The Development of Consumer Protection Policies in Malaysia

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The Malaysian government is aiming for Malaysia to become a high-income nation that is both inclusive and sustainable by 2020. The government defines high income as a per capita income USD15,000 or MYR48,000 in 2020 based on the World Bank's current definition of high income. The high-income objective is not just a quantitative target. It is also about Malaysia becoming an advanced, developed nation with an economy possessing the characteristics that are common to developed nations. Advancement in the information and communication technology (ICT) and globalization has caused marketplace to evolve and becomes more complex and challenging. Today's consumers are constantly faced with a wide variety and selection of goods and services in the market. Therefore, consumers must be equipped with high consumerism knowledge and skills. Malaysian consumers must be kept abreast with what is going on in the market, improving their ability to take action and make decision effectively, so as to ensure that they become more empowered, savvy and resilient consumers nowadays and during becoming developed nation in the near future. However, without government intervention in protecting consumers through adequate legislations and enforcement, the idea of producing "empowered consumers" will be not achieved. This paper aims to discuss the development of consumer protection policies in Malaysia.

[a]An Analysis of Female Consumers' Preferences of Reward Benefits and Travel Purposes

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Loyalty Reward Programs offer reward as a key instrument for attaining loyal customers. Reward has proved strongly in affecting customer's making decision and also their behavior change as well. Frequent Flyer Program (FFP) is one of loyalty program widely employed in airline industry.FFP award consumers frequent flyer mileages for purchased flight in which the consumers may change their awarded mileages for many reward benefits.The study aims to examine the preference reward benefits offered through FFP on different gender, nationality and profession. Moreover, the travel objectives on different gender, nationality and profession were also examined. The study used primary data which were collected through online survey with a web-based questionnaire. The demographic data of respondent (n=475) were cross-tabulated. The result indicate that award ticket is perceived as the most preferable reward amongst male, female, Indonesian and all professions. However, foreigner considered upgrade tickets. Regardless of travel objectives, the airline flights were selected.

Keywords : Frequent Flyer Program, reward benefit, travel objectives

An Analysis of Female Consumers' Preferences of Reward Benefits and Travel purposes[1)]

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ABSTRACT

Loyalty Reward Programs offer reward as a key instrument for attaining loyal customers. Reward has proved strongly in affecting customer's making decision and also their behavior change as well. Frequent Flyer Program (FFP) is one of loyalty program widely employed in airline industry.FFP award consumers frequent flyer mileages for purchased flight in which the consumers may change their awarded mileages for many reward benefits.The study aims to examine the preference reward benefits offered through FFP on different gender, nationality and profession. Moreover, the travel objectives on different gender, nationality and profession were also examined. The study used primary data which were collected through online survey with a web-based questionnaire. The demographic data of respondent (n=475) were cross-tabulated. The result indicate that award ticket is perceived as the most preferable reward amongst male, female, Indonesian and all professions. However, foreigner considered upgrade tickets. Regardless of travel objectives, the airline flights were selected.

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INTRODUCTION

Amongst total Indonesian population of 248,645,008 in Indonesia, 49.65% of them are female (BPS, 2012). Woman has been obtained more access for higher education compared to past ten years. Referring to BPS (2011), population distribution of female education was 90.37% on primary school, 69.32% on junior school, and 48.31% on senior school. Education and profession are two of consumers' characteristics that relate each other (Sumarwan, 2011). It is applied in Indonesia where population distribution of working woman at urban area is 56.55%.

Education has determined the type of work done by consumer, while some of professions could only be accessed through specific formal education background to be able to work for the respective job. Education level influences the values people place on various attribute combinations as they proceed through weighing and balancing to derive preferences and, ultimately, product choices (Sumarwan, 2011).

Air travel is getting much easier. Indonesian airline industry is growing significantly, about 30% y-o-y. It is now practical that air travel can be completed in the same day considering much more flight schedules have been offered.

Previous empirical study reports that the airline choice probability increases from 50% to 72% for travelers who become members of that airline's FFP, and to 92% for frequent travelers who actively participate in that airline's FFP (Moreno, 2006). Other past studies had also identified the frequent flyer program as one of the determinants in airline selection (Kaynak, 1994; Toh et al, 1996; Chin, 2002; Hsu & Wen, 2003; Suzuki, 2003).

As the main objective of frequent flyer program is for passengers who travel frequently then the target of this program is business travelers whom are induced to choose the particular airline consistently over competitors.

While research regarding traveler preferences was common, the perceived importance of specific frequent flyer benefits for overall travel experience was rarely been considered (Lieble A., 2010). Theory of consumer behavioral learning proposed that consumer learns by means of senses and perceives, and responses in reaction to events/happenings in a person's external environment. Mileage awarded by airline for passengers who have flown for a certain miles has been intended to educate customer through operant or instrumental conditioning process. Passenger is rewarded for his behavior – i.e. free ticket as an exchange to miles redemption – thereby encouraging repetition of the response as a consumer behavior (Sumarwan, 2011). Referring to behavioral learning context, award ticket redemption reward has been defined as product reinforcement by fixed-ratio reinforcement (schedule) from product consumption for its influence the likelihood of repetition of response using the airline. FFP reward also named as reinforced reward (Rothschild & Gaidis, 1981). Reinforcement theory proposes that reward or reinforcer was one of the most dominant paradigms in strengthening human behavior.

This research reviewed parts of primary data collected for the dissertation from the point of view of customer behavior related to perceived rewards offered through Frequent Flyer Program (FFP). In specific, the study examines the preference of reward benefits and travel purposes among travellers of different gender, nationality and professions.

This study becomes unique by accessing direct FFP relationship between the airline and the members to examine the value of FFP members. Research with access to actual FFP data from an airline is still uncommon (McCaughey & Behrens, 2011). This result does contribute to the literature on relational reward programs and suggestion to the industry in practice about how perceived reward offered through frequent flyer program and travel objective do influence travel behavior in different gender and nationality and profession.

METHOD

Research Design

The analysis to examine traveler behavior of Loyalty Reward Program' members on perceived rewards and travel purpose in a different gender, nationality

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and profession used primary data through online survey. The data were collected from the membership of loyalty program through online survey in August 2013. The loyalty program was referred to FFP of a state owned airline in Indonesia, Garuda Indonesia.

Respondents were invited to participate in the study through Garuda' e-blast system which included an embedded URL link to the online survey hosted by googledrive engine. A website was constructed containing the survey instrument. The survey was divided into two sections. The first part provided direction and assurance of confidentiality, followed by total of 9 (nine) questionnaires on the customer profiles and a question on member' preferences on the reward benefits. The detail of the questionnaire is presented in attachment 1. Respondent who participated on the study was awarded an incentive of 300 GFF free miles credited to his/her GFF account.

Sampling Technique

A stratified random sampling was generated by the system. Stratified sampling is determined based on the tier level then the individuals are chosen based on random sampling. The sample size is 4,900 members of the FFP. A total of 475 respondents returned usable responses. A response rate is 9.69% including invalid and bounced emails. In term of representation of the population variance and desired precision, Krejcie & Morgan (1970) recommended an optimum sample size (n) of 384 for the population of the respected FFP members (594,302) at 0.05 of standard error. Hence, the sample size of 475 in the study is denoted as adequate representing the model.

Variable

The dependent variables are preferences on perceived economic reward benefits. The respondents who were the GFF members were asked to select one of the six rewards provided by the airline which was the most prefered (award tickets, upgrade tickets, staying at partner' hotel, shopping from in-flight catalog, donation to a charitable cause, and travel package). Travel purposes variable consisted of two variables, travel for business purpose and travel for leisure purpose. Respondents were asked to express their agreement on the statement that their travel was for business purposes. Respondents were also asked to express their agreement on the statement that their travel was for leisure purposes. Respondents were asked to select one of the six scale from 1 (strongly disagree) to 6 (strongly agree). For the purpose of descriptive analysis, the scales were transformed into two categories: 1= disagree, and 2=agree. Independent variables are gender (male and female), nationality (Indonesian and Foreigners), and Profession (Government official, business executive/owner with 5 and more workers, business executive/owner with less than 5 workers, Professional/Manager, Staff, and others.

Framework

The framework model examines the following relationships:

- Analyze preference of reward benefits between male and female, different nationality, and different profession
- Analyze air travel purpose behaviour in terms of business purposes between male and female, different nationality, and different profession
- Analyze air travel purpose behaviour in terms of leisure purposes between male and female, different nationality, and different profession
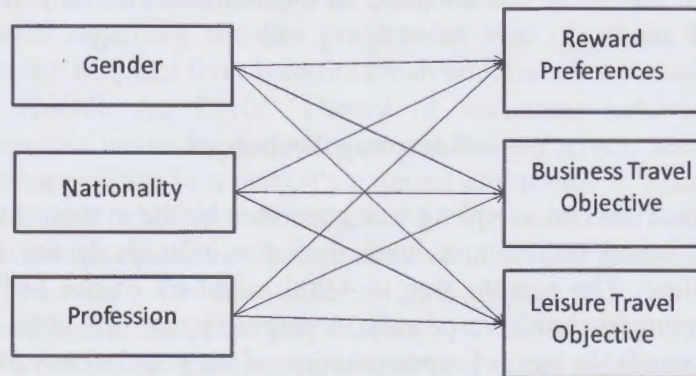

Figure 1 Framework of the study

Data Analysis

The analysis preference in reward benefits, business travel objective and leisure travel objective on gender, nationality and profession of the FFP members were conducted by cross tabulation analysis.

RESULT AND DISCUSSION

Descriptive Analysis

Four hundred seventy-five respondents were participated on the online survey. Sample distribution of GFF members for this study is dominated by male members (79%), Indonesian nationality (82%), age between 31-40 years (37%), blue tier (53%), graduated from university or equivalent (60%), working as government official or professional/manager each at 32%, and living in Indonesian country of region (82%).

Most of the respondents have an exclusive FFP membership only with the respected airline (69%) and preferring flight-related redemptions, free ticket and upgrading (75%). Majority of the respondents (61%) decided on award ticket as the most preferred redemption program. Referring to behavioral learning theory, award ticket redemption reward has been defined as product reinforcement by fixed-ratio

reinforcement (schedule) from product consumption for its influence the likelihood of repetition of the response as a consumer behavior (Sumarwan U et al., 2011).

The correlation between preference in reward and demographic analysis

The preference of members on reward benefits by different gender, nationality and profession were examined by cross tabulation as presented in Table1, 2 and 3.

Reward preference by gender

Award ticket was perceived as more important than other reward benefits of the mileage redemption program. Higher portion of female members (62.62%) prefer award ticket for redemption program than male members (59.24%). However, higher portion of male members choose upgrage tickets than female. The result indicated that flight comfort is more significant to male than female members. Mileage redemption of travel package was perceived more important for females than male. In fact, female members consider travel package as the second most preferable reward benefits. However, contradictory from the common perception that woman do more shopping than man, the result indicated that shopping from in-flight catalog and staying at the partner' hotel are more important for male than female members.

Table 1 Cross tabulation preference on reward and gender

| | | GENDER | | Total |
		Female	Male	
Award ticket	Count	67	218	285
	% of GENDER	62.62	59.24	60.00
Donation to	Count	1	1	2
a charity	% of GENDER	0.93	0.27	0.42
Shopping from	Count	4	25	29
in-flight	% of GENDER	3.74	6.79	6.11
Staying at GFF	Count	1	12	13
partner hotels	% of GENDER	0.93	3.26	2.74
Travel package	Count	22	52	74
	% of GENDER	20.56	14.13	15.58
Upgrade ticket	Count	12	60	72
	% of GENDER	11.21	16.30	15.16
	Count	107	368	475
	% of GENDER	100	100	100

Reward preference by nationality

Indonesian selected award ticket, travel package, upgrade ticket, shopping in-flight catalog, staying at hotels, and donation as the most to least preferable reward benefits. Foreigners considered upgrade ticket, award ticket, travel package, staying at hotel partner, and shopping as the most to least important reward benefit.

Table 2 Cross tabulation preference on reward and nationality

		NATIONALITY		Total
		Foreigner	Indonesian	
Award ticket	Count	37	248	285
	% of NATIONALITY	44.58	63.27	60.00
Donation to	Count	0	2	2
a charity	% of NATIONALITY	0.00	0.51	0.42
Shopping from	Count	1	28	29
in-flight	% of NATIONALITY	1.20	7.14	6.11
Staying at GFF	Count	3	10	13
partner hotels	% of NATIONALITY	3.61	2.55	2.74
Travel package	Count	4	70	74
	% of NATIONALITY	4.82	17.86	15.58
Upgrade ticket	Count	38	34	72
	% of NATIONALITY	45.78	8.67	15.16
	Count	83	392	475
	% of NATIONALITY	100.00	100.00	100.00

While Indonesian considered award ticket as the most preferable reward benefit, foreigners prefer upgrading ticket as the most significant. The result indicated that foreigners focus on flight comfort and convenience during travel. Majority of Indonesian are more motivated by obtaining flight-related redemption of free tickets.

Reward preference by profession

All professions considered award ticket as the most preferable reward benefit and business executive/owner with more than 5 employees having the highest percentage (65%) and staff having the lowest portion (52.50%). Upgrade ticket became the second preferable reward benefits for business executive/owner, professional/manager and other, while government officials and staff considered travel package as the second most important rewards. Donation to charity is the least preferable reward benefits for all professions.

Table 3 Cross tabulation preference on reward and profession

		PROFESSION						Total
		Bus.exc./owner (>=5 staffs)	Bus.exc./owner (<5 staffs)	Govern. official	Other	Profes/ Manager	Staff	
Award ticket	Count	26	13	100	14	90	42	285
	% of PROFESSION	56.52	65.00	64.10	60.87	60.00	52.50	60.00
Donation to	Count	2	0	0	0	0	0	2
a charity	% of PROFESSION	4.35	0.00	0.00	0.00	0.00	0.00	0.42
Shopping from	Count	1	1	10	0	6	11	29
in-flight	% of PROFESSION	2.17	5.00	6.41	0.00	4.00	13.75	6.11
Staying at GFF	Count	1	1	4	0	4	3	13
partner hotels	% of PROFESSION	2.17	5.00	2.56	0.00	2.67	3.75	2.74
Travel package	Count	6	2	24	4	24	14	74
	% of PROFESSION	13.04	10.00	15.38	17.39	16.00	17.50	15.58
Upgrade ticket	Count	10	3	18	5	26	10	72
	% of PROFESSION	21.74	15.00	11.54	21.74	17.33	12.50	15.16
	Count	46	20	156	23	150	80	475
	% of PROFESSION	100.00	100.00	100.00	100.00	100.00	100.00	100.00

The correlation between business travel objective and demographic analysis

The preference of selecting the respected airline' flight on business travel purposes by different gender, nationality and profession were examined by cross tabulation as presented in Table 4, 5 and 6.

Business travel objective by gender

Both male and female members considered selecting the airline flight is significant for business travel purposes. Higher portion of male members (84.78%) would select the flight for business trip female members (75.70%). The result indicated that selecting the airline for business trip is more significant to male than female members.

Table 4 Cross tabulation business travel objective and gender

		GENDER		Total
		Female	Male	
Disagree	Count	26	56	82
	% of GENDER	24.30	15.22	17.26
Agree	Count	81	312	393
	% of GENDER	75.70	84.78	82.74
	Count	107	368	475
	% of GENDER	100.00	100.00	100.00

Business travel objective by nationality

Both Indonesian and foreign members considered selecting the airline flight is significant for business travel purposes. However, selecting the airline for business trip is more significant to Indonesian than foreign members. The result indicated that majority of Indonesian might have the business trip at the network served by the airline which is majority Indonesia and surrounding. Foreigners might have more diverse travel destination that not all served by the airline network.

Table 5 Cross tabulation business travel objective and nationality

		NATIONALITY		Total
		Foreigner	Indonesian	
Disagree	Count	39	43	82
	% of NATIONALITY	46.99	10.97	17.26
Agree	Count	44	349	393
	% of NATIONALITY	53.01	89.03	82.74
	Count	83	392	475
	% of NATIONALITY	100.00	100.00	100.00

Business travel objective by profession

The result indicated that all profession excluding other profession taking the respected airline for business travel objective. Government worker background has the highest level of agreement (88.46%) in using the airline for business trips.

Profession with other category was considered not selecting the airline flight for business trip.

Table 6 Cross tabulation business travel objective and profession

		PROFESSION						Total
		Bus.exc./owner (>=5 staffs)	Bus.exc./owner (<5 staffs)	Govern. official	Other	Profes/ Manager	Staff	
Disagree	Count	9	4	18	12	22	17	82
	% of PROFESSION	19.57	20.00	11.54	52.17	14.67	21.25	17.26
Agree	Count	37	16	138	11	128	63	393
	% of PROFESSION	80.43	80.00	88.46	47.83	85.33	78.75	82.74
	Count	46	20	156	23	150	80	475
	% of PROFESSION	100.00	100.00	100.00	100.00	100.00	100.00	100.00

The correlation between leisure travel objective and demographic analysis

The preference of selecting the respected airline' flight on leisure travel purposes by different gender, nationality and profession were examined by cross tabulation as presented in Table 7, 8 and 9.

Leisure travel objective by gender

Both male and female members considered selecting the airline flight is significant for leisure travel purposes. Higher portion of female members (88.79%) would select the flight for leisure trip male members (77.17%). The result indicated that selecting the airline for leisure trip is more significant to female than male members.

Table 7 Cross tabulation leisure travel objective and gender

		GENDER		Total
		Female	Male	
Disagree	Count	12	84	96
	% of GENDER	11.21	22.83	20.21
Agree	Count	95	284	379
	% of GENDER	88.79	77.17	79.79
	Count	107	368	475
	% of GENDER	100.00	100.00	100.00

Leisure travel objective by nationality

Table 8 Cross tabulation leisure travel objective and nationality

		NATIONALITY		Total
		Foreigner	Indonesian	
Disagree	Count	36	60	96
	% of NATIONAL	43.37	15.31	20.21
Agree	Count	47	332	379
	% of NATIONAL	56.63	84.69	79.79
	Count	83	392	475
	% of NATIONAL	100.00	100.00	100.00

Both Indonesian and foreign members considered selecting the airline flight is significant for leisure travel purposes. However, selecting the airline for leisure trip is more significant to Indonesian than foreign members. The result indicated that majority of Indonesian might have the leisure trip at Indonesia and surroundings that were served by the airline network, while foreigners were indicated having diverse options of leisure travel destination

Leisure travel objective by profession

The result indicated that all profession taking the respected airline for leisure travel objective.The general result shows that there was no evidence to conclude that respondent took the airline flight only for business purposes considering the premium services. Profession with other category has the highest level of agreement (86.86%) in using the airline for leisure trips.

Table 9 Cross tabulation leisure travel objective and profession

| | | PROFESSION | | | | | | |
		Bus.exc./own er (>=5 staffs)	Bus.exc./ow ner (<5 staffs)	Govern. official	Other	Profes/ Manager	Staff	Total
Disagree	Count	8	5	23	3	40	17	96
	% of PROFESSION	17.39	25.00	14.74	13.04	26.67	21.25	20.21
Agree	Count	38	15	133	20	110	63	379
	% of PROFESSION	82.61	75.00	85.26	86.96	73.33	78.75	79.79
	Count	46	20	156	23	150	80	475
	% of PROFESSION	100.00	100.00	100.00	100.00	100.00	100.00	100.00

CONCLUSION

This research has taken steps to break down and understand customer behavior to reward program offered through frequent flyer program in airline industry by concluding the following result.

- Preference on Reward Benefit:
  - ✓ Both male & female, Indonesian and all profession would select free-ticket as the most preferred reward benefit, while non-Indonesian considered upgrade ticket has the highest level of preferences.
  - ✓ Foreigners prioritize more convenience flight during travel than Indonesian
  - ✓ Regardless gender, nationality, and profession differences, consumer has not yet focused on non-flight redemption. However, travel package could become potentially favourite reward for female and Indonesian members.
  Referring to behavioral learning context, award ticket redemption reward has been defined as product reinforcement by fixed-ratio reinforcement (schedule) from product consumption for its influence the likelihood of repetition of response using the airline

- The relationship between travel objective and airline selection

- ✓ Both Indonesian & foreigners, and male & female, and all profession (excluding other profession) members selecting the associated (premium) airline for business purposes.
- ✓ Regardless gender, nationality, and profession, consumer does select the associated (premium) airline for leisure purposes

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