

A selection of On-board Sales Decreased Solution by using Root Causes Analysis Integrated with AHP Method

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1.1 Background

The Global Airline Industry is facing challenges due to many factors that range from economic, social and politics. Low- Cost Carriers (LCCs) and Full Service Carriers are in severe competition and also are in high volatile oil prices. Further Revenue passenger count remains static or at a very minimal increase, whereas number of carriers flying on the same route keeps increasing and every airline are fighting for the same cake. Airlines are operating with five to seven percent margin and are forced to earn extra revenues for saving cost as much as possible. New technologies and work process improvements made airline industry can change in a huge savings and contribute revenues from many activities. For the reason, the topic in selection of airline on-board sales decrease solution has been interested because yield affects to airline success and even profitability. As for any industry, operating profit for an airline is defined as total revenues minus total operating expense (Belobaba P, Odoni A, & Barbhart C, 2016 : 49). Although many carriers outperform industry averages and handful generate returns which do exceed their cost of capital (e.g., Ryan Air and Air Asia), the industry as a whole has not been capable of sustaining profitability throughout entire economic cycle. The top of the most recent up- cycle, the industry remained in debt and earned a net margin of little more than one percent. A normally competitive industry would be expected to earn its cost of capital, but the airline industry has not yet to achieve this (Holloway S, 2008). Researcher recognized the importance of selling goods to customer while they are flying with air carriers. Airline service quality, in particular, is not limit only to food service and flight entertainment. On-board shopping is also a service that airline provide to their customers. On-board sales contribute revenue to airline and deliver service to passengers at the same time. The impressive on-board experience with full service provided is essential to keeping volume up (O'Connell & Warnock-Smith, 2013). When customers fly, they expect to enjoy their flight. their

on-board experience make them be delighted many customers share their perceptions of that flight experiences, from time to time and made the word of mouth is spread out. Even though on-board sales are not factors influencing customers' decisions to buy tickets, the shopping on board is valuable for both customers and airlines.

1.2 Statement of the Problem

Little research has been done to analyze the situation of on-board sales. Furthermore, no study has attempted to identify, describe and propose solution on the declining of on board sales figure. In reviewing current research on airline performance and service quality in the industry, many studies reveals customers satisfaction and factors to determine to choose airlines by using statistical testing on data collected. Low in sales of on-board sales is one of big problem of airlines financial. This research is important because personnel concerned airline industry including airline students in universities can expand their knowledge of airline revenue management and sales strategies. In recent years, the airline industry experienced declining service quality performance while fares and fees continue to rise. The airline industry seemingly faces problem of survival on a severe price war. Profitability of on-board sales is extra revenue.

1.3 Purpose of the Study

This study intends to study the root causes of on-board sales decreasing and propose potential solutions then propose projects that can solve problems. Determine the most suitable project to assist the airline innovation and marketing. The purposes of this study were to:

1.3.1 Assess potential and analyze the root cause of on-board sales decrease.

1.3.2 Create a model for making a suitable decision in solving the problem.

1.3.3 Select an appropriate project with the highest value of weight by using Analytic Hierarchy Process.

1.4 Research Questions

The following are research questions to accomplish the aims of this study:

1.4.1 What are the causes of on-board sales decrease?

1.4.2 What alternated projects are capable to increase the figure of sales on-board?

1.4.3 Which project is the top priority best suits this problem?

1.5 Significance of the Study

The problem of figure of sales on-board is low is a problem that many airlines are experiencing, These problems may be the factors that airlines cancel on-board sale commencing, which reduces the level of customer satisfaction on on-board service. To maximize passenger's satisfaction, raise the level of service and increase the revenue channel for airlines. For this reason, the root causes is necessary to identify and analyze which will lead to develop projects for problem solving. This study will provide information on potential projects that affect the on board sales figure in airlines in Thailand.

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