

**AIRLINE TICKET E-RESERVATION:  
ADOPTION AMONG MALAYSIANS**

**BY**

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## TABLE OF CONTENTS

<b>ACKNOWLEDGEMENT</b>		<b>ii</b>
<b>TABLE OF CONTENTS</b>		<b>iii</b>
<b>LIST OF TABLES</b>		<b>vii</b>
<b>LIST OF FIGURES</b>		<b>ix</b>
<b>ABSTRAK</b>		<b>x</b>
<b>ABSTRACT</b>		<b>xi</b>
<b>Chapter 1</b>	<b>INTRODUCTION</b>	<b>1</b>
	1.0 Introduction	1
	1.1 Background	2
	1.2 Problem Statement	5
	1.3 Research Objectives	6
	1.4 Research Question	7
	1.5 Definition of Key Terms	8
	1.6 Significance of the Study	11
	1.7 Organization of the Remaining Chapters	12

<b>Chapter 2</b>	<b>LITERATURE REVIEW</b>	<b>13</b>
2.0	Introduction	13
2.1	Diffusion of Innovation (DOI)	13
2.2	Theory of Reasoned Action	16
2.3	Theory of Planned Behavior	16
2.4	Technology Acceptance Model (TAM)	18
2.5	Trust Model	19
2.6	Hypotheses	21
	2.6.1 Perceived willingness to customize	21
	2.6.2 Perceived reputation	23
	2.6.3 Perceived trust	24
	2.6.4 Perceived ease of use and Perceived usefulness	26
	2.6.5 Perceived responsiveness	27
	2.6.6 Perceived interactivity	28
2.7	Theoretical Framework and Hypotheses	30
<b>Chapter 3</b>	<b>METHODOLOGY</b>	<b>32</b>
3.0	Introduction	32
3.1	Research Design	32
3.2	Data Collection	33
3.3	Sample Design	34
	3.3.1 Target Population	34
	3.3.2 Sampling Frame	34
	3.3.3 Questionnaire Design	35

	<b>3.4</b>	<b>Validity</b>	<b>38</b>
	<b>3.5</b>	<b>Reliability</b>	<b>38</b>
	<b>3.6</b>	<b>Regression Analysis</b>	<b>39</b>
<b>Chapter 4</b>		<b>RESULTS</b>	<b>40</b>
	<b>4.0</b>	<b>Introduction</b>	<b>40</b>
	<b>4.1</b>	<b>Profile of Respondents</b>	<b>40</b>
		<b>4.1.1 Demographic Profiles</b>	<b>41</b>
		<b>4.1.2 E-reservation Usage Behavior</b>	<b>43</b>
	<b>4.2</b>	<b>Goodness of Measure</b>	<b>44</b>
		<b>4.2.1 Factor Analysis</b>	<b>45</b>
		<b>4.2.2 Re-statement of hypotheses</b>	<b>47</b>
		<b>4.2.3 Reliability Analysis</b>	<b>50</b>
	<b>4.3</b>	<b>Descriptive Analysis</b>	<b>51</b>
	<b>4.4</b>	<b>Hypothesis Testing using Regression Analysis</b>	<b>57</b>
	<b>4.5</b>	<b>Summary of Results</b>	<b>66</b>
<b>Chapter 5</b>		<b>DISCUSSIONS AND CONCLUSIONS</b>	<b>67</b>
	<b>5.0</b>	<b>Introduction</b>	<b>67</b>
	<b>5.1</b>	<b>Recapitulation of the Study Findings</b>	<b>67</b>
	<b>5.2</b>	<b>Discussion</b>	<b>68</b>
	<b>5.3</b>	<b>Implication of the Study</b>	<b>75</b>

<b>5.4</b>	<b>Limitation of the Study</b>	<b>77</b>
<b>5.5</b>	<b>Areas for future research</b>	<b>78</b>
<b>5.6</b>	<b>Conclusion</b>	<b>79</b>
<b>REFERENCES</b>		<b>81</b>
<b>APPENDIX A</b>	<b>Survey Questions</b>	<b>90</b>
<b>APPENDIX B</b>	<b>Descriptive Analysis</b>	<b>97</b>
<b>APPENDIX C</b>	<b>Factor Analysis</b>	<b>101</b>
<b>APPENDIX D</b>	<b>Reliability Analysis</b>	<b>104</b>
<b>APPENDIX E</b>	<b>Regression Analysis (Trust Model) : Perceived reputation, perceived willingness to customize and perceived transparency on trust</b>	<b>111</b>
<b>APPENDIX F</b>	<b>Regression Analysis (Intention Model) : Perceived trust, perceived ease of use, perceived responsiveness and perceived interactivity on intention</b>	<b>116</b>

## **LIST OF TABLES**

<b>Table No.</b>	<b>Title of Table</b>	<b>Page</b>
Table 4.0	<i>Demographic profile of respondents</i>	41
Table 4.1	<i>e-Reservation demographic profile</i>	43
Table 4.2	<i>Factor extractions and percentage of variance</i>	46
Table 4.3	<i>Reliability Analysis</i>	50
Table 4.4	<i>Mean and Standard deviation of constructs</i>	51
Table 4.5	<i>Mean and standard deviations for the measures of perceived reputation</i>	51
Table 4.6	<i>Mean and standard deviations for the measures of perceived responsiveness</i>	51
Table 4.7	<i>Mean and standard deviations for the measures of perceived ease of use</i>	52
Table 4.8	<i>Mean and standard deviations for the measures of perceived trust</i>	53
Table 4.9	<i>Mean and standard deviations for the measures of perceived interactivity</i>	54
Table 4.10	<i>Mean and standard deviations for the measures of perceived transparency</i>	55
Table 4.11	<i>Mean and standard deviations for the measures of perceived willingness to customize</i>	56
Table 4.12	<i>Mean and standard deviations for the measures of intention</i>	56

Table 4.13	<i>Summary of the results of regression analysis for variables towards perceived trust</i>	58
Table 4.14	<i>Summary of the results of regression analysis for variables towards intention</i>	59
Table 4.15	<i>Summary of result of hypothesis testing the study</i>	66

## **LIST OF FIGURES**

<b>Figure No.</b>	<b>Title of Figure</b>	<b>Page</b>
-------------------	------------------------	-------------



<i>Figure 2.0</i>	Theory of Reasoned Action	14
<i>Figure 2.1</i>	Theory of Planned Behavior	19
<i>Figure 2.2</i>	Technology Acceptance Model (TAM)	20
<i>Figure 2.3</i>	Theoretical Framework	22
<i>Figure 4.0</i>	Revised Framework	49
<i>Figure 4.1</i>	The results of relationships in the research model	61

## **ABSTRAK**

Sistem tempahan tiket penerbangan telah banyak direvolusikan oleh syarikat-syarikat penerbangan melalui penggunaan Internet dan pengenalan alat-alat mudah alih moden. Di

Malaysia, kebanyakan syarikat penerbangan telah menukar kepada sistem tempahan e-tiket penerbangan untuk mengurangkan kos urus niaga syarikat, meningkatkan kecekapan perniagaan dan menerokai pasaran yang baru. Penggunaan sistem tempahan e-tiket penerbangan merupakan sumber utama pendapatan bagi syarikat-syarikat penerbangan, justeru itu tingkah laku niat pengguna ke atas sistem ini perlu difahami lagi. Kajian ini mencadangkan satu model bercampur-campur dari Model Penerimaan Teknologi (TAM) dan model amanah untuk menyiasat bagaimana rakyat Malaysia membangunkan niat yang berdasarkan sifat amanah dan laman web pengguna untuk mengamalkan sistem tempahan e-tiket penerbangan. Model ini telah diuji secara empirikal dengan menggunakan soal selidik dalam talian dan diuji ke atas 109 responden dari pengguna internet portal web tempatan sosial di Malaysia. Hasil kajian mendapati bahawa tanggapan reputasi ( $\beta = 0.375$ ,  $p < 0.05$ ) mempunyai pengaruh yang ketara dan positif ke arah tanggapan amanah ke atas sistem e-tempahan. Selain itu, dua lagi pembolehubah: tanggapan amanah ( $\beta = 0.240$ ,  $p < 0.05$ ) dan tanggapan kemudahan penggunaan ( $\beta = 0.272$ ,  $p < 0.05$ ) didapati tidak ketara dan positif dalam mempengaruhi niat pengguna dalam menggunakan sistem tempahan e-tiket penerbangan. Ini menunjukkan bahawa tanggapan amanah dan tanggapan kemudahan penggunaan adalah dua pembolehubah utama dalam mempengaruhi niat talian rakyat Malaysia untuk menggunakan sistem e-tempahan. Hasil kajian tingkah laku niat diuruskan untuk diterangkan dengan menggunakan model campuran Model Penerimaan Teknologi dan model amanah.

## **ABSTRACT**

The air ticket reservation system has been much revolutionized by the airline companies through the usage of the Internet and introduction of modern mobile devices. In Malaysia, most of the airline companies have switched to airline ticket e-reservation system to reduce company transaction costs, improve business efficiency and exploring possible new markets. As the users of the airline ticket e-reservation is the main source of revenue for the airline companies, the users' intention behavior on the system need to be understood further. This study proposes a mixed model from Technology Acceptance Model (TAM) and trust model to investigate how the Malaysians develop the intention based on characteristic of trust and web site user to adopt the airline ticket e-reservation system. The model is tested empirically by using online questionnaire and is tested on 109 respondents from the internet users of local social web portal in Malaysia. The result of the study found that the perceived reputation ( $\beta = 0.375$ ,  $p < 0.05$ ) has positive significant influence toward users' level of trust on the e-reservation system. Additionally, two more variables: perceived trust ( $\beta = 0.240$ ,  $p < 0.05$ ) and perceived ease of use ( $\beta = 0.272$ ,  $p < 0.05$ ) are found to be significant in influencing positively on users' intention in adopting the airline ticket e-reservation system. This shows that perceived ease of use and perceived trust are the two main variables in influencing the intention of online Malaysians to adopt the e-reservation system. The result of the study for the intention behavior are managed to be explained by using the mixed model of Technology Acceptance Model and trust model.

## **Chapter 1 INTRODUCTION**

### **1.0 Introduction**

The advances in information technology has changed the way airline industry globally in attaining profitability and while maintaining the operation cost to compete with their competitors. Consumer buying behavior has been changed since the previous decade according to the advances of information technology. Introduction of Internet to the population has enabled people to communicate more efficiently, reduce business transaction costs and capturing the online market which could hardly be done based on brick and mortar methods.

The estimated internet users worldwide have increased 480.4% from 360 million users to 6.9 billion users from year 2000 to year 2011. The most significant increase in internet users was around 44% of the total world internet users from 114 million to 2.8 billion users which were accounted from the Asia region (Miniwatts, 2011). The number of internet users from Malaysia is accounted around 15.355 million users on 2009 (CIA, 2011) and estimated around 9.3% of the internet users in Malaysia used the online shopping to procure their products ("Household Use of the Internet Survey," 2005). Previous studies have compared the shopping characteristics between traditional and the online shopping and found that the online shopping has more advantages in terms of consumer and retailer aspect (Monswé, Dellaert, & Ruyter, 2004). This is in line with the current culture where online information is vastly available and comparisons can be made before people are able to decide on the products they wished to procure. This increasing trend of internet users in Malaysia has opened new marketing possibilities and opportunity for many industries such as the airline industry to

capture the increasing trend of internet users in not only in Asia but also other countries to remain competitive with the increasing price of commodities and human capitals.

## **1.1 Background**

In the recent years, the travel and tourism industry in Malaysia has received increasing responses ("Tourism Facts & Figures," 2010) with the growth and availability of internet. People uses the internet nowadays to plan their journeys and vacations and thus, has lead to the evolution of online reservation to the airline industry through the introduction of electronic ticket for reservation systems (Turban, King, Lee, & Warkentin, 2002). Online air flight reservation as defined by (Hoffman & Novak, 1996) stated that online flight reservation is an advanced form of home shopping or booking and require changes in behavioral attitudes through using information technology. According to International Telecommunication Union (ITU), the population of Malaysian internet subscribers has increased from 3.7 million users in year 2000 to 16.9 million in year 2010. This indicates there is an increase in information technology usage and poses opportunity for the travel and tourism industry to capture the market to increase their market shares such as AirAsia, FireFlyz and Malaysian Airlines in Malaysia. The online flight reservation system which deployed by these air travel companies enable Malaysians to make reservations through online internet connections and ticket purchased through the usage of credit cards or any other form of online monetary such as the PayPal system. Another benefit by using such system is that lower transaction cost occurred between customers and the airline company and also enable the travel agency to contact directly to the customer (Heung 2003). Thus, the internet has made a great impact on the

online reservation business for the airline company over the last 10 years ("Business: Who needs paper?; Electronic tickets," 2008) and the latest trend that more trips are booked over the internet due to the fact that more online users have become accustomed to the online air reservation system while reducing their transaction cost which are reflected into cheaper air tickets.

The growth of e-reservation and popularity among consumers has driven the International Air Transport Association (IATA) to introduce electronic tickets totally by the year 2007 in replacing the traditional manual air tickets (David, 2004). However, the implementation and propagation of the e-reservation system may not necessary provide full benefits to the customer but instead mostly beneficial to the airline companies in reducing costs and increased profit margin. The e-reservation system security and the honesty of the airline company on the e-reservation system policies are questionable and affect the level of trust and the acceptance of the system by the customers. The level of trust and the acceptance of the customers to the airline company and the e-reservation system determine the level of usage of the system.

The e-reservation system has been widely used by every airline companies in Malaysia including the popular AirAsia, FireFlyz and Malaysia Airlines. In Malaysia, the e-reservation of online air ticket is pioneered by Air Asia (Sulaiman, Ng, & Mohezar, 2008). One of the reasons of the growth in online reservation were due to the wide access of internet availability, the development of commercial websites with many range of products and services offered, and the improvement of security and logistic in delivering their products to their customers ("Trends in Online Shopping a Global Nielson Consumer Report.," 2008). For instance AirAsia's e-service introduced various conveniences to the customers by making

them able to book seat reservations and reserve their preferred flights at their conveniences, issuing the tickets at home and make and self-check-in in the website by themselves or self-check-in at the airport. Through the e-reservation system, the system also helps to reduce the workload of their travel agents while allowing to buy and book their air tickets using the online reservation system (Komsu, 1999). Most of the airline company nowadays provides online payment facility such as credit cards, ATM cards and other online monetary form such as PayPal for their online e-reservation system to the customer. This shows that there are efforts introduced by the airline company to encourage customers to make online purchase of air tickets. There are previous researches which had studied on the user's intention to purchase products and services online using the internet (Hueng, 2003; Suki, 2005; Jathuravith et al, 2007; Safavi, 2007) but most of them explained consumer behavior in general and limitation in empirical explanations in Malaysia context. Hence, there is a need to understand the demand and also the behavior of the consumer in Malaysia which would switch to online flight reservation to purchase their airline tickets to improve on their existing air ticket reservation system. Further understanding on the users' innovativeness among Malaysians in adopting online flight reservation for airline flights are important for the current airline industry as the trend in purchasing tickets using online air flight reservation system for flight industry has increased from past years especially that AirAsia and Fireflyz are offering low cost carrier (LCC) promotions for users that make reservations through their online portal.

## 1.2 Problem Statement

According to the statistics, the percentage of internet users globally in purchasing the airline e-reservation ticket has increased by 8% to 32% from year 2008 to 2010 which indicate increasing amount of online bookings on airline tickets year to year. Furthermore, there are previous surveys conducted in gathering consumer opinion regarding on the purchasing online products or services without consulting online reviews. One of them found that 18% of online users globally do not make e-reservation on online tickets without any reviews on the products or services before ("Global Trends in Online Shopping," 2010). This issue raises questions on the factors and level of trust which influenced the customer's intention in make e-reservation on airline ticket. Thus, the problem statement which raised from the study is formulated :

**“How perceptions of the e-service quality of the company and the level of trust between the user and airline company that will influence the Malaysians’ intention in adopting the online air flight reservation system ?”**



### **1.3 Research Objectives**

This study attempts to accomplish four main objectives as follows:

- a) To investigate the relationship between perceived reputation of the company and user's trust on the airline ticket e-reservation system.
- b) To investigate the relationship between perceived airline company's willingness to customize its service and user's trust on the airline ticket e-reservation system.
- c) To investigate the relationship between perceived trust of the airline company and user's intention in adopting the airline ticket e-reservation system.
- d) To investigate the relationship between perceived airline customer e-service responsiveness and user's intention in adopting the airline ticket e-reservation system.
- e) To investigate the relationship between perceived interactivity of the online flight reservation website and user's intention in adopting the airline ticket e-reservation system.
- f) To investigate the relationship between perceived usefulness of the airline e-reservation system and user's intention in adopting the airline ticket e-reservation system.
- g) To investigate the relationship between perceived ease of use on the online air flight reservation system and user's intention in adopting the airline ticket e-reservation system.

## 1.4 Research Question

To achieve the above objectives, the study tries to answer the following research questions:

- a) What is the relationship between perceived reputation of the company and user's trust on the airline ticket e-reservation system?
- b) What is the relationship between perceived airline company's willingness to customize its service and user's trust on the airline ticket e-reservation system?
- c) What is the relationship between perceived trust of the airline company and user's intention in adopting the airline ticket e-reservation system?
- d) What is the relationship between perceived airline customer e-service responsiveness and user's intention in adopting the airline ticket e-reservation system?
- e) What is the relationship between perceived interactivity of the online flight reservation website and user's intention in adopting the airline ticket e-reservation system?
- f) What is the relationship between perceived usefulness of the airline e-reservation system and user's intention in adopting the airline ticket e-reservation system?
- g) What is the relationship between perceived ease of use on the online air flight reservation system and user's intention in adopting the airline ticket e-reservation system?

## 1.5 Definition of Key Terms

There are several key terms which are used throughout this research and they are defined as follows :

**E-Reservation ( or E-ticket/Electronic ticket):** It is the combination process of issuing and delivering an online ticket form into a single operation which would reduce overall transaction for example the cost of hardcopy of a paper ticket(Sulaiman et al., 2008). In this study it is refer to the domestic airline ticket that can be purchasing online through the internet.

**Internet or online users:** This is the current internet users which have accessed and logged on to the internet within the last 12 months (Leelayouthayotin, 2004). Other surveys states that the term internet users should be defined as simple as possible which the person must have available internet access and basic knowledge to use the web technology ("Internet World Stats," 2011)

**The Internet:** The term is used to describe linkage of computer networks consisting of many individual computers and also a medium which are able to provide communicating information, instant access, organizing, and supporting virtual transactions. (Li & Grey 2000; Waldo 2000; Levy 1996; Wilcox 1999; Berthon, Pitt & Watson 1996; Henrichs 1995 cited in Leelayouthayotin , 2004).

**Perceived reputation:** Reputation is a mechanism for communication of the component of trustworthiness. A person's likelihood to perform certain behaviors in the future is determined by the information of reputation (Whitmeyer, 2000)

**Perceived responsiveness:** Responsiveness is defined as degree which an individual believes that his request to be responded appropriately, quickly and satisfactorily. If the perceived responsiveness is high the more likelihood that the user will use the system (Susanto & Goodwin, 2010).

**Perceived ease of use:** Perceived ease of use is defined as the degree of a person believes using the particular system would enhance his or her job performance (Davis, 1989).

**Perceived usefulness:** The perceived usefulness is defined as the degree of a person believes using the particular system would be effortless (Davis, 1989).

**Perceived willingness to customize:** The perceived willingness to customize is defined as user's perception on readiness of the company to provide customized products or services to its customers (Marios & William, 2004).

**Perceived trust:** The perceived trust is defined as a belief which reflect the online consumer wants the online sellers' willingness to match with the consumers' interests, honesty in transactions and capability to deliver goods as promised (Tzy-Wen & Wen-Hai, 2005).

**Perceived interactivity:** The perceived interactivity is defined as the degree which users perceive their experience as a simulation of interpersonal interaction and sensing in other social presence (Thorson & Rodgers, 2006).

**Perceived transparency:** The perceived transparency is defined as the degree of transparency of the system allows the user to understand the way it works and describe the system choices and behavior (Henriette et al., 2008).

**Intention to use:** The intention to use is defined as the measure of the likelihood that the user will use the system (Fishbein & Ajzen, 1975).

## **1.6 Significance of the Study**

This study seeks to understand the technology acceptance model with the extension of the variable of trust in the context of airline ticket e-reservation system. There are many studies which used the technology acceptance model which focused on the usage of technology in work setting. The role of trust is introduced in this study is to understand better on user's intention whereby in a scenario where the risks of using the airline ticket e-reservation system is non-trivial. Thus, there is a need to understand how trust in the context of airline ticket e-reservation in Malaysia context in predicting the purchasing decisions among Malaysians. There are various models which explain trust and its antecedents together with TAM to explain the user's intention in a general e-commerce perspective but not in the context of airline ticket e-reservation system usage among Malaysians. Therefore, this study explains the trust's role and the TAM in explaining intention to use the airline ticket e-reservation system among Malaysians.

By understanding the antecedents behind the intention behavior, airline company will then able to re-design their e-reservation system and provide better services to the Malaysian consumers. Another significance of this research is also to test out the Technology Acceptance Model and trust model theory into Malaysian consumer context in order to further understand the relationship of the perceptions of the Malaysians' consumer behavior in adopting the airline ticket e-reservation system such as provided by AirAsia, FireFlyz and Malaysian Airlines. Other component of perceptions such as air flight company's reputation, willingness to customize of the airline company are also investigated to extend the research further in understanding the Malaysians' consumer trust on using the online air flight

reservation system. Additionally, two additional variables, perceived interactivity and perceived responsiveness of the airline ticket e-reservation system are also investigated to test on the intention behavior of Malaysian consumers as there are many web sites which offer many interactive items on their website and also mobile devices and also providing fast access to their system without congestion making consumer online purchase an enjoying and a fast process.

## **1.7 Organization of Remaining Chapters**

This study is structured into five chapters. The first chapter provides an introduction as well as an overview of this study. The second chapter presents the review of literature of previous studies in relation to intention behavior in adopting the airline ticket e-reservation system, theoretical framework and the hypotheses development. Chapter three will illustrate the data and variable in term of research design, sample collection, measurement of variables, the method of data analysis and expected outcome. Chapter four analyzes the results of finding, focusing on statistical analysis, descriptive statistic, correlation analysis and regression analysis. Lastly, chapter five will present the overall findings and implications of the research will be discussed, limitation of the study as well as suggestion for future research and conclusions.

## **Chapter 2 LITERATURE REVIEW**

### **2.0 Introduction**

This chapter will present the previous literature that has been undertaken. As such, this chapter will give an overview of literature on models and factors that influence the attitude and intention of people to adopt the airline ticket e-reservation system. The theoretical framework and the hypothesis development will be presented towards the end of the chapter.

### **2.1 Diffusion of Innovation**

Other models which also explained the behavior of the user perception on the airline ticket e-reservation can be explained through Diffusion of Innovation (DOI) theory, which there are five factors which affect the individual to adopt or reject an innovation which are the relative advantage of a product or service as compared previously, compatibility of the product with the user, complexity of the product, trialability of the product where how easy the innovation can be adopted and observability which indicates the extent that the innovation is visible to other users (Everett M. Rogers, 1962)

Another model which was introduced to explain the user behaviors towards online e-commerce is the modified Kwon and Zmud's model which was derived from Diffusion of Innovation (DOI) theory, and found that factors such as attitude, compatibility, observability, job relevance, personal demographics, personal experience, internal environment, and



external environment affects the change of innovativeness of an individual in adopting a product or system (Putzer & Park, 2010). Based on the model, the personal demographics is define by individual's age, gender and personal traits while personal experience includes individual's information technology background and level of education. On other research findings, compatibility has positive correlation towards innovativeness (Lu, C.Yu, & C.Liu., 2005). Previous literature indicates that there is also a positive correlation between personal demographics and personal experience with innovativeness of individual towards a product or service (Harman & Koohang, 2006).

In previous research on online flight reservation are not being adopted by many users is because the user do not perceived the innovation of online flight reservation has a relative advantage and instead poses relative disadvantage over traditional forms of brick and mortar method (Esrock, 2007). It was found that in that particular research survey 80% of the respondents were concerned personal privacy and the online flight reservation security especially on the credit card transaction.

For some user with high self-efficacy, they would believe in themselves to proceed towards online flight reservation due to the fact that they believe they would make their life and the others a difference if they started to perform online flight reservation with convenience based on the social cognitive theory (J. M. George & Jones, 2007). This is also explained by other literature review where individual who have higher self-efficacy, less risk adverse and more innovative has positive correlation towards their attitude towards online flight reservation and intention to shop online (Sophia, Simon, & Ming T., 2006).

Kwon and Zmud (1987) suggested that information technology system would be understood more effectively by adjusting research factors related to Diffusion of Innovation theory together with application research. In Diffusion of Innovation, the theory would define an array of innovation characteristics that may impact an individual's perception of the innovation preceding the adoption and would affect the speed of adoption. These attributes provide a theoretical based set of behavioral beliefs to be researched. There are many other literatures that have used DOI theory to explain the understanding of the adoption of new innovations.

Another innovation factor such as innate innovativeness plays a role in determining the consumer's attitude and behavior in trying out new products by their individual judgments without any external influences (Midgley & Dowling, 1978). In their research finding, they define innate innovativeness as "the degree to which an individual is receptive to new ideas and makes innovation decisions independently of the communicated experience of others". (Bhatnagar, Misra, & Rao, 2000) also mentioned that the level of adopting innovations for each individual is different. It is also found that certain individuals seems to have a greater tendency towards adopting new technologies, whereas others follow innovative individuals in which this group submit and adopts the innovations later (Limayem, Khalifa, & Frini, 2000). With the available demand of new products by these innovative consumers, higher prices are set for new products launching into market (Kotler, 1997). In other reports, innovation was stated as "the degree to which an individual is relatively earlier in adopting an innovation than other members of his social systems" and measuring individual's innovativeness by using time-of-adoption method (E.M. Rogers & Shoemaker, 1971).

## 2.2 Theory of Reasoned Action

According to theory of reasoned action, was developed by Martin Fishbein to identify the relationship between attitude and behavior on people (Fishbein & Ajzen, 1975). According to his theory, there are three factors which are the attitude, behavioral intention and subjective norm which guide the behavioral intention. Fishbein (1975) also stated that it actually depends on the individuals and the situations where sometimes the peoples' attitudes and subjective norms are not weighted in equal.

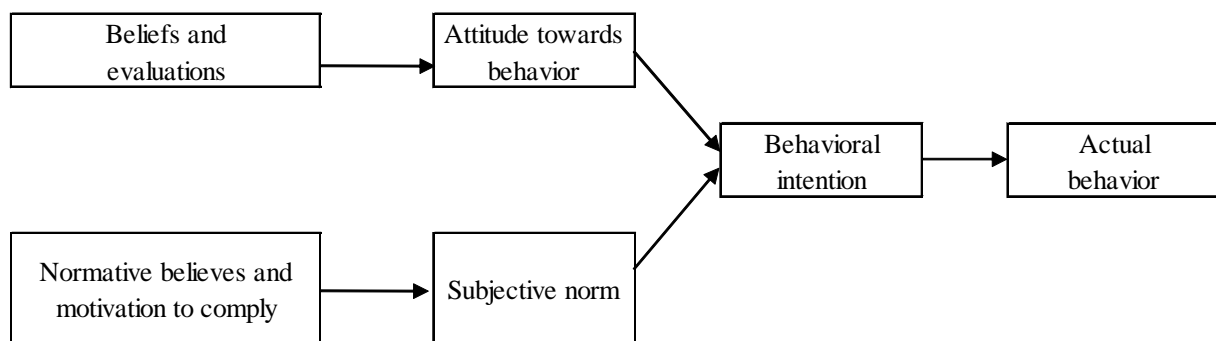


Figure 2.0 Theory of Reasoned Action

### 2.3 Theory of Planned Behavior

Another theory which explains and predict the user intention is the theory of planned behavior (Ajzen, 2005). This theory is extended from Martin Fishbein's theory of reason action to explain the condition in which the users do not have total control over their behavior (Leelayouthayotin, 2004). Ajzen (2005) added an additional variable called the perceived behavioral control to the model of theory of reasoned action. In the theory of planned behavior, the user intention is also affected by three factors, personal factor (attitude), one social influence factor (subjective norm) and one control factor (perceived behavioral control). In the theory of planned behavior context, the meaning of attitude is the user's feeling towards a behavior which can be good or bad and the subjective norm was considered as the influential factor encouraging intention (Leelayouthayotin, 2004). However, the theory of planned behavior model argued that actual behavior mostly affected by the behavioral control, attitude and subjective norm and can be used to predict user's behavior (Ajzen, 2005). Most of the studies on online purchasing behavior used this model as the theoretical framework to explain the user's purchasing behavior though many of them found that the behavioral control and attitude were the strongest antecedent towards intention of purchasing.

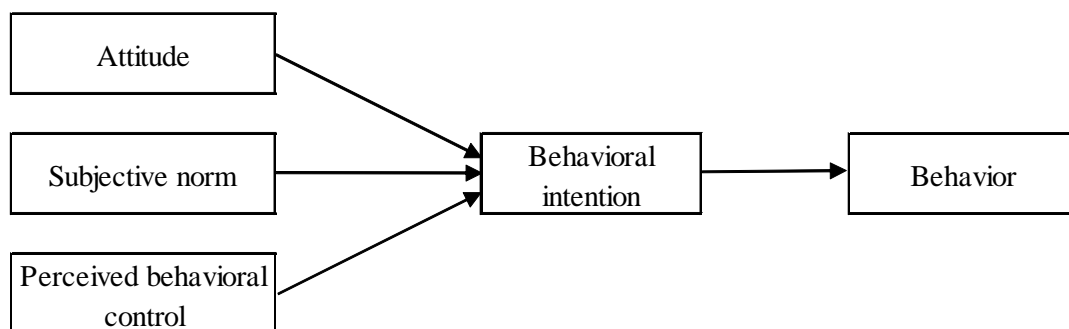


Figure 2.1 Theory of Planned Behavior

## 2.4 Technology Acceptance Model (TAM)

The online airline ticket E-reservation system adoption among internet users has been extensively studied among the tourism or e-commerce literature. Previous literature review such as by Sam and Tahir (2008), Dehbashi and Nahavandi (2007) and C. B. P. Lee and Wan (2010) on this e-reservation or some known as e-ticketing was done by previous researches had linkages to the Technology Acceptance Model (TAM) which introduced by (Davis, 1989) that explains the acceptance of new product is based on the consumer's attitude or behavior relating to the computing technologies. Based on TAM, if the product is perceived to be easy to be used and meaningful, the consumer would have positive attitude towards the product. This would then affect the consumer's decision to buy or use the product. TAM model also was also used to test out the consumer innovativeness and found that the online flight reservation information has strong positive impact towards future online flight reservation intention. But however online flight reservation information dependency can be increased with easier interface, but only if the perceived usefulness of online flight reservation remains high (Bigné-Alcañiz, Ruiz-Mafé, Aldás-Manzano, & Sanz-Blas, 2008). In another study by D. Gefen, Karahanna, and Straub (2003), the author had used the TAM model in their study on the component of trust and found the antecedent, perceived ease of use of the web site can increase trust in the company and subsequently increase the perceptions of the usefulness of the site by the user. Thee TAM theory has undergo many updates such as by (Viswanath Venkatesh & Fred D. Davis, 1996) where in the study, the variable of attitude was removed from the model in the study due to no significant mediation effect between perceived ease of use and perceived usefulness towards the behavioral intention. Additionally, the exclusion of

the attitude variable in other studies was also tested by such as the studies by Ramayah and Ignatius (2005), V. Venkatesh and F. D. Davis (1996) and Venkatesh and Davis (2000).

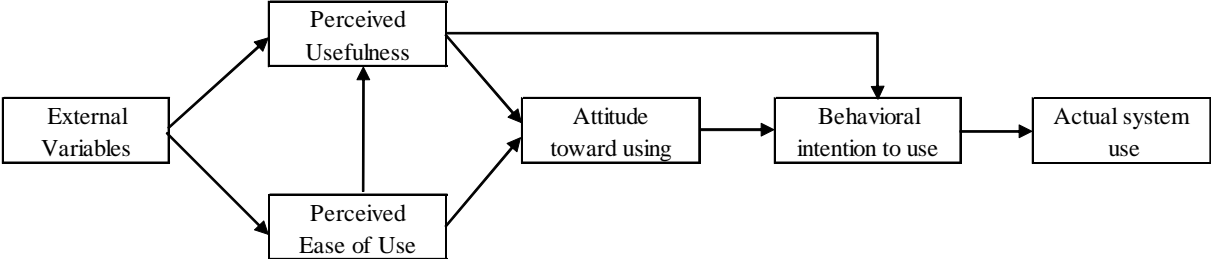


Figure 2.2 Technology Acceptance Model

### 2.5 Trust Model

The trust has been defined differently in terms of sociology, psychology and organizational behavior but in social psychological studies, trust is defined as the belief that other people will behave or react as expected from the user. According to P. A Pavlou (2003), trust is just a belief that that relay on other people’s promise. In e-commerce studies, there have been many researches done on understanding the trust component and its antecedents. McKnight, Choudhury, and Kacmar (2002) mentioned trust beliefs are inclusive of online customers’ beliefs and expectations on trust characteristics of the online retailer. Online customers expect the online retailer in willing to act in according to customers’ interest with

honesty and capability to deliver products or services as promised. Other literature on trust, such as Quelch and Klein (1996) mentioned that trust is a critical factor in stimulating purchases on the Internet and David Gefen (2000) studied that trust and familiarity have strong relationship on online customers' intention to purchase or use the system. In a study by Jarvenpaa, Tractinsky, and Saarinen (1999), it was found that the perceived reputation had significant impact on consumer's trust and no strong cultural relationship was found on the antecedents of trust. Jarvenpaa et al. (1999) also suggested that web site's design, ease of use, aesthetics and languages also have an impact on the trust of the user towards the system. Another study by D. Gefen et al. (2003) used Technology Acceptance Model (TAM) to explain the development of trust among online consumer in online shopping. In the study, the authors observed that perceived ease of use of the online site can increase user's trust towards the online seller and subsequently increase the perceptions of the usefulness of the site. Additionally, the results from the study managed to show that the online trust increases when customers believe that the online site is safe and vendor has no advantage to gain by cheating.

The constructs which based on the discussion of the TAM and trust model above are hypothesized that the user intention to use online flight reservation is affected by by the following component of perceptions of company which are listed below :

### **2.6.1 Perceived willingness to customize**

The perceived willingness to customize is defined as the perception of the readiness of the company to provide customized products or services to its customers(Marios & William, 2004). Other studies have found that the willingness of the company in providing customized services has shown positive antecedent to customer trust in offline commerce (Devaraj, Fan, & Kohli, 2002). According to (D. Gefen et al., 2003) trust refers to the confidence a person has in his or her favorable expectations of what other people will do (Gefen, 2000). Other studies, J. F. George (2002), Heijden, Verhagen, and Creemers (2001) and P. A. Pavlou and Chai (2002) found that trust is one of the determinant of online shopping attitude and it significantly affects consumer's intention to make a purchase or reservation online (Lynch, Kent, & Srinivasan, 2001). Thus, the perceived willingness to customize can be a determinant in affecting the trust and subsequently the intention of the consumer in adopting online shopping or services. A company which is willing to provide customized products or services could signal the customer that they are willing to provide additional effort and care on them. In the current marketing strategies, it has been found that customers want to differentiate themselves on the products or services from the masses. In products and services, such as travel or airline reservation, the customization is not becoming a value-added or special service offered by a



selected number of companies. New online customers expect these companies to provide customization on their travel date or travel arrangements. This effect will be stronger for new customers since they do not have clues from previous experiences to judge the company. Therefore, they tend to compare the new company which they visit with the other companies which they have experienced previously and considered normal. According to (Marios & William, 2004) they believed the scenario is likely to happen for computers and airline tickets as well. Computers such as desktop and laptops, started of being customized for customers since many years ago. One of the best example is Dell which provide mass customization. Dell's ability to customize their computers according to customers requirement started over the phone method and evolve to the use of Internet for customer to order online. For airline ticketing services, the level of customization of services is different from what Dell practiced. Airline companies only provide fixed destinations which provide higher profit margins to them as the operating cost of an airplane is costly. Thus, it is worth to investigate the level of trust to the airline companies by the customer if they provide a customizable services to determine whether the level of trust increases or decreases. Online customers who perceived the company as willing to customize its products or services more likely to increase their trust on the airline company and subsequently increasing their intention on using the e-reservation system. Thus, its expected that:

**H1: The perceived airline company's willingness to customize its service positively influences the user's trust towards online air flight reservation system.**

## **2.6.2 Perceived reputation**

Perceived reputation in this research was defined as the degree of people which believed company's honesty and its concern towards their customers (Doney & Cannon, 1997). This definition is also in consistent with trust is a belief in the firm's benevolence towards its customers, a belief in the integrity regarding a firm's business practices, and the perception of the ability of the firm to deliver on its promises (Mayer, Davis, & Schoorman, 1995). Relevance of the reputation in the online context has also been established as observed in other online services such as Mudah.my or Lelong.com.my in Malaysia online context. According to previous studies, the feedback information influences buyer's behavior and trust towards a firm (Ba & Pavlou, 2002) while the expectation of future business and dissatisfied buyers which poses threat of retaliation all influence the seller's behavior (Resnick, Zeckhauser, Friedman, & Kuwabar, 2000).

A study done by Marios and William (2004) found that the reputation of the company have a positive effect on the level of trust of the online user. This shows that branding of products has the effect to build the initial trust of potential customers to use the company products or services. In another study in the online environment also found that there is a positive relationship between reputation and initial trust (McKnight et al., 2002). In their research, they have manipulated the perceived reputation by using web site which informs their subjects through advertisements which mentioned that the law firm running the web site was rated among the top 50 in the nation. Through their research, they found that perceived

reputation had a positive effect on both trusting beliefs in the company's well as trusting intentions toward the company for new customers. Thus, in this study it is hypothesized that :

**H2 : The perceived airline company reputation positively influence the user's trust on the online flight reservation system.**

### **2.6.3 Perceived trust**

Previous studies have used the TAM and trust in their framework for their research. In previous literatures as well, the trust antecedent is a mixed belief-intention variable. The trust intention is replaced by the intention variable of TAM when trust is integrated into TAM which means trust in TAM is a trusting belief, reflecting the online customer desires the online sellers to be willing and able to match customers' interests, honest in performing transactions (not revealing personal information to third parties), and capable in delivering the offered goods or services as promised (Tzy-Wen & Wen-Hai, 2005). Based on previous studies by Corbitt, Theerasak, and Han (2003) and P. A Pavlou (2003), it has been found that trust is one of the important factors which influences the e-commerce success. Other sources also indicated that the third item from the top ten inhibitors and barriers to e-commerce is the trust antecedent ("CommerceNet Report," 1999). It is also stated that issues affecting trust in the e-commerce industry, especially on the credibility, privacy, security, and users' perceived