

THE EFFECT OF QZ 8501 DISASTER TO THE DOMESTIC CUSTOMERS BRAND TRUST AND PURCHASE INTENTION OF AIR ASIA INDONESIA

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Abstract. In December, 28th 2014, QZ 8501 which departed from Ir. Djuanda Airport, Surabaya to Changi International Airport, Singapore encountered machine problems because it hit the Cumulonimbus Cloud which engendered stall and finally crashed down near the Cape Pandan, Kalimantan. Many controversies arose after the tragedy such as QZ 8501 flight permission issued by the ministry of Air Transportation, the downfall of the Air Asia Indonesia profits, decreasing number of Air Asia Indonesia's load factor and passengers level at the end of 2014 and finally the traumatic problems to the Indonesia society right after the tragedy in terms of their intention to using Air Asia. This study has three aims which are: a) to determine the Domestic customers preferences while choosing Airlines services using Kraskull-Wallist test, b) to understand the current trust and willingness to purchase from the Domestic customers towards Air Asia Indonesia seven months after the tragedy using Qualitative and Quantitative approach and c) trying to examine the relationship between Service Quality, Customer Satisfaction and Corporate Image to the Brand Trust and Purchase Intention towards Air Asia Indonesia from Domestic Customers perspective. The result from this study indicates that a number of common aspects that customers consider while choosing Airlines such as Safety aspects as the main priority. Related to the Customer Brand Trust and Purchase Intention towards Air Asia Indonesia, above 80 percent of respondents still trust and willing to purchase. This research indicates that all of Airlines in Indonesia especially Air Asia Indonesia try to build their new image and get back customers trust by convincing the customers that they already increased their safety especially with the increase of plane accidents happened lately. The flight permission issues for QZ 8501 should be a lesson for all of Airlines in Indonesia to be more submissive to the rules that already made by regulators.

Keywords : QZ 8501, Air Asia Indonesia, Brand Trust, Purchase Intention, Service Quality, Customer Satisfaction, Corporate Image, Partial Least Square, Kraskull-Wallist,

Introduction

Trust has a significant effect on compliant structures of the customer; predominantly on the trend to stay or be loyal to the service provider (Singh, 2000) in this case is the Airlines services. The brand trust is a condition when consumer would like or happy to trust based on his/her own initiative towards the Brand. According to (Turney, 2003) the intention to buy is the expectation of buyer about which brand or company he will select to buy. Intention to buy can also depends on the trust of the Airlines services when make the customers convince to purchase. The greater the purchase intention is, the greater a consumer's desire is to buy it. QZ 8501 is one of the Air Asia Indonesia flight from Ir. Djuanda (Surabaya) Airport to Changi International Airport in Singapore. Unfortunately, this flight never arrived on the destination because crashed in between Cape Pandan and Pontianak at December 28, 2014 after run into stall after reach their maximum speed. The ATC (Air Traffic Controllers) of Soekarno Hatta Airport have giving permission to the QZ 8501 to extend their cruising altitude FL340 (34.000ft) but their lost contact with them. Based on the data that released from Indonesia Search and Rescue (Basarnas), there

is no survivors on this accident. There were 155 passengers on board, with 138 adults, 16 children and 1 infant, also on board were 2 pilots and 5 cabin crew. Only 100 victims can be evacuated during the evacuation period from December until March (Nistanto, 2015).

A lot of controversies happened in Indonesia's airline industry following the tragedy, and at least there are 4 effects happened related to this disaster which gave negative impacts on them. Like a Domino effect, it spread into many of sectors such as:

- 1) Problem with the regulators about the flight permission
- 2) Downfall of the Air Asia profits
- 3) Decreasing on Level of Passenger and Load Factor
- 4) Lack of Trust and short phobia after the tragedy

Research Objectives

Based on the research question, the research objective is to know is there any relation between QZ 8501 tragedy to the domestic customers brand trust by finding the correlation between other aspects with Air Asia that possibly can impact to their purchase intention in the future. The researcher also wants to know about the customer's perception about their consideration in choosing airlines services.

- a) To determine the priority aspects from Domestic customers in choosing Airlines services after the tragedy
- b) To determine current Trust and purchase intention perceptions from domestic customers after the QZ 8501 tragedy
- c) To defined the relationship between Service Quality, Customer Satisfaction and Corporate Image components to the Brand Trust towards purchase Intention of Air Asia Indonesia.

Research Limitation

In this research, the researcher tries to define the perception of Air Asia Indonesia customer 7 months after the tragedy both male and female in Bandung and Jakarta distribute through Google docs. This research using qualitative and quantitative method (Mix method) as the approach to gather the data based on Questionnaires and depth-interview that distribute to all the Air Asia Indonesia costumers in Jakarta and Bandung precisely has knowledge about the QZ 8501 Disaster. Scopes that not include in this research are the perceptions from Air Asia Indonesia customers in other basis of Air Asia Indonesia such as Surabaya and Medan also the perception from the family victims itself as the direct impact towards the QZ 8501 tragedy.

Literature Review

This chapter will summarize the theory of Brand trust and Purchase Intention and the other theory correlated to the objectives that would be discuss. This literature review will support the objectives of this research to give the portrait of Brand Trust and purchase intention of Air Asia Indonesia after the QZ 8501 Disaster.

Customer Determinants Aspect of Airlines Services

There's a research by (Ali, 2007) on identifying the customer preferences while choosing Airlines Services in New Zealand. Tourism Industry becomes the fastest growing industry in the world. This study has used data from both primary and secondary sources. For primary data, a sample of 45 people was selected in this study. Forty five respondents were divided equally into three categories: the frequent travellers, people who are working at travel agency, and the common people in the community. Overall, the results clearly indicate **that standard of products and services** are the most

important factor. Besides that **price** also become the main important consider when choosing Airlines services. Second important factor is **flight schedules**.

Brand trust Concept

According to (Arfaeian, 2014) in adoption on the case of Airlines industries which study at the Air Asia Brand Trust in Thailand, brand trust is basically defined as the emotional commitment of the customers with brand. Nowadays people are very much focus and depends in trust because mostly it is observed that "higher trust ratings are positively related to loyalty". Customers trust in Airlines companies is one of the issues effective in their future performances. As cited in (Huong, 2012): Moorman et al. (1993) defined trust as "a willingness to rely on an exchange partner in whom one has confidence", proposing, additionally, trust as a belief, Confidence, or expectation about an exchange partner's trustworthiness that results from the partner's expertise, reliability, or intentionality.

Service Quality

Service quality is an important subject in both the public and private sectors, in business and service industries. The most common definition is the traditional idea that describes quality as the customer's perception of services excellence, i.e. quality is the customer's impress of the services provided by the company (Zahari, 2008).

Customer Satisfaction

Customer satisfaction is a key factor in foundation of customer's desires and emotion for future purchase (Mittal, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences and excitement about that feeling. (Moliner, 2007)Pointed out two ways of satisfaction:

- 1) Cognitive nature (which is the comparison between expectations and performance)
- 2) Affective nature (association with feeling of pleasure)

Corporate Image

Corporate image is defined as the perception of a company (Zinknan, 2001) Corporate image is measured as a representation that includes a sum of beliefs, ideas, and impressions that the customer has of a firm from their perspective This portrait of impressions could be show from consumer's experiences with purchasing and consuming the product or services or from gather information from their surroundings necessarily having had any real experiences with the firm itself.

Airlines Disaster Recovery

In accord with (Siomkos, 2000) Airlines already create a strategy to coping with crisis that emerge due to service failures or other (e.g. crash) accidents. The need for airlines crisis management is publicly acknowledged by Gulf Air (Vandyk, 1996). A crucial issue in assessing disaster recovery is how consumers react and respond to airline accidents. They used the concept of "**sense-making**" as a way of understanding consumer responses to airlines disaster.

Organizational scholars have described the evolution of crises in terms of several distinct phases (Smith, 1990; Shrivastava, 1987; Turner, 1976 cited by Siomkos). These include:

- a) Crisis preconditions: Actual crises are preceded by a period of frequent failures. Organizations experience resource shortages and cost cutting pressures. There is a lack of planning and surveillance over safety issues.
- b) Triggering event: This is the event that triggers a crisis. It could take the form of an industrial accident. An environmental pollution incident, a mechanical failure, product injury among others.

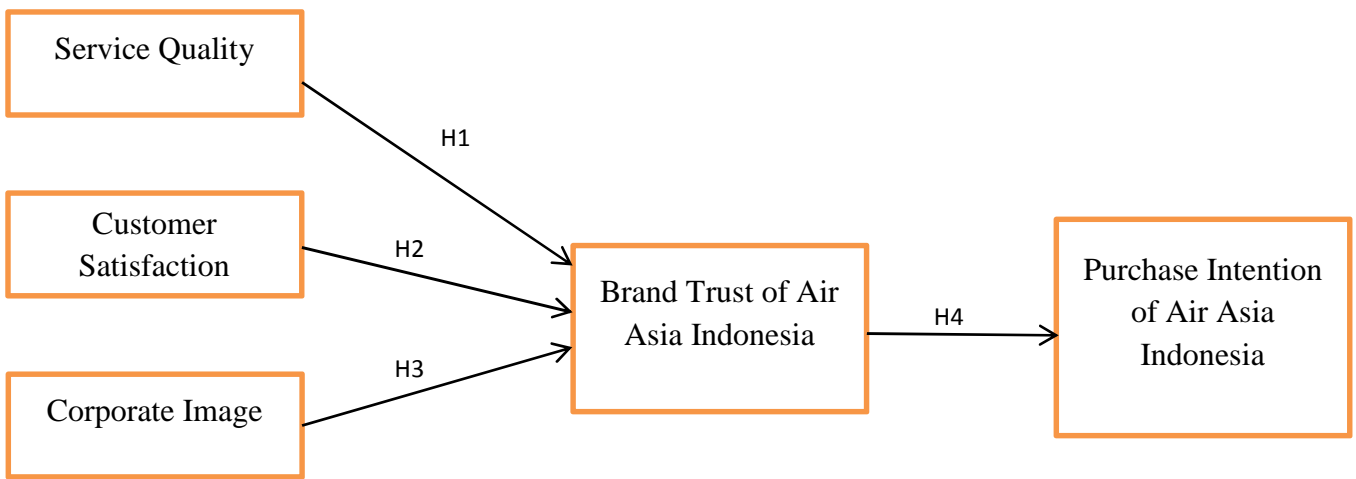
- c) Crisis expansions: This phase follows the triggering event and spreads the impacts of the crisis to related domains.
- d) Crisis Resolution: Crisis resolution refers to the phase in which crisis stakeholder's re-establish normal condition. This involves restricting of organizations, organizations improvements, regulatory changes, cleanup and rehabilitation of victims.

Purchase Intention

Bellman, Loshe and Johnson (1999) concluded that the levels of consumer experience are influencing purchase intention. Purchase intention definition cited from (Muhammad Sabbir Rahman, 2012) referred to the subjective judgment by the consumers that is reflected after the general evaluation to buy a products or services. Based on the above literature, purchase intention covers several essential meanings: (1) consumers' willingness to consider buying; (2) buying intention in the future; (3) decision of repurchase.

Theoretical Framework

Based on the framework on the literature study that mentioned above, researcher will determine the new Theoretical Framework for this research based on the literature that has been collected as the basic construct model:



H1: There is a positive relationship between Service Quality to Brand Trust of Air Asia Indonesia after the QZ 8501 Disaster

H2: There is a positive relationship between Customer Satisfaction to the Brand Trust of Air Asia Indonesia after the QZ 8501 Disaster

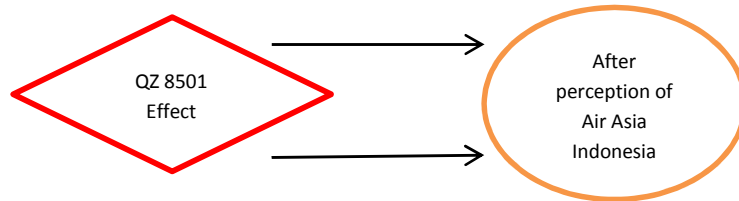
H3: There is a positive relationship between Corporate Image to the Brand Trust of Air Asia Indonesia after the QZ 8501 Disaster

H4: There is a positive relationship between Brand Trust and the Purchase intention of Air Asia Indonesia after the QZ 8501 Disaster

Methodology

The data collection structures are separated into qualitative and quantitative method containing Questionnaires and In-depth interviews; both of them are distributed to specific respondents to get information as required by the research questions and to be further analyzed. The questionnaire is built

based on literature review of previous study or from secondary data; it is then distributed among people in Bandung and Jakarta that have experienced in using Air Asia Airlines. The basis theory of this questionnaire is Brand trust and purchase intention that are combined together to get the results of the research questions. The Interview is distributed to the key informants of this research to absorb more accurate data to support the quantitative method result.



Qualitative Result

Qualitative data collection methods using structured interview. This approaches used in this research for finding fundamental theories in documents study from journal review or internet references. In this research, direct in-depth interviews would be the main techniques for conducting qualitative research in terms of determining the customer preferences while choosing Airlines services and the current brand trust and purchase intention from the customers of Air Asia Indonesia and the knowledge around the QZ 8501 Tragedy. For the methodology is using Disaster Sense-Making approach.

Quantitative Research

Quantitative research is “Explaining” phenomena by collecting numerical data that are analyzed using mathematically based methods in particular statistics (Aliaga, 2000). It is used to quantify attitudes, opinions, behaviors, and other defined variables – and generalize results from a larger sample population. Quantitative researches conducted in this thesis are by spreading questionnaire to the Air Asia domestic customers in Bandung and Jakarta about their perception on Air Asia’s brand trust and their purchase intention towards Air Asia, after the QZ 8501 tragedy. For the methodology are using Partial Least Square (PLS) and Non-Parametric Test approach.

Result and Discussion

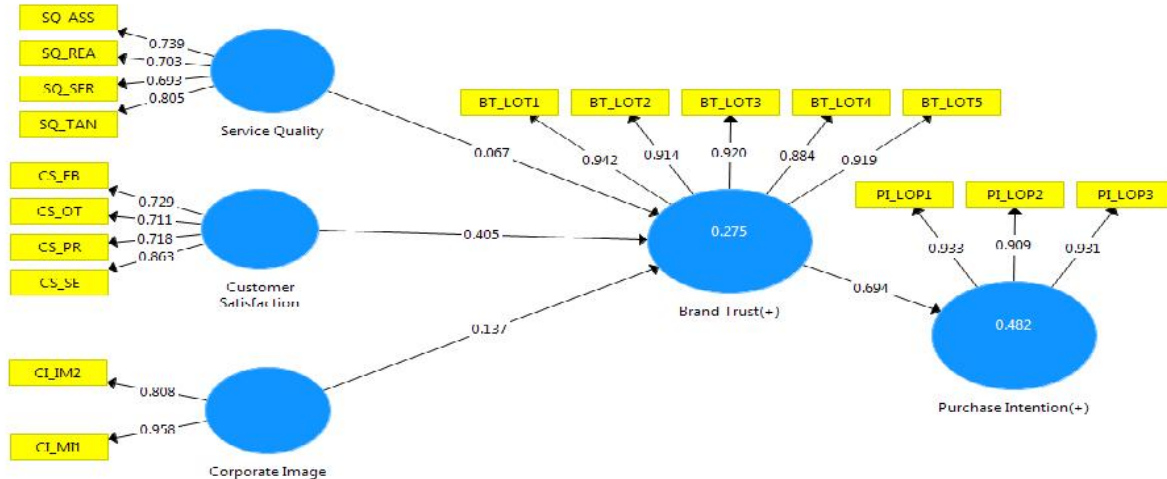
Customer priority preferences in choosing Airlines Services

| No | Level of | N | Mean | Chi Square | Significant |
|----|--------------------------|-----|--------|------------|-------------|
| 1 | Safety | 273 | 802.36 | 70.343 | .000 |
| 2 | Security | 273 | 713.84 | | |
| 3 | Mildness | 273 | 561.27 | | |
| 4 | OTP (on time processing) | 273 | 619.77 | | |
| 5 | Price rates | 273 | 717.77 | | |

As already mention before, the questionnaires are distributed to 204 respondents and each question use 1-5 Likert Scale. Based on non-parametric scale analysis, it is seen that level of safety is the highest priority when customers choose an Airline (mean= 802.36). It is followed by Price (mean= 717.77) and Security (mean= 802.36), while the lowest priority is Mildness (mean= 561.27).

The relationship between Service quality, Customer satisfaction and Corporate Image towards Customer Brand Trust and Purchase Intention

With the Significant level (alfa) of 0.05 and the level of confidence of 95%, here is the result of the correlation between the variables:



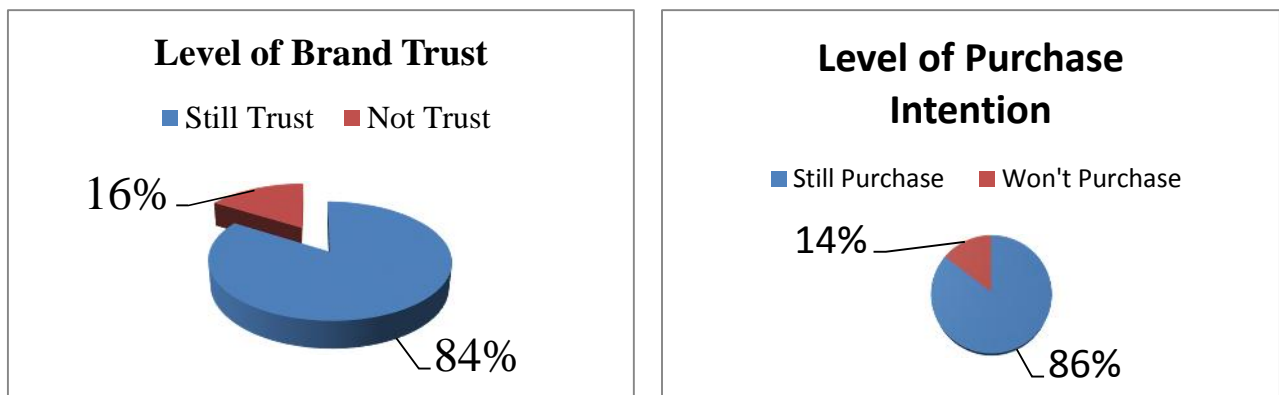
| | T-Statistics | Mean | Standard Error |
|-------------------------------------|--------------|-------|----------------|
| Service Quality-> Brand Trust | 0.705 | 0.079 | 0.103 |
| Customer Satisfaction-> Brand Trust | 4.174 | 0.408 | 0.109 |
| Corporate Image-> Brand Trust | 2.303 | 0.140 | 0.058 |
| Brand Trust->Purchase Intention | 11.38 | 0.697 | 0.047 |

It can be seen that all indicators have individual reliability values that are much larger than the minimum acceptable level of 0.4 and close to the preferred level of 0.7. The Latent Variable (Table 4.6) is also lower than the AVE square root as the discriminant validity. For Brand Trust have a linkage to the Purchase Intention (11.38). In figure 4.2 we can see the PLS structure result of hypothesis. To define the correlation between the variables by using Bootstrapping (with the significant level of 0.5), Only Corporate Image (2.303) and Customer Satisfaction (3.229) have a linkage to the Brand Trust (Table 4.7). On the other hand, Service Quality didn't have a significant correlation to the brand trust because lower than the minimum score for inner model (1.9). Figure 4.3 shows the result of the Boothstrapping of the correlation between all the variables. From the PLS result, we can see that Service Quality didn't have a significant correlation to the Brand Trust. According to the qualitative result, one of the participant said the reason behind this result might happen because Air Asia Indonesia is categorized as LCC (low cost carrier) who aren't offer the "best services" but mostly offer the "low price and attractive package" so everyone can afford and go to everywhere they want. This is in accordance with the Air Asia slogan which is "Everyone can fly".

Disaster Sense-Making result

- A. *Crisis Preconditions:* 1) Technical problems between Pilot and the Co-pilot when facing the Cumulonimbus
2) Illegal QZ 8501 Flight Schedule
- B. *Triggering Event:* 1) Weather factors: Cumulonimbus Distraction
- C. *Crisis Expansion (+):* 1) this accident can happen to every Airline
2) Not shows the overall safety quality of Air Asia Indonesia
- D. *Crisis Expansion (-):* 1) Slovenliness and reckless decision by Air Asia Indonesia Management
2) Scared and Traumatic using Air Asia Indonesia
- E. *Crisis Resolution:* 1) Fast response and action towards the resolution
2) Creating new Brand Image towards advertisement

Domestic Customer Current Trust and Purchase Intention after QZ 8501 Tragedy



The first table shows the level of Brand Trust seven months after the tragedy based on the quantitative result. It shows that 84% respondents still trust Air Asia Indonesia Airline and 16% who are not Trust anymore. But we can see from the second table, 86% of the respondents will still purchase Air Asia Indonesia services in the future while 14% will not anymore. This result is directly related to the Brand Trust. Interesting to note that 2% of the respondents do not trust Air Asia Indonesia anymore but will still purchase its services in the future. As indicated in the interviews, this might happen because those respondents already comfortable with Air Asia Indonesia service quality and promotions, even though they disappointed with controversial issues appeared surrounding QZ8501 Disaster.

Based on the PLS test, the following analysis show the relationship between Service Quality, Customer Satisfaction and Corporate Image towards Brand Trust and Brand Trust towards the Purchase Intention in order to answer the hypothesis from **table 4.12** we can see that:

- a. The coefficient of determination, R^2 , is 0.275 for the Brand Trust endogenous latent variable. This means that the four latent variables (Service Quality, Customer Satisfaction and Corporate Image) moderately explain 27% of the variance in Brand Trust
- b. Brand Trust explain 48% of the variance in Purchase Intention
- c. From the T-Statistic coefficient analysis for the inner model, Only Corporate Image and Customer Satisfaction have a significant correlation to the Brand Trust and the Brand Trust also has a significant correlation to the Purchase Intention.

| Hypothesis Description | Statistical Test | Coefficient Correlation | Result |
|---|---------------------------|-------------------------|-----------|
| H1: There is a positive relationship between Service Quality to the Positive Brand Trust of Air Asia Indonesia | PLS Statistic Correlation | 0.705 | Reject H1 |
| H2: There is a positive relationship between Customer Satisfaction to the Positive Brand Trust of Air Asia Indonesia | PLS Statistic Correlation | 4.174 | Accept H2 |
| H3: There is a positive relationship between Corporate Image to the Positive Brand Trust of Air Asia Indonesia | PLS Statistic Correlation | 2.303 | Accept H4 |
| H4: There is a positive relationship between Positive Brand Trust and the Positive Purchase intention of Air Asia Indonesia after the QZ 8501 Disaster | PLS Statistic Correlation | 11.38 | Accept H5 |

Conclusion

- 1) By using Kruskal-Wallis test, we can see the result of the majority of consideration from the domestic customers while choosing Airlines services. Given the lesson from QZ 8501 Disaster, it would better for all of the Airlines in Indonesia particularly Air Asia Indonesia to enhance their quality in terms of their safety.
- 2) From both Quantitative and Qualitative study results, more than 80% respondents of Air Asia Indonesia in Jakarta and Bandung still trust and willing to purchase in the future. This happens most likely because it is already seven months since the tragedy and people are started to forget the disaster. It seems also that many respondents believe Air Asia Indonesia has already improved their quality and standard operational towards safety.
- 3) By using PLS approach, overall results from both scenarios show that all the aspects are moderately explain each other. But in a separate result, Service Quality and Corporate Image did not show a significant correlation to the Brand Trust from the respondents.

Recommendation

Especially Air Asia Indonesia should build their new image and convince their customers that they already increase their safety, in order to get back customers trust, especially with the increase of planes crash that often happened lately. The flight permission issue for QZ 8501 should be a lesson learn for all Airlines in Indonesia to be more submissive to the rules that already made by regulators. For Air Asia Indonesia itself, it would better if they more focus on developing their resources quality and Standard operational for flight to get the 15 percent of the respondents who do not trust them anymore to them to change the perception from the people who are traumatic in using Air Asia Indonesia after the tragedy. For the management of Air Asia Indonesia must make a clarification or press release towards the issue of the illegal flight because people still asking about that topic which make them impeach with the professionalism of the management itself.

Suggestion for the future research

For the future research, it is suggested to evaluate the Brand Trust and Purchase Intention after the QZ 8501 tragedy to the Air Asia Indonesia customers outside Jakarta and Bandung or more accurately

people in Surabaya and surrounding it. It will better if we can absorb more information from the family victim's perception to get more variety comparison. For the customer preferences survey, it is suggested to dig more on the variable of every aspect and use conjoint approach to get the accurate result. To find the relationship between the Service Quality, Customer Satisfaction, Perceived Value and Corporate Image towards Brand Trust and the Brand Trust to the Purchase Intention by using SEM (Structural Equation Model) in assessing each relationship of each variable.

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