choose has responsible employees that are aware of their duties	4.03	0.933
The employees show personal care equally to everyone	4.02	0.924

As shown in Table 4.5, the evaluation of empathy gave a higher rating to the provision of convenient online services, with a mean of 3.75 and a standard deviation of 0.996. The availability of a sufficient number of flights for passengers to choose from was rated 3.69 with a standard deviation of 0.974. In contrast, punctuality in arrivals and departures obtained an average grade of 3.30 with a standard deviation of 1.081. This implies that people have different perspectives about the airline’s timetable.

Table 4.5: Empathy

	Mean	Std. Deviation
The LCC I choose is punctual in terms of arrivals and departures	3.3	1.081
Employees handle my luggage with care	3.5	1.019
The LCC provides number of flights for me to choose	3.69	0.974
The LCC has provided online services that are convenient for customers	3.75	0.996

Table 4.6 shows the overall picture of the selected LCCs which showed higher satisfaction with the mean of 3.74 and standard deviation 0.946. Additionally, the consistency of ticket prices and services provided was rated at 3.66 with a standard deviation of 0.957. However, satisfaction with the low price’s appropriateness was with a mean of 3.368 and standard deviation of 0.990.

Table 4.6: Airline Image

	Mean	Std. Deviation
The low price of ticket offerings is reasonable	3.37	0.99
I am pleased with the consistency of ticket price with the given services	3.66	0.957
The LCC I choose has a great image of the airline company	3.74	0.946

The assessment of consumer satisfaction as shown in Table 4.7 showed reliably certain opinions among respondents. This LCC was considered to provide a very satisfying experience, with a mean rating of 3.91 and a standard deviation of 0.922, highlighting major areas of strength between passengers’ assumptions and the genuine encounter. The pleasant feelings of flights with the LCC gained a mean rating of 3.85 and a standard deviation of 0.936 contributing to the positive attitude respondents have developed towards the company, as indicated by a mean rating of 3.89 with a standard deviation of 0.903. Besides, participants revealed a low in fulfillment levels with a mean rating of 3.76, a standard deviation of 0.962. The general assessment affirmed that the LCC reliably gives extremely fulfilling encounters, cultivating a general positive opinion as well as expanded consumer loyalty.

Table 4.7: Customer Satisfaction

	Mean	Std. Deviation
I had a satisfying experience flying with this LCC	3.87	0.973
I did the right thing when I chose to fly with this LCC	3.9	0.956
I normally have a pleasant flight with this LCC	3.85	0.936
Now, I have a more positive attitude toward the LCC company	3.89	0.903
My satisfaction with the LCC has increased	3.76	0.962
My impression of this LCC has improved	3.85	0.905
Overall, this LCC provides a very satisfying experience	3.91	0.922

Model summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
0.849	0.722	0.715	0.44055

Table 4.8: Multiple regression

Coefficients*						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.097	.171		.565	.573
	Airline Tangible	.180	.047	.179	3.808	<.001
	Terminal Tangible	.194	.061	.174	3.168	.002
	Personnel Services	.075	.050	.076	1.494	.137
	Empathy	.223	.053	.233	4.228	<.001
	Airline Image	.340	.051	.357	6.693	<.001

Based on table 4.8 above, researchers have used a set of multiple regression analyses to analyze Generation Z satisfaction on LCC. The use of the R-value in regression analysis measures how much the dependent variable is determined by the independent variables, in terms of proportion of variance (Chicco et al., 2021). The first model shows the main effects of Generation Z satisfaction and yields an R2 value of 0.722. Based on SPSS output, it shows that three independent variables airline tangible, empathy and airline image significantly determined their satisfaction on using LCC. However, another two variables which are terminal tangible and personnel services are less significantly determined the Generation Z satisfaction on using LCC. The result shows that all of the independent variables explained 1% (adjusted R square) of the total variation in satisfaction of Generation Z. As overall the model is good fit (p-value = 0.00).

DISCUSSION

Building on previous research on the tourism industry, this research investigated the relationship between AIRQUAL and Generation Z in the context of LCCs. The findings of the study revealed that service quality has a positive influence on passenger satisfaction (Koklic et al., 2017; Shen & Yahya, 2021). Further, it found that Generation Z is sensitive towards service quality, contrasting with previous study that stated that Generation Z is not sensitive with services provided. Supporting this idea, managers of the LCCs should strategize ways to increase its overall service quality that cater to Generation Z’s needs. Thus, it will increase satisfaction among Generation Z as passengers, hence develop their loyalty.

Table 5.1: Hypothesis Testing

Hypothesis	Relationship	Std Beta	Std. Error	t-value	p-value	Decision
H1	AT → S	.179	.047	3.808	<.001	Supported
H2	TT ← S	.174	.061	3.168	.002	Supported
H3	PS ← S	.076	.050	1.494	.137	Supported
H4	E → S	.233	.053	4.228	<.001	Supported
H5	AI → S	.357	.051	6.693	<.001	Supported

Based on all five dimensions of AIRQUAL model, findings of this study have shown that airline tangibles, empathy and airline image can lead to enhanced passenger satisfaction among Generation Z. This is in line with previous study in which Farooq et al. (2018) mentioned airline tangible, airline image, and empathy

have a high influence on satisfaction. According to Table 5.1, Hypothesis 1 is supported indicating that airline tangibles have positive relationship on Generation Z satisfaction. Airline tangibles are the first dimension that has the strongest relationship with Generation Z passenger satisfaction which means it requires greater attention. Therefore, LCC needs to ensure that the physical conditions of the aircraft, facilities and equipment provided in-flight are always tip top.

Hypotheses 2 and 3 are supported as terminal tangibles and personnel services do not influence passenger satisfaction among Generation Z. Farooq et al. (2018) findings mentioned how terminal tangibles and personnel services are linked with passenger satisfaction. Yet this contradicts this research as both dimensions do not relate to passenger satisfaction. It may be explained by considering different generations as well as types of airlines. This finding aligns well with Vukovic (2020) that suggested Generation Z passengers have low expectations to offers and service provided by the LCCs. Thus, terminal tangibles and personnel services may not directly to Generation Z satisfaction.

Hypothesis 4 is also supported as there is a positive relationship between empathy and Generation Z satisfaction. In the study, empathy was found to have significant direct on Generation Z satisfaction as passenger. This aligns with previous studies (Farooq et al., 2018; Shen & Yahya, 2021) that mentioned the satisfaction effect exists when it comes to empathy. Therefore, to drive satisfaction among Generation Z, LCCs should consider offering service quality that are trustable and reliable. Providing punctuality in flight schedules, guaranteeing the passenger safety and security on flight, ensure the safety of luggage and its delivery as well as providing up-to-date and smooth online services are ways to maintain the highest level of empathy among Generation Z.

Finally, Hypothesis 5 is supported in which confirmed there is a positive relationship between airline image and Generation Z satisfaction. This finding is in line with a result concluded by Shen and Yahya (2021) that reported a good airline image led to enhanced passenger satisfaction. Yet this is contradicting with previous study conducted by Vukovic (2020) that stated Generation Z do not give special significance to these elements. Hence, this study has proved that Generation Z still considers airline image before choosing their preferred LCCs, specifically if it is their first time flying.

LIMITATIONS AND RECOMMENDATIONS

Throughout the progress of conducting this study, there were several limitations that can be identified to be pointed out for the researchers to learn and acknowledge. The first limitation of this study is the reliance from 2 airports which are Kuala Lumpur International Airport Terminal 1 (KLIA T1) and Kuala Lumpur International Airport Terminal 2 (KLIA T2). While this provides valuable insights into the experiences of passengers at these specific airports, the exclusion of other airports may limit the generalizability of the findings. The inclusion of a broader range of airports could contribute to a more comprehensive understanding of Generation Z satisfaction.

Furthermore, the limited time frame (one month), in which the sample size obtained through this research might not represent Generation Z in Malaysia. This is due to the shortened data collection period indirectly impacting the accuracy of the findings. Not to mention, the respondent may be pressured to answer the questionnaires due to limited time constraint as they just arrived and waiting to get back home.

These limitations highlight the need to further research with a broader scope and more comprehensive data collection. Future studies could involve gathering data for a longer period, employing a longer time to capture a wider range of participants, and potentially utilizing multiple data collection methods like interview alongside surveys to gain deeper understanding of Generation Z diverse perspectives on how their satisfaction towards AIRQUAL model. Similarly, expanding the scope to include other than KLIA T1 and

KLIA T2 should be considered. This could provide useful insight into understanding passenger satisfaction among Generation Z.

CONCLUSION

This research empirically investigates AIRQUAL framework in evaluating Generation Z satisfaction as passenger in LCCs, with a further examination on the relationship between Generation Z satisfaction on LCCs airlines based on AIRQUAL dimensions. In response to the first research question, the dimension of AIRQUAL of the LCCs chosen for this research are airline tangibles, terminal tangibles, personnel services, empathy, and airline image. Another research question is to determine what factor that influences Generation Z satisfaction the most based on AIRQUAL dimension. Based on this research, it was found out that Generation Z satisfaction as passenger on LCCs is mainly influenced by airline tangibles, empathy, and airline image. On the other hand, terminal tangible and personnel services do not influence Generation Z satisfaction as passengers on LCCs. Overall, it was evident to conduct this study as it is finally proved that Generation Z has developed a heightened sensitivity towards LCCs service quality. Thus, it becomes imperative for LCCs industry to enhance its services and products to effectively meet the evolving needs of this emerging Generation Z target market.

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