



LAUREA
UNIVERSITY OF APPLIED SCIENCES
Together we are stronger

Market Research: How Different Product Attributes Affect Consumers' Buying Decision of Medium-haul Flights

Kalaja, Anna-Emilia

2015 Leppävaara

Laurea University of Applied Sciences
Leppävaara

Market Research: How Different Product Attributes Affect Consumers' Buying Decision of Medium-haul Flights

Anna-Emilia Kalaja
Bachelor's Thesis
Degree Programme in Hotel
and Restaurant Management
October, 2015

Kalaja, Anna-Emilia

Market Research: How Different Product Attributes Affect Consumers' Buying Decision of Medium-haul Flights

| Year | 2015 | Pages | 61 |
|------|------|-------|----|
|------|------|-------|----|

This thesis is a market research of consumers' buying behaviour. The scope is to find out how distinct product attributes affect consumers' buying decision when purchasing a flight for a European destination. Flight as a product is a more complex than described in the thesis. The study is outlined further so that the focus in the buying process is on the evaluation of alternatives. The objective of the research is to gain up to date information about consumers' buying behaviour, how different attributes are valued and how the valuation might change when several attributes are combined to one product and a price is defined. The thesis was carried out for an airline which operates in Finland and the structure of the study was designed to serve the needs of this particular airline.

The commission given is to study how important the attributes defined in the study are seen and how the views change when they are examined with the help of several variables. Buying behaviour is studied in the section where distinct service products are constructed from distinct product attributes for consumers to evaluate.

The theoretical framework of the thesis is composed of three sections. First, the markets of commercial aviation are studied and airlines with distinct business ideas operating in these markets. The second section is based on marketing mix and its components. The study was outlined so that the product and price aspects were only included from the marketing mix and it is studied from the viewpoint of a flight product. The last section examines consumers' buying behaviour and the journey of consumers' buying process. The thesis also describes how a consumer evaluates different alternatives and finds the most appealing alternative.

The research combines quantitative and qualitative methods even though the emphasis is on quantitative methods. The data collection was made by questionnaire which consisted of both closed and open questions. Open questions were included to generate qualitative data. The information gathered from the qualitative data helped to understand the reason for the choices made in the closed questions. The sample of the data was 100 approved responses.

According to the study conducted, the most important attributes of a flight product are price, direct flight and convenient departure and arrival times. However, both age and income have an effect on how important the attributes were seen. Especially when people get older, they seek for the most convenient way to travel, whereas price loses its importance. With the increase of income, the results are similar but not as consistent as with age. The price was assumed to be the leading attribute but the study showed that its position as the most important attribute cannot be taken as granted. Many were prepared to pay a bit more for a direct flight and travel comfort. On the other hand, the majority chose the flight option that was cheapest and included no amenities, which were once automatically part of the flight product. Further studies could examine more closely the most important attributes defined in the study and find out price related pain thresholds.

Keywords: airline, buying behaviour, commercial aviation, market research

Kalaja, Anna-Emilia

Markkinatutkimus: Miten tuotteen eri ominaisuudet vaikuttavat kuluttajan ostopäätökseen keskipitkää lentoa ostaessa

Vuosi 2015 Sivumäärä 61

Opinnäytetyö on markkinointitutkimus kuluttajien ostokäyttäytymisestä. Tarkastelun alla on, miten palvelun eri ominaisuudet vaikuttavat kuluttajan ostopäätökseen, kun suunnitellaan lentomatkan ostoa Euroopan sisäiselle lennolle. Lentomatka on tuotteena todellisuudessa monimutkaisempi siihen verrattuna, miten se opinnäytetyössä esitetään. Tutkimusta on lisäksi rajattu siten, että työ tarkastelee kuluttajan ostoprosessista erityisesti vaihtoehtojen vertailuvaihetta. Työn tavoitteena on saada ajankohtaista tietoa kuluttajan ostokäyttäytymisestä, siitä miten eri ominaisuuksia arvostetaan ja miten arvostus kenties muuttuu, kun useammasta ominaisuudesta muodostetaan kokonaisuus ja palvelulle määritellään hinta. Opinnäytetyö on toteutettu Suomessa operoivalle lentoyhtiölle ja tutkimuksen rakenne on suunniteltu vastaamaan kyseisen lentoyhtiön tarpeita.

Työn tehtävänä on tutkia määrällisen tutkimuksen menetelmin, kuinka tärkeiksi tutkimuksessa esitetyt palvelun ominaisuudet koetaan ja miten näkemykset vaihtuvat, kun tarkastellaan eri muuttujia. Itse ostokäyttäytymistä tutkii osio, jossa ominaisuuksista rakennetaan ominaisuuksiltaan erilaisia palvelutuotteita kuluttajien arvioitavaksi.

Opinnäytetyön teoriakehys koostuu kolmesta eri osiosta. Ensin tarkastellaan kaupallisen lentotoiminnan markkinoita ja markkinoilla toimivia liikeideoiltaan erilaisia lentoyhtiöitä. Toinen osuus perustuu markkinointimixiin ja sen eri osatekijöihin. Tutkimusta rajattiin niin, että markkinointimixistä vain tuote sekä hinta valittiin tarkastelun alle ja se esitetään tutkimuksessa nimenomaan lentotuotteen näkökulmasta. Kolmas osio tarkastelee kuluttajan ostokäyttäytymistä ja ostoprosessin kulkua. Työssä syvennyttään osioon joka kuvaa, miten kuluttaja vertaile eri vaihtoehtoja ja löytää niiden joukosta itselleen mieleisensä. Tutkimus on luonteeltaan sekä määrällinen että laadullinen, joskin pääpaino on määrällisissä menetelmissä. Aineistonhankintamenetelmänä toimi kyselylomake, joka koostui sekä suljetuista että avoimista kysymyksistä. Avoimet kysymykset haluttiin tuoda lomakkeeseen laadullista aineistoa tuottamaan. Laadullisesta aineistosta saatu informaatio auttoi ymmärtämään suljetuissa kysymyksissä tehdyt valinnat. Aineiston otanta oli 100 hyväksyttyä vastausta.

Tutkimuksen perusteella tärkeimmät lentotuotteen ominaisuudet ovat huokea hinta, suora lento sekä sopivat lähtö- ja saapumisajat. Iällä sekä tulotasolla on kuitenkin vaikutusta siihen, kuinka tärkeiksi eri ominaisuudet nähtiin. Erityisesti iän karttuessa kuluttajat hakevat helppointa matkustusvaihtoehtoa, jolloin huokean hinnan merkitys vähenee. Tulotason kasvaessa vaikutus on samankaltainen, mutta ei yhtä johdonmukainen, kuin iän karttuessa. Hinnan odotettiin jo lähtökohtaisesti olevan tärkeä tekijä, mutta tutkimus osoitti, ettei hinnan asema tärkeimpänä ominaisuutena ole kuitenkaan itsestään selvä. Moni oli valmis maksamaan hie- man enemmän suorasta lennosta ja matkustusmukavuudesta. Toisaalta suurin osa valitsi vaihtoehtona, joka oli halvin ja riisuttu palveluista, jotka aikoinaan olivat automaattisesti osa lentotuotetta. Jatkotutkimuksissa voitaisiin tutkia tarkemmin tutkimuksessa tärkeimmiksi havaittuja ominaisuuksia ja selvittää hintaan liittyviä kipukynnyksiä.

Avainsanat: kaupallinen lentoliikenne, lentoyhtiö, markkinatutkimus, ostokäyttäytyminen

Table of contents

| | | |
|---|--|----|
| 1 | Introduction | 6 |
| 2 | Commercial aviation..... | 7 |
| 3 | Marketing mix for service..... | 10 |
| | 3.1 Product..... | 10 |
| | 3.2 Price | 14 |
| 4 | Consumer buying behaviour | 15 |
| | 4.1 Consumer buying process | 16 |
| | 4.2 The leisure segment of demand | 17 |
| 5 | Research process | 18 |
| | 5.1 Questionnaire design | 20 |
| | 5.2 Designing the questionnaire..... | 21 |
| | 5.3 The validity of quantitative research..... | 23 |
| | 5.4 Sampling and setting | 23 |
| 6 | Results and analysis of the results | 24 |
| | 6.1 Results | 24 |
| | 6.2 Analysis of the results | 30 |
| | 6.2.1 Overall results | 30 |
| | 6.2.2 Results by gender, age and income | 35 |
| 7 | Conclusions..... | 44 |
| | References | 46 |
| | Illustrations | 48 |
| | Figures | 49 |
| | Tables | 50 |
| | Appendixes | 51 |

1 Introduction

This study examines customer buying behaviour of medium-haul flights. The subject is very current as competition in commercial aviation has increased during past decades. Low cost airlines have adopted a very efficient way to operate successfully which has lowered the prices and made flying something very ordinary and accessible regarding the social status of people (Hattula 2006, 12).

The thesis is conducted for an airline which operates in Finland. It is a so called traditional airline which operates globally nearly in all continents of the world but has direct flights only to few destinations from Helsinki- Vantaa airport. The competition is tougher in short- and medium-haul flights where low-cost airlines mainly operate and hence the research will focus on European markets. The definition of short- and medium haul flights vary depending on the airline but generally short-haul flights refers to domestic traffic when medium- haul flight takes usually less than five hours which generally refer to European flights provided that the airline has its hub in Europe (Air France 2009 - 2011). The target group will be restricted further for people travelling for leisure purposes. Research is done keeping on mind a particular airline and its competencies, but the research finding could benefit all airlines operating in Finnish markets regardless of the business model of the airline. Co-operation for the thesis was requested by the writer which was then accepted by the airline. The frames for the subject was formed together with airline's representative and then processed further by the writer of this thesis.

The objective of this research is to produce reliable data of consumer behaviour. As an outcome of this study, the company will get data of the attitudes affecting customers' buying decision of medium-haul flights. If the company, see the result reliable and useful they can implement gained market knowledge to their service products. The research will be based on the data collected via survey and hence this research has a research mission rather than research problem. The aim is not to test theories or hypothesis but analyse the outcomes in depth.

The thesis is composed of seven chapters. Chapter 1 is the introduction. Chapter 2 will define the markets of commercial aviation globally and the competitive scene in Europe. Flight product is presented in chapter 3 with help of marketing mix concept. Chapter 4 illustrates the process of consumer buying behaviour the focus being on the evaluation of alternatives. It also presents the segment of leisure travellers in commercial aviation and the assumptions associated with this particular customer group. The whole research process is described in chapter 5. This chapter also defines how the empirical part of the study was executed. Results of the

empirical study are presented and analysed in chapter 6. The last chapter sums up the research findings and presents the possibilities for further studies.

The results of this paper were ought to be analysed together with previously made studies. However, finding a similar study proved to be challenging and no research paper with similar research mission was found. Passenger Decision Making Behavior and Implications for Airline Marketing: Case Emirates by Robert Wilfing was the only closely related study found. Wilfing's work gave some ideas how to proceed with this study.

2 Commercial aviation

Commercial aviation has undergone enormous growth over the last decades as the globalization of industry and commerce has evolved. Yet the industry remains in a financially distressed state returning only marginal profitability because of high fixed cost structure, fluctuating fuel prices, a unique regulatory environment and monopolistic suppliers- which are just a small sample of the complex dynamics in airline industry. (O'Connell and Williams 2011, 59.)

In 2009, 2.3 billion passengers travelled by air worldwide. That is double amount of passengers compared to early 1990s with 1.1 billion passengers a year. The growth is largely attributed to a number of factors, including deregulation; falling fares; rise of low-cost airlines; tourism development and increased international trade which sparks business travel. (O'Connell and Williams 2011, 61.) Airbus Global Market Forecast predicts that air traffic will double in the next 15 years and face an annual growth of 4.7 % from year 2013 to 2033 which creates a demand of estimated 30 600 new passenger aircrafts. (Leahy 2014.)

As the demand for air travel increases the competitive landscape evolves constantly. Since the liberalisation of the intra-European market in 1997 airline competition has increased in most parts of the Europe, especially due to the appearance of low-cost carriers into a wider array of airports. (Lieshout, Malighetti, Redondi & Burghouwt 2015, 14.) Illustration 1 presents the airline competition level in 2012. A HHI (Herfindahl index) of 10,000 means that passengers on average only have one viable airline to choose from. Airline competition is more intense in areas that have access to one or more airports from which multiple airlines offer identical route networks.

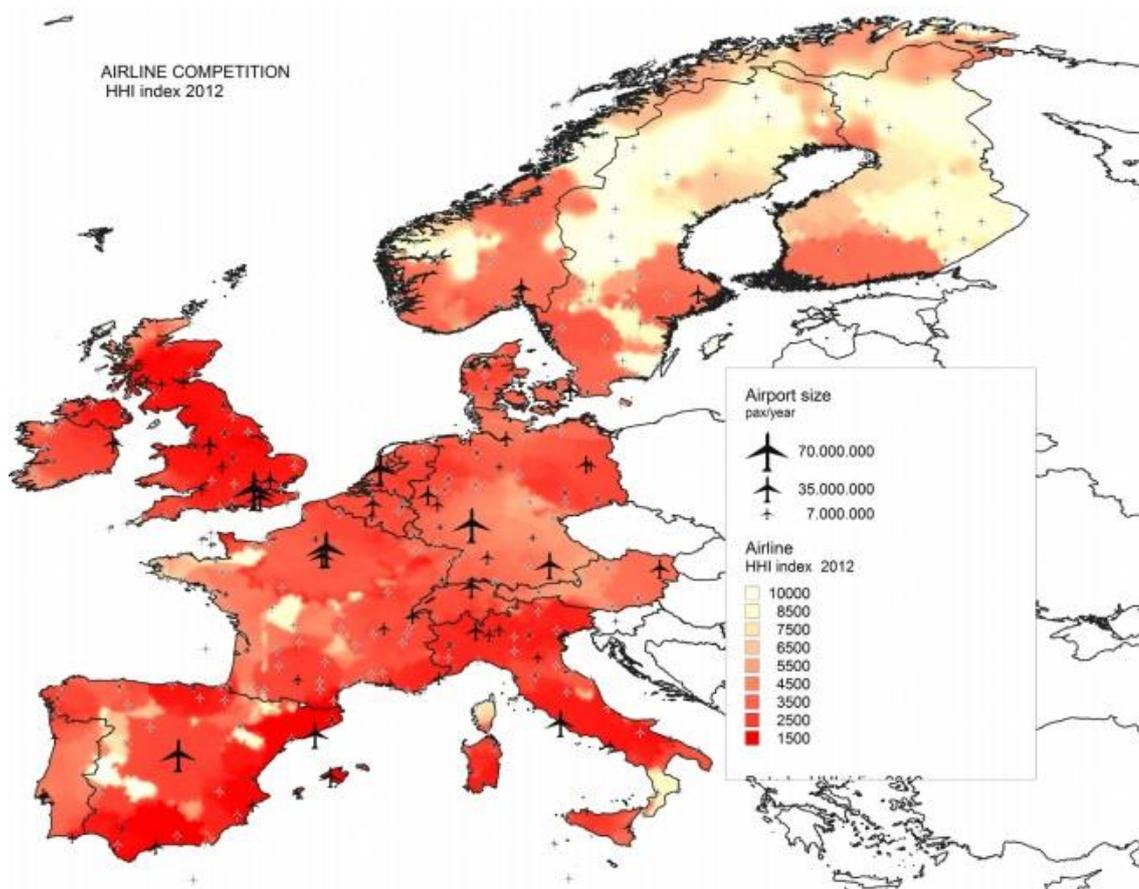


Illustration 1: Airline competition across the Europe in 2012 (Source: Lieshout et al. 2015, 7).

The competition between airlines is fiercest in Western Europe although in Germany airline competition in the areas with close proximity to large hubs is lagging behind, due to strong dominance of the Star Alliance. In large parts of Scandinavia airline competition is seen to be relatively low. These areas are often served only by few smaller airports with limited flights available. This results in limited airline choice and therefore competition. (Lieshout et al. 2015, 14.) Even though the metropolitan area of Helsinki does not have more than one commercial airport, the hub is big enough to serve multiple carriers and hence ranks in the middle on the HHI index.

Different types of airline business models

The 2.3 billion passengers travelled by air in 2009 were transported by different types of airlines. Two main business models and also most important regarding this study are traditional airlines and low-cost airlines.

Traditional airlines have a long legacy as they were mostly set up by governments in 1930s, or even earlier and continue to be the flag carriers of their respected countries. Traditional airlines have adopted a 'total market' approach meaning that they have multiple passenger cabins with cargo remaining an important part of the business model. A core competency of full service airlines is their network, which facilitates the seamless movement of passengers through a central hub from both their own network and from the networks of other carriers via code share agreements or through alliance partnership. (Graham, Papatheodorou & Forsyth 2008, 44; O'Connell and Williams 2011, 62 - 63.)

The majority of world traffic continues to be carried by these airlines and they attract high yield passengers because their business model incorporates the following traits: large networks; interconnectivity via partner airlines; a wide array of distribution channels; a wide spectrum of business amenities; flexible tickets for business passengers; a vast portfolio of in-flight products; convenient airports and frequent flyer programmes. However traditional airlines are now facing major challenges as they have emerged from decades of regulation and remain troubled with high cost structures. It is becoming increasingly difficult for network airlines to maintain their high levels of service standards do to their need for widespread cost cutting because of the low returns that the industry generates. The dual effects of high costs and the complexity of the business model are making it very difficult for traditional airlines to compete against low- cost carriers especially in the short-haul market. Nonetheless, traditional airline does have some advantages. In particular, it will have access to important synergies that will not be available to the low- cost carriers. Year-round cash flows should be better, as business travel, leisure travel and cargo all have different patterns of demand which to a significant degree complement one another. (Graham et al. 2008, 44; O'Connell and Williams 2011, 62 - 63.)

Low cost carriers operate on a very different operating platform from that traditional airlines as they offer low fares in exchange for eliminating many of the traditional passenger services. The business model engraved a framework of cost leadership that paralleled operational simplicity and high productivity together with no frills. Low- cost carriers transported over 520 million passengers worldwide in 2009, up from 300 million in 2005. Also the number of routes served by low- cost carriers has grown tremendously from the very beginning of 21st century. Low- cost carriers have completely changed the competitive dynamics within the airline industry and have placed enormous pressure on traditional airlines as their short haul traffic which acts as a feeder to their long haul operation is being threatened. It is very apparent that the business model of the traditional airlines must continue to be restructured or budget carriers could replace them and cause a paradigm shift in the global air transport market. (O'Connell and Williams 2011, 63 - 66.) For an example of this restructuration, Finnair established a new cheaper ticket class called light ticket in March 2015 that allows passengers to

travel only with a carry-on luggage within Finland, Scandinavia and the Baltics (Ikkunapaikka 2015, 5). Nowadays the light ticket can be purchased from Finnair to European and Middle East destinations as well and the concept has been introduced by various other airlines.

3 Marketing mix for service

According to Shaw (2011, 3) “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. It is more than selling: it involves a number of business activities, including forecasting, market research and analysis, product research and development, price setting, and promotion, including advertising. Marketing is customer oriented. Creating products and services that meet the needs of existing customers and attract new customers is the primary goal but it must also assist in achieving the company’s objectives: an acceptable return on investment, a reasonable level of profits, and an adequate market share (Wensveen 2011, 274).

Marketing mix is a concept used in marketing management which helps a company to develop a marketing strategy. It is widely referred to 4 Ps of Product, Price, place and Promotion but have since been extended to 7 Ps which include three further elements People, Process and Physical evidence to better reflect service delivery. The marketing mix of 4 Ps or 7 Ps, however, tends to lead to a product orientation rather than focusing on the needs of the customer. To mitigate this effect a new framework of 4 Cs was established by Lautenborn (1990). 4 Cs considers the 4Ps from customer perspective. The 4 Cs are: customer needs and wants (from the product), cost to the customer (price), Convenience (relative to place) and communication (promotion). The selection of a marketing mix which will form the company’s marketing strategy should be based on detailed knowledge of buyer behaviour collected through market research. (Chaffey & Ellis-Chadwick 2012, 258 - 259.)

This study focuses on the product and price related aspects of the airline product and hence only those parts are included in following theory. Chapter 3.1 defines the dimensions of a flight product whereas chapter 3.2 introduces the complexity of pricing and the concept of revenue management. These two chapters form the content for the empirical part of this study.

3.1 Product

According to Wensveen (2011, 274) an airline product is not a physical item at all, but services that consumers find useful. Nonetheless, it is still capable of providing- or failing to provide- customer satisfaction. Many of the analytical models developed for analysing products can also be used in the air transport industry, however, an analogous approach is necessary to

take account the intangible nature of airline product (Shaw 2011, 163). Safety, on-time reliability, convenience in terms of airport proximity or seat availability, frequency of departures, in-flight cabin services, ground services, aircraft type and the carrier's image are part of the airline product (Wensveen 2011, 274). The airline product can be also a part of a more complex product called package holiday. Package holiday includes product from different sectors such as accommodation, transport, destinations and visitor attractions. (Swarbrooke & Horner 2007, 69.)

Travel class

Historically, major airlines offered three types of seating configurations: first, business and economy. Today many airlines are moving towards two classes. Business class seating is important to airlines wanting to attract business travellers willing to pay a high air fare. Previously business travellers have been time sensitive not price sensitive meaning that the major airlines could offer a last minute seat and expect to generate a high yield. Today companies have cut down travel budgets for employees forcing business passengers to travel in economy class. For the first time in the history of commercial aviation, major airlines are relying on the revenue of economy class passengers. (Wensveen 2011, 279 - 280.)

An airline seeking the lowest cost of operation will configure its aircraft in a single class, and will place as many seats as possible in each plane. Safety considerations will give an absolute limit. The other question will be passenger comfort. An airline whose marketing strategy is based on targeting both the business traveller cannot rely on a cabin configuration aimed at producing the lowest operating costs. Instead they must develop a multiproduct philosophy, one of the manifestations of which is the need to have distinct classes of service on board their aircraft. The division between business class and economy class is made by using a flexible cabin divider which can be moved up and down the aircraft according to the relative demand of business seats and economy seats. (Shaw 2011, 180 - 182.)

In the longer term, questions of the right seating configuration for short- and medium-haul flights may be resolved by the disappearance of business-class cabins completely. In recent years, there has been a major change in the structure of the business travel market, with more and more firms insisting that their employees travel in economy class on short-haul flights or use low-cost carriers. Recent statistics suggest that in Europe only 10 per cent of business travellers are using business class, compared with more than 40 per cent 10 years ago. If such a trend continues, business class in Europe will eventually cease to be a viable product. (Shaw 2011, 182.)

Routing & schedule

In terms of current controversies regarding network and schedules planning, airlines are having to make a number of tough decisions, many of which involve the familiar trade-off between costs and product quality. Whilst many airlines try to avoid 'dead-off-night' arrivals and departures because of their unpopularity with passengers and difficulties with airport access, night flying is still a way for leisure-orientated airlines to boost aircraft utilisation and lower their unit costs. (Shaw 2011, 184.)

Many airlines have based their strategic response to the competitive challenges of deregulation on the hub-and-spoke principle. The idea is simple. The airline selects an airport with a good geographical location relative to major traffic flows. Its flights in and out of the airport are then coordinated in carefully, so that passengers can smoothly transfer from an inbound flight to an outbound flight. Passengers benefit substantially from networks based on the hub-and-spoke principle. On each of the spokes, frequencies can be much higher because the airline is carrying the traffic heading to the end destination from all the origin points, rather than just passengers in one city-pair market. Also, it should be possible for larger aircraft to be used, giving access to lower seat-kilometre costs. This may in turn result in lower fares. Despite the advantages, the role of hub-and-spoke network is becoming controversial as they are unpopular with passengers because of the delays and congestion associated with changing flights at hubs. (Shaw 2011, 185.)

Baggage restrictions

A cabin luggage is included in all air tickets regardless of the airline. Check-in baggage however is not necessarily included in the ticket price. Most low-cost carriers sell plain air tickets but enables customers to add the check-in bag online with additional cost either at the time of booking or later if needed. The weight restrictions vary from airline to airline but a common weight limit for the check-in luggage is 23 kg while the maximum weight for hand luggage ranges from 7 to 10 kilos. Nowadays almost all scheduled flights follow a piece concept which allows one bag of 23kg for each passenger. If a family of four people travel together with three bags, none of the bags should weight more than 23 kilos. Despite the fact that they are carrying one bag less than entitled.

If a customer is travelling with more than one check-in luggage or with some special equipment, depending on the airline it might be possible to pay the extra fee online or optionally at the airport. Sometimes only one of these methods is available. Traditionally an additional luggage is more expensive if bought at the airport. All extra luggage and overweight luggage

are potential revenue for the company and low-cost carriers have traditionally take good advantage of this source of revenue.

Food and bar

Back in the days catering was always part of bought air ticket but nowadays it is considered as an add-on which should be bought separately on board. Most traditional airlines still serve some complementary food from small snacks to a hot meal depending on the length of the flight. To differentiate own brand some airlines have now come up with new innovations when it comes to in-flight catering.

Air Baltic, a Latvia based low-cost carrier is known for attention-grabbing innovations. In 2013 they established a new ordering system that allows customers to customize their in-flight meal while booking the seats. During the order process passenger can choose from a wide range of meal option and combine them as wished by dragging their desired meal items onto a digital airline tray. This system was developed together with LSG SkyChefs. (Loukas 2013.)

Entertainment

Entertainment in the flight might be more essential on long-haul flight but widely in use regardless of the length of the flight. Airlines have established apps containing suitable content for all passenger segments. All this as a consequence of rapid development in consumer electronics combined with the fact that more and more travelers bring their own devices on board. Back in the day planes were equipped with an intranet which had to be connected with every single seat to give passengers an access to internet. Nowadays they are replaced by wireless network which is also a relatively cheap and light-weight solution for airlines. (Kollau 2011.)

Frequent flyer programme

Frequent flyer programme is a loyalty programme of the airline. It allows passengers to collect miles from each bought flight and use them to buy a new flight or other services provided by partners such as hotel accommodation. Optionally miles can be used for upgrade or to buy goods from airline's own shop. Miles can be collected from other airlines as well if the airline belongs to some airline alliance. With enough miles on the card, passenger will achieve different levels of frequent flyer status that brings more benefits for example in the form of lounge access and additional free baggage allowance. (Star Alliance 2015.)

Brand and Reputation

A brand is a promise that holds a distinctive position in the mind of prospective and existing customers, based on their experiences and expectations. It represents what company does and, more significantly, what a company is (Leake, Vaccarello & Ginty 2012, 18). Reputation is the sum of perceptions about a company's corporate actions held by the public in the areas where the company operates. Despite their differences, though, Brand and Reputation tend to be strongly correlated (Zandan & Lustina 2011, 2 - 3).

According to a PwC report, Experience Radar, some 45 % of leisure travellers do not want to use an airline again after bad experience. Most often some drivers of reputation are beyond an airline's control. Delays are bad for the reputation yet airlines can't control the weather or bad regulation. Rising fuel prices and taxes will put the ticket price up which is again another reputational problem. Once the reputation is at the high level, airlines can truly flourish (IATA 2014.)

Additional features

To increase an airline's chance of success in an increasingly competitive industry, the carrier should be able to offer amenities that competing carriers do not offer. Adding a sense of uniqueness will become more important as the 21st century progresses (Wensveen 2011, 281). Nowadays the whole concept of an airline might be based on unique brand aiming to get the airlines stand out from the other airlines. As an example of this, was the Song Airlines which designed its concept to appeal women and children. The airline went on bankruptcy in 2006 but before that it operated flights offering some unique services on board. Instead of the 'regular' airline food, it decided to sell organic food for health conscious women. In addition to ordinary selection of beverages, it set up a Martini Bar in the Sky serving Cosmo's, Appletoni's and Song-A-Tini's hand-shaken by a flight attendant. Sometimes they sold total of 1600\$ per flight- just organic treats and martini's. (Selvaggio 2012). Obviously for already existing traditional airline, creating a completely unique brand is not an option but it could add unique touch to its brand by adding small elements of exquisite services to differentiate it from other airlines operating in the same markets.

3.2 Price

Price is not an independent variable in the marketing mix. It can be changed in many ways such as changing the quantity of goods and services provided by the seller, changing the premiums and discounts that are offered the time and place of the payment. There are numerous of factors which influence pricing decisions. Some of these are externals such as competition,

demand conditions and government regulations while the others are internal such as pricing objectives, cost conditions and pricing policies. The objective marketing is one major factor determining the price. The flexibility a company can enjoy in pricing depends on its cost efficiency for example, how favourably its fixed and variable costs compare with those of competitors. In the short-run the price may be lower than the full cost however in long-run a company is expected to cover the full cost in order to operate profitably. Another important factor is competition. In monopolistic environment a company has great power in pricing whereas in a market characterized by perfect competition it has hardly any control over the price. The severe the competition the lower is the pricing freedom. Product differentiation is an aspect of competition. If the product or service is highly differentiated from those of the competitors, the company will have more freedom to manipulate the price. (Cherunilam 2008, 126 - 130.)

Revenue management

Revenue management is the practice of deciding which products to sell to which customers at what price under capacity constraints. The price of a product is dynamically adjusted according to the demand and availability of the products. In terms of commercial aviation revenue management is the combination of methods, analysis and techniques which an airline applies to its services in order to maximize the aircraft revenue. Maximizing the aircraft revenue means selling as many high-priced seats as possible while ensuring that the planes fly fully booked. In essence, by implementing revenue management a company tries to extract the largest amount of revenue a passenger is willing to pay. Effective revenue marketing requires establishment of differential fare structure, system fences and a reliable forecast of demand, no-show, cancellations and overbookings. (Vasigh, Fleming & Tacker 2013, 333; Sierag, Koole, van der Mei, van der Rest & Zwart 2015, 170.)

Airlines typically offer tickets for various fare classes. These fare classes not only include business and economy class, which are settled in separate parts of the plane, but also include fare classes for which the difference in fares is explained by different conditions for e.g. cancellation options or overnight stay arrangements. Therefore, the seats on a flight are products which can be offered to different customer segments for different prices. Since the tickets for a flight have to be sold before the plane takes off, the product is perishable and revenue management can be applied. (Pak & Piersma 2002, 1 - 2.)

4 Consumer buying behaviour

Buyer behaviour is relatively new field of study which attempts to understand and predict human actions in the buying role. Buying behaviour includes the acts of individuals involved in

obtaining and using goods and services including sequence of decision processes that precede and determine these acts. (Sherlekar & Gordon 2010, 24.) Following chapters introduces the journey of consumers' buying process and the leisure segment of demand.

4.1 Consumer buying process

Understanding the consumer buying process has a vital role in consumer behaviour study. It helps us to identify how a consumer makes his decision regarding buying or not buying any commodity. In most cases, a decision involves the selection of an option from several attractive choices. Buying Process is the process of decision-making leading to a purchase function and it has a problem-solving approach. (Sherlekar & Gordon 2010, 28.)

Figure 2 represents a complex pattern of a consumer decision process. The model has three different stages: input, decision-making process and output. Input is a stimulus variable including both firm's marketing efforts and the social environment. The company's marketing efforts are designed to meet customer's needs. These efforts include product/service itself, advertising, price strategies, distribution network, and all other marketing functions. The second stage is the consumer's decision making process which is affected by psychological attributes such as personality and attitudes but also including the motivation towards the product and perception as an outcome of how well the attitudes and personality matched with the offered product/service. The last stage is the output where consumer either buys or not depending on the perception formed during the decision-making process. (Sherlekar & Gordon 2010, 28 - 29.)

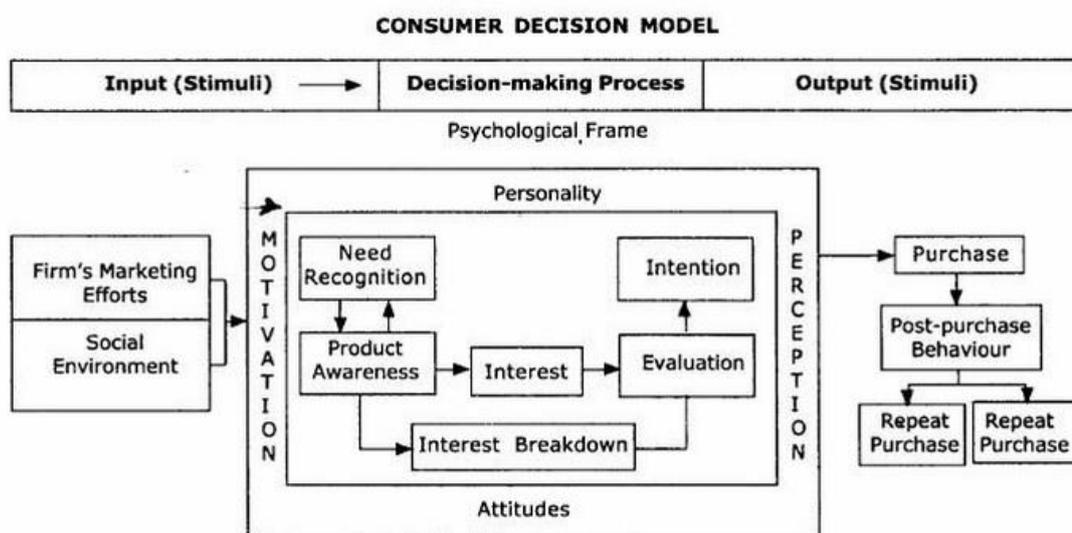


Figure 1: Consumer decision model (Source: Sherlekar & Gordon 2010, 28).

Looking back at this particular research, we are mainly interested in the decision-making process which identifies the stages consumers go through before proceeding to the last output stage and purchasing the product or service. The following paragraphs introduces how consumers evaluate different alternatives until they will find the most appealing alternative. This stage is seen to be the most relevant stage for this particular study.

Consumers do not use simple and single evaluation process in all situations. Each purchase is unique and the evaluation of alternatives depends on the individual and the specific buying situation. Sometimes consumers use careful calculation and logical thinking while the other times the same consumers buy on impulse and rely completely on intuition. If consumers would base their buying decision on only one attribute, the choice would be easy to predict. Usually most consumers, however, consider several attributes each with different importance. If we know the importance that consumers assign to each attribute, we can predict their choice more reliably. (Kotler & Armstrong 2010, 178-179.)

Consumers may rely on pre-existing product evaluation when they have direct or indirect experience with the product. If no previous product experience is stored in their memory, they will construct new evaluation. Kozak and Decrop (2009, 68) identifies two major ways to construct new evaluations of which piecemeal process is more likely to be used in evaluation of a flight product. Piecemeal process assumes that consumers do not evaluate the product as a whole but as a bunch of attributes such as price, performance and design. In piecemeal process consumers determine product dimensions that will be used in evaluation and evaluate each considered alternative based on the identified criteria. The process ends by comparing the attributes of each alternative. The difference between attributes is calculated, the value of each attribute is possibly weighted and alternatives eliminated until the preferred alternative is chosen.

4.2 The leisure segment of demand

Leisure travel consists of an approximate balance between males and females even though with older people female travellers may dominate due to their longer life expectancy. In terms of age profiles, leisure travel encompasses all ages. Children are important, whilst young adults, benefiting from reasonable incomes and few commitments, usually have an especially high propensity to fly. A period of lower disposable income then often follows, due to the costs associated with family life. Once children have left home, disposable income often rises and may remain at high levels if pension arrangements are good enough. (Shaw 2011, 41.)

Average personal income in leisure travel is often in strong contrast to those in the business travel market. In leisure air travel the dominant requirement is a cheap fare as people are spending their own money, not their company's. Leisure air travel market is and always will be low-yielding. However, despite the fact that yields tend to be low, it should not be assumed that involvement in the leisure market will necessarily result in airlines losing money. Some product features leisure travellers will clearly not sacrifice for the sake of cheaper fares, safety being the most obvious example. It is also clear that reasonable standard of punctuality performance is essential. Amongst the product areas where people will, apparently, accept sacrifices are seating comfort, airport service and catering. As with the demand for any other product, the demand for leisure travel and transport follows the 'law of demand'. The higher the price of a good, the smaller is the quantity demanded given that other things remain the same. (Graham et al. 2008, 8; Shaw 2011, 41 - 42.)

5 Research process

All companies and organizations need intelligence to survive and grow. The most fundamental reason why market research is used is to help a company to better understand its markets so that it can make sound decisions about future direction. Market research practise in tourism sector is less used which has resulted to lack of reliable, up-to-date statistic for tourism in most countries of the world. (Swarbrooke & Horner 2007, 154; Hague & Morgan 2013, 15.)

Marketing is a dynamic discipline, where customer requirements are in constant state of evolution and change, and this is why constant market research is needed to identify the new demand. This is especially the case in the airline industry, where successful airlines are likely to be those which anticipate change. Unsuccessful carriers tend to be those which wait for the change to happen and then try to catch it up. (Shaw 2011, 3.) In the 21st century, airlines around the world are finding that extensive research concerning passengers and destination is required, due to an increasingly competitive environment. Many airlines now spend great portions of their annual budget on market research because airlines have realized that passenger loyalty no longer exist. (Wensveen 2011, 274.)

This market research was conducted in a systematic manner following in most parts research process model of 10 different stages by Gelling (2015). Stages of the research process can be described using a pyramid model, in which each of the steps up the pyramid marks the next stage of the process. Each tier relies on support from preceding tiers; each stage of the research will be sound only if the earlier stages in the process are also sound. Research process is usually described as linear but the researcher may often move backwards and forwards be-

tween stages, revisiting previously completed stages and having more than one stage in progress at the same time. (Gelling 2015, 44 - 45.) Table 1 illustrates the 10 stages of which 9 were applied to complete this study.

| Stages of the research process | | |
|--------------------------------|---|----------------------------------|
| Stages | Model by Gelling 2015 | Notable |
| Stage 1 | Developing the research question | |
| Stage 2 | Searching and evaluating the literature | |
| Stage 3 | Selecting the research approach | |
| Stage 4 | selecting research methods | |
| Stage 5 | Gaining access to the research site and data | |
| Stage 6 | Pilot study | Loosely applied to this research |
| Stage 7 | Sampling and recruitment | |
| Stage 8 | Data collection | |
| Stage 9 | Data analysis | |
| Stage 10 | Dissemination of results and implementation of findings | Not included in this research |

Table 1: Stages of the research process (Source: Gelling 2015, 45).

Stages 1 and 2 have been completed by this stage of the research. Research mission was developed in the very first chapter which defined the direction for rest of the study. Stage 2 in this paper means the theoretical framework which was constructed by evaluating different literature sources. As a result of this reviewing, arose chapters 2, 3 and 4. Stages 3 to 7 are completed in this chapter. However, stage 6 will be only loosely applied to this research. The study will be piloted but it will be done very briefly, not in the extent the concept of piloting the study may refer to. Stages 8 and 9 will be executed in chapter 6. The last stage, dissemination of the results and implementation of findings is not included in this research paper as the potential implementation of findings will be done by the company this study was made for.

A combination of quantitative and qualitative research methods was chosen to carry out the empirical part of this research. However, emphasizes will be on the quantitative methods. The data will be collected by semi-structured questionnaires which enables a mix of qualitative and quantitative information to be gathered. This kind of mixed approach is useful as it enables to study the research problem from multiple dimensions and enhance the credibility of the research findings. By implementing mixed methods to research, it also allows the researcher to gain a profound understanding of the research problem. Numerical results together with narrative explanation helps to understand the social story in its entirety. Furthermore, the usage of mixed methods often leads to initiation; a study's findings may raise a question or contradiction that will require clarification, thus initiating a new study. (Hesse-Biber 2010, 3 - 5.)

5.1 Questionnaire design

Questionnaire surveys involve the gathering of information from individuals using a formally designed schedule of questions called a questionnaire. Questionnaire is arguable the most commonly used in leisure and tourism research however there has been very little research on validity or accuracy of questionnaire data in leisure and tourism studies. (Veal 1997, 145.)

Questionnaire design is one of the hardest and most important parts of market research. If the questionnaire is poorly planned in any way, the results will fail to satisfy. Questionnaire's primary purpose is to facilitate the extraction of data from respondent but it also plays an important part in the data collection methodology. It allows responses to be recorded in consistent way to facilitate data analysis. (Hague & Morgan 2013, 106.)

Semi-structured questionnaires, comprise a mixture of closed and open questions. It is used in this research as it enables to gather both quantitative and qualitative data. The paper questionnaire is planned to be designed so that it is possible to complete independently however a researcher would be close by in case someone should need help or simply prefer to do it face-to-face. The positive thing in self-completion surveys is that the complete absence on an interviewer removes a major source of potential bias in the responses, and makes it easier for respondents to be honest about sensitive subjects. (Brace 2008, 29.)

Questions are designed to collect three different types of information: information about behaviour, information about attitudes, and information that is used for classification purposes. Behavioural questions are designed to find out what people do. Behavioural questions determine people's actions in terms of what they have bought, used, seen etc. They record facts not matters of opinion and on these grounds they are important because opinions can change whereas behaviour is more stable. Even though attitudes are not necessarily right, it is also an important area of a study as people's attitudes affect their behaviour. Scales are commonly used to measure attitudes. Scalar questions use a limited choice of response, chosen to measure an attitude, an intention, an opinion or belief or a respondent's behaviour. (Hague & Morgan 2013, 109 - 111.) Attitude scales consist of from 6 to 24 items- usually attitude statements- with which the respondent is asked to agree or disagree. The principle function of an attitude scale is to divide people roughly into a number of board groups with respect to a particular attitude, and to allow us to study the ways in which such an attitude relates to other variables in our survey. The aim is to place people on a continuum in relation to each other, in relative and not in absolute terms. (Oppenheim 1992, 187.)

A questionnaire that is going to provide accurate, good-quality information needs to be thought and planned carefully before a single question is written. The first step in planning is

defining the principal information required which should be clear from the research objectives. Next step is to find out what additional is required for analysis purposes. Demographic and classification questions are usual but especially an attitudinal study may require data which enables cross-analysing of the attitudes. (Brace 2008, 35 - 36.)

Usually questionnaire starts with screening questions for targeting purposes. Screening questions screen the respondents for eligibility for the survey, depending on whether or not they belong to the research population. In many surveys the researcher wants to interview people with certain characteristics. Screening questions help us to find the respondents who meet the criteria to be included in the sample definition. After screening questions comes the main questionnaire. As a rule, it is better to work from general topics to more specific ones in order not to reveal question writer's interest as it would most likely bias the answers. Furthermore, it is generally advisable to start any section of the interview with behavioural questions before going on to ask attitudes and images. If attitudes are asked first there is a danger that respondents will take a position that is not thought through. Respondents may well then misreport their behaviour in order to justify their attitudes. All questions of a sensitive nature should be placed on the very end of the questionnaire as it allows a relationship to be built between interviewer and respondent, so that the respondent is more willing to disclose sensitive information. Classification questions are normally asked at the end of the interview as they can be seen intrusive. In addition, they are usually disconnected with the subject matter of the interview. (Brace 2008, 3 - 44.)

5.2 Designing the questionnaire

Designing of the questionnaire for this particular research started by recognizing the principal information required which was to find out how different product attributes of a flight service affect consumers buying decision when selecting a flight for a medium-hall flight. The content was constructed from the product attributes identified in chapter 3.1. The lay out, the order of the questions and the form of questions were carefully thought through with a help of chapter 5.1.

The data collection started with few screening questions to identify the potential respondents. As the focus of the study is in leisure travel and the scope is Europe, it was essential to make sure that the respondents only flew within Europe on that day. Also the nature of travel was supposed to be anything else but work related. These questions were to be asked by the researcher before handing out the actual questionnaire papers to potential respondents.

The questionnaire starts by asking the traveller's final destination. The destination itself is not so important but later on these will be categorized to destinations where one can fly directly from Helsinki and to those which requires at least two flight legs to reach the destination. After this, comes the question whether the passenger is flying directly to the destination or not. Last question of this extended screening section is with whom the respondent is flying today. This is mainly to identify the passengers with kids.

The main body of the questionnaire has two parts. First part is to evaluate how important different product attributes were to them when they chose their flight for that specific day. In total of ten distinct attributes were gathered from the chapter 3.1 and attitudinal scale was used to measure the importance of each attribute. The scale was from 1 to 5, 1 meaning not important at all and 5 very important. After attitudinal scale, respondents were asked to identify which of these ten attributes were most important for them.

The second part is multiple choice question where the respondents need to decide which flight he will take for the holiday trip to Europe. The three different options represent three different kinds of airlines operating from Helsinki. All the three flights have distinct characters and combination of the attributes. This 2nd part includes similar attributes from 1st part of the questionnaire. The similar attributes are price, routing, luggage and food. Now the respondents need to decide which attribute is the most significant one in the package of different attributes. In addition, a concrete price was given to make the question of a price more tangible. The prices are real rounded prices for certain destination with three different airlines. Obviously those would not be the same anymore due to the changing nature of the prices driven by revenue management. The prices were intentionally kept on a narrow scale as the price is expected to be the thriving force in consumer's buying decision. The aim was to find out how many is willing to pay a bit more for services traditionally included in the air fare. The price for the first and the second option will be the same if the passenger needs to have a check-in luggage. Then it is a question whether one prefers to have a direct flight or light meal on board free of charge. These two sections which construct the main body of the questionnaire are expected to support one another and provide a platform for cross analysis.

The last section of the questionnaire consists of classification question which enables to divide the answers by different socio-economic factors. Gender, age and gross annual income are included. The Age and the income are divided for several sections and for the income the option 'I do not know/I don't want to answer' is given in case it feels too private to answer to. The questionnaire can be found in its entity from appendix 1.

5.3 The validity of quantitative research

Quantitative research relies on research design and procedures worked out in advance of the data collection. Surveys using questionnaires are designed and piloted before the main survey. Questionnaire based studies relies on the treatment of statistical data derived from the questionnaires where variables are controlled for to seek out relationships and patterns in the data. Research questions were defined before the data collection process, and the results analysed to confirm or reject those ideas. (Finn, Elliott- White & Walton 2000, 26.)

Validity describes in which extent the information collected by the researcher truly reflects the phenomenon being studied. Leisure and tourism research is fragile in this area, mainly because empirical research is largely concerned with people's behaviour and with their attitudes. Furthermore, self-filled questionnaires rely solely on people's own reports in form of responses that are subject to a number of imperfections. Validity can be divided to 'internal' validity and 'external' validity. Internal validity refers to whether assumed cause produce the given effect in the piece of research. Internal validity is significantly lower in survey style of research as the only controls are statistical when the data are being analysed. External validity refers to which extent the results of the research can be generalised. It can be divided further to 'population' validity and 'ecological' validity. Population validity defines whether the research can be generalised to other groups of people outside the sample researched when ecological validity is about generalisation to other settings. (Finn et al. 2000, 28; Veal 2006, 35 - 36.)

Reliability is the extent to which research findings would be the same if the research were to be repeated later with different sample of subjects. A repetition of an experiment should produce identical results however this is rarely the case in social sciences as human behaviour is ever-changing. While measures can be taken to draw out a degree of generalisability, any research findings relate only to the subject involved, at the time and place the research was carried out. If the measuring instrument is a questionnaire, then the questions should obtain the same answer from a person each time asked. A reliable question will be simple and clear that yields the same results on different occasions. (Finn et al. 2000, 28; Veal 2006, 35 - 36.)

5.4 Sampling and setting

The sample for this study was very loosely predefined. The target group was people travelling for leisure from Helsinki to somewhere in Europe. The nationality was not restricted and the questionnaires were available both in English and in Finnish. Also Demographic related issues

did not play an important role on the sample selection. Everyone willing to fill in the questionnaire was entitled to answer and hence different age and gender groups can be represented in different volumes. This kind of sampling is called probability sampling (Gelling 2015, 47).

The gathering of the data took place at the Helsinki-Vantaa airport during the month of June. The access to the research site was requested and granted. The questionnaires were handed out at the gate a few moments before the boarding was about to be started. Initially the data was supposed to be collected via Google Forms and with the help of a tablet computer. However, this proved to be a very slow way to gather the data for such a big sample and also included some technical flaws as the internet connection disconnected once in a while which led to the loss of the data. Most of the questionnaires were hence collected by paper forms. The first days provided a test environment for the data collection and for the questionnaire design. Few parts were removed from the questionnaire after the pilot study. Those parts either proved to be useless or too complicated to provide truthful information. The piloted questionnaire can be found from appendix 2.

In addition to paper forms, the online questionnaire was also used for gathering the data. The link for the form was only shared within friends and relatives who were eligible to answer. Roughly 80% of the data was collected at the airport and 20% online using the Google Forms. In total of 100 responses were approved. A few responses did not match the criteria despite the screening questions in the beginning and hence excluded from the final data. All answers were gathered to one excel form and processed further to tables and charts.

6 Results and analysis of the results

The results of the empirical study will be represented in this chapter. The chapter starts by displaying all the collected quantitative data following the order of the questionnaire. The analysis part will deepen the knowledge by cross analysing the results with different socio-economic factors. Also the qualitative part of the research, the open questions in the questionnaire, will provide us with a platform for further analysis in chapter 6.2.1.

6.1 Results

The questionnaire started by asking respondent's travel destination. As all the destinations were to be within Europe, the destination itself will not play an important role. The more important attribute of the destination was whether the destination has a direct route from Helsinki-Vantaa airport or not. As we can't expect respondents to know this, the destinations were categorised afterwards by the writer for those with the direct connection and those without. Figure 2 below displays how many of the 100 respondents had a destination which

can be reached by direct flight from Helsinki- Vantaa airport and how many had a destination that required at least two flights to be taken to reach the destination.

Destination features (direct or non direct destination from Helsinki/ n= 100)

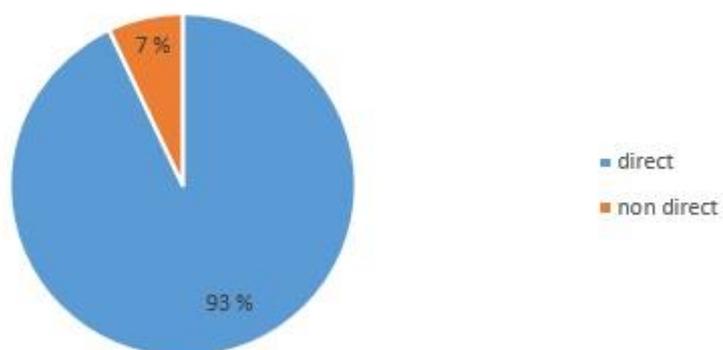


Figure 2: destination features

93% of the respondents had a destination which necessarily didn't require to take more than one flight. Only 7% of the respondents had a destination which can't be reached by taking only one flight. The second question of the questionnaire asked whether the respondents took a direct flight to their destination or if they took two or more flights to reach their destination. Figure 3 below displays the share between these two alternatives.

Route (n= 100)

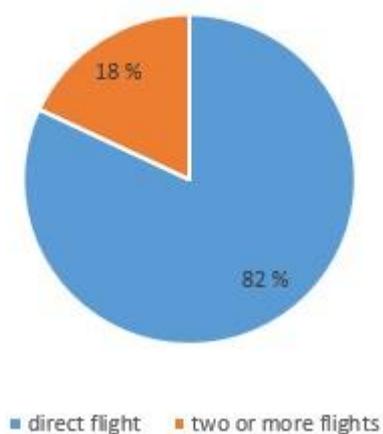


Figure 3: Route

The pie chart shows that 82% of the respondents took a direct flight to their destination when 18% of them took at least two flights to reach their destination. The majority of the respondents with a direct destination also took a direct flight for their destination. The share of multiple leg option increased from figure 3 which means that at least few respondents took a multi leg flight for their direct destination for one reason or another.

The 3rd question of the questionnaire asked respondents to evaluate how important different product attributes were to them when they chose the flight for that particular day. In total of ten different attributes were chosen to final questionnaire. Respondents were asked to evaluate the importance on a scale from 1 to 5, 1 meaning not important at all and 5 very important. The bar charts displaying the accurate value distribution for each attribute can be found from appendix 3. Table 2 below presents the calculated mean value for each attribute starting with the highest mean on top and lowest in the bottom. The values have been rounded.

| <i>Attribute</i> | <i>Mean</i> |
|---|-------------|
| <i>Price</i> | 4,31 |
| <i>Direct flight</i> | 4,26 |
| <i>Convenient departure- and arrival times</i> | 3,96 |
| <i>Check- in luggage included in the ticket price</i> | 3,69 |
| <i>Airline's reputation</i> | 3,62 |
| <i>The amount of allowed carry- on luggage</i> | 3,24 |
| <i>A meal included in the ticket price</i> | 2,86 |
| <i>Frequent flyer programme</i> | 2,27 |
| <i>Free on board WIFI</i> | 2,2 |
| <i>The possibility to buy a business class ticket</i> | 1,36 |

Table 2: The calculated mean value for each attribute on a scale of 1 to 5

As expected price received the highest importance value of 4, 31 following by direct flight (4, 26) and convenient departure and arrival times (3, 96). The possibility to buy a business class ticket was seen as least important with a mean value of 1, 36, again, expected as the target group was people travelling for leisure purposes. The attributes that were once automatically included in the flight ticket ranked in the middle amongst the other attributes. Check-in luggage gathered a mean value of 3,69 whereas meal included in the ticket price got a mean value of 2, 86. Free WIFI on board was seen as the 2nd least important attribute gaining a value of 2, 2. Airline's reputation was seen quite important with a mean value of 3, 62. Loyalty programme was one of the lowest ranked attributes with a score of 2, 27.

After evaluation of each part, respondents were asked to identify the most important attribute for them. Respondents were able to choose several attributes, hence the figure 4 below does not present the percentage value but the volume each attribute gained. While other respondents chose not to answer at all, the others chose several important attributes. This means that the bar chart describes how many times each attribute appeared in the questionnaires in total and hence the total number of 118 responses were collected from 93 respondents.

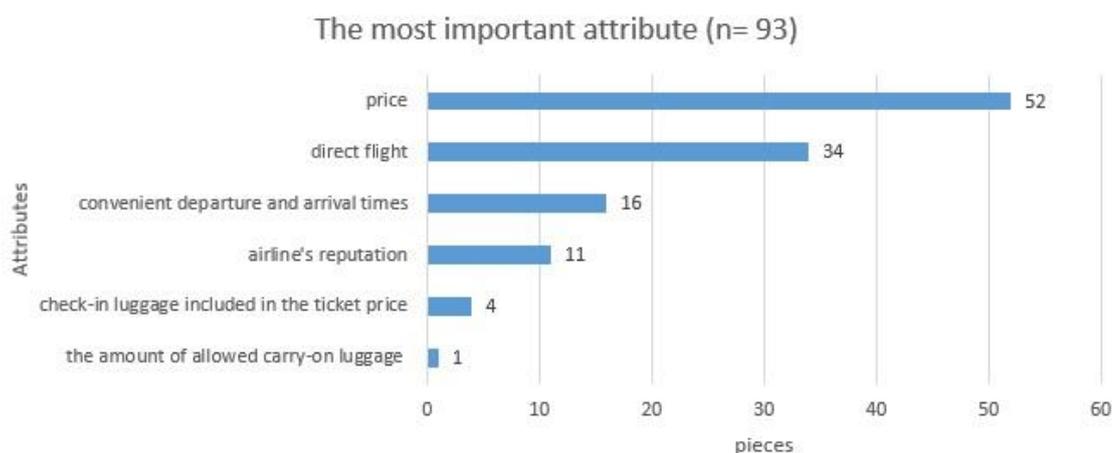


Figure 4: The most important product attribute

The table shows that price is the most valued attribute following by direct flight and convenient departure- and arrival times. Also airline's reputation, check-in luggage included in the ticket price and the amount of carry-on luggage allowed were listed as one of the most important attributes. All other attributes gained no votes for the most important attribute.

The last part of the main questionnaire included a multiple choice question where respondents had to choose the most appealing flight for their holiday trip to Europe. The alternatives were constructed from several different attributes. The options are presented in illustration 2.

- Following scenario is fictional. You are planning a holiday trip to some city in Europe. You find three potential flight options all departing at the same time. Which one would you choose from the options below?*
- A) Airline 1 offers return ticket for the price of 170 €. The flight is direct and duration approximately 4 hours. On board meal and check-in luggage are not included in the ticket price. However, you can buy a check-in luggage (23kg) for your return ticket for a price of 30 euros.
 - B) Airline 2 offers return ticket for the price of 200 €. The flight time is approximately 6 hours including a transfer of the flight in central Europe. One check-in bag of 23 kg is included in the ticket as well as light meal.
 - C) Airline 3 offers return ticket for the price of 230 €. The flight is direct and the duration approximately 4 hours. One check-in bag of 23 kg is included in the ticket as well as light meal.

Illustration 2: Multiple choice question from the questionnaire

Option A offered a direct flight with 170 €. Check-in luggage or meal was not included in the ticket price but if needed the bag allowance could be bought with 30 €. Option B offered a trip for 200 €. Meal and a check-in luggage was included in the ticket price but flight to destination is not direct requiring a change of aircraft in Central Europe. Option C offered a direct flight with 230 €. Both check-in luggage and meal were included in the ticket price. Figure 5 tells us how many of the respondents chose the option A, B and C.

Multiple choice question results (n= 100)

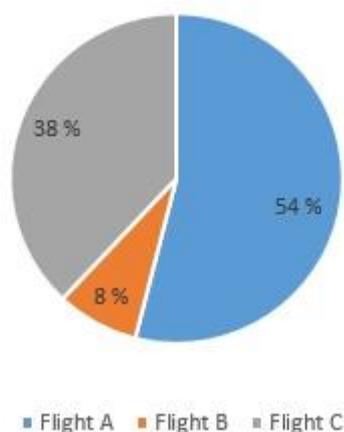


Figure 5: Multiple choice question results

The cheapest option A, was the most popular option while the most expensive but also most convenient option C, placed 2nd on the comparison. The least preferred option was B which included more than one flight to destination. In the analysis of the results chapter we will look for the reasons why respondents chose option A, B or C. The questionnaire included an open question where respondents could shortly describe what was the main criteria for their selection.

The very last part of the questionnaire included classification questions. Genders were naturally divided to two different categories: males and females. Age was divided to six categories youngest age group being 18 to 24 and oldest group 65 and older. Income was divided to seven categories lowest income group being respondents earning less than 10 000 euros. Highest income group was set to 90 000 € a year or more. One of the options was 'I do not know/ I do not want to answer'. This group wasn't used as variable on the analysis part. The pie chart in figure 6 shows that 69 percentage of the respondents were female while 31 percentages were men.

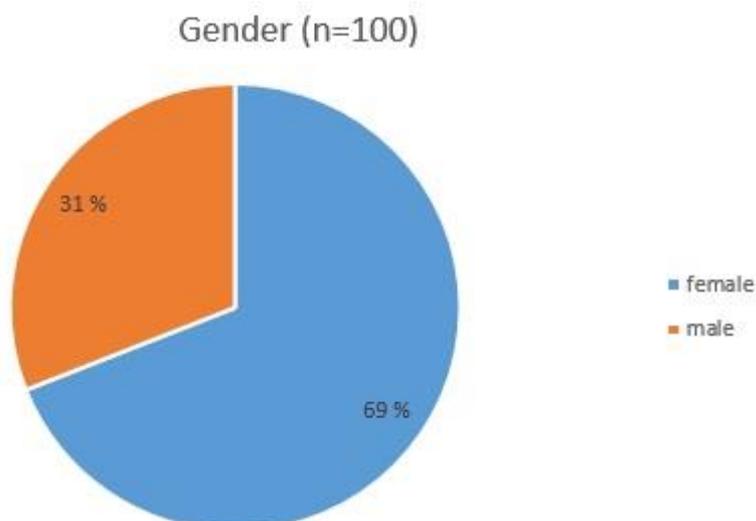


Figure 6: Gender distribution

Almost 1/3 of the respondents were between 25-34 years old as the vertical bar chart shows in figure 7. Other age groups were more equally represented except people aged 65 or more with only 3 respondents. Most likely the reason for the unequal participation rate can be found from rather random sampling.

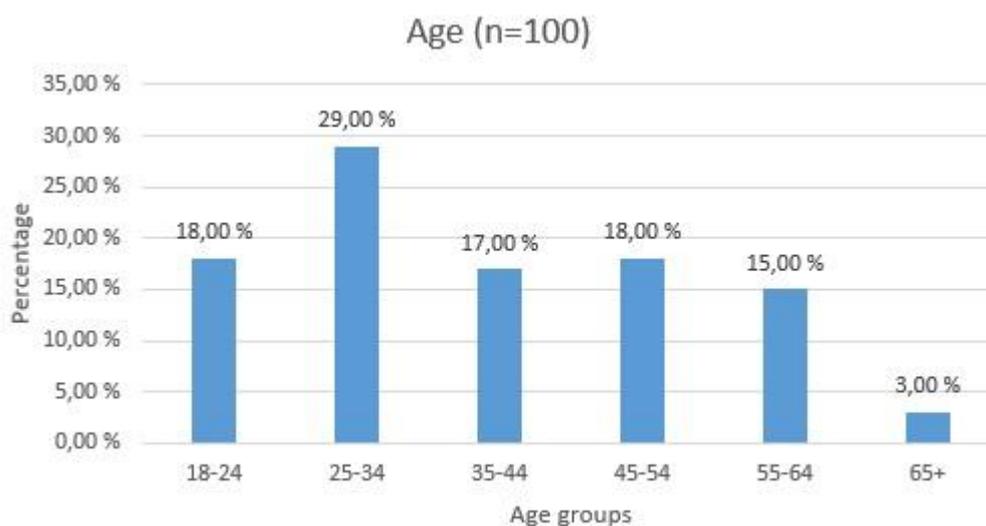


Figure 7: Age distribution

Figure 8 shows that ca. 1/3 respondents fell in the gross annual income group of 30 000-49 000 euros. The 2nd biggest group was found from people earning 10 000-29 000 a year. Quite a few did not know their gross annual income or were not willing to answer.

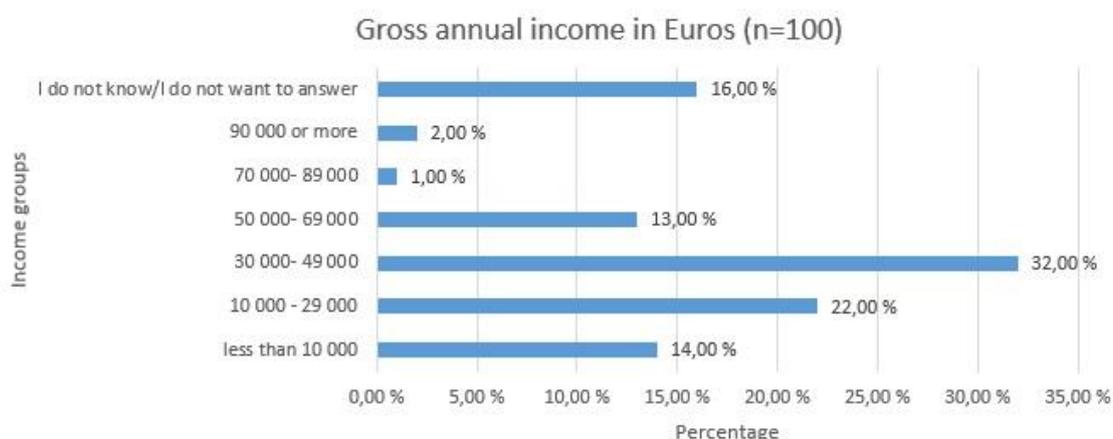


Figure 8: Income distribution

The results in figures 6, 7 and 8 are used on the following analysis of the results chapter as variables to examine how different socio-economic factors affect the valuation of distinct product attributes. This is done because of existing assumptions presented on the chapter 4.2 the leisure segment of demand. According to the theory, at least age and income will have an effect on consumers' buying decision.

6.2 Analysis of the results

The aim of this study was to find out how different product attributes affect consumers' buying decision of medium-haul flights. In this chapter, the results are profoundly analysed and possibly some patterns of behaviour identified. In chapter 6.2.1 analysis will focus on few different product attributes which were also included in the multiple choice question providing a comparison platform between peoples' attitudes and actual buying behaviour. Chapter 6.2.2 presents the results with help of gender, age and income variables.

6.2.1 Overall results

Comparing figures 2 and 3 in chapter 6.1, we can see that 93 percentage of the respondents could have reached their destination by single flight of which 82 percentages of them actually took a one flight to reach their destination. This means that only 11 percentages of these respondents opted out to take a flight with two or more for their direct destination. This result goes in line with the results received from the evaluation of distinct product attributes. Both table 2 and figure 4 indicates that direct flight was seen as the 2nd most important attribute after price. Also the multiple option results enhance the importance of the direct flight attribute further. Figure 9 presents the share between option B compared to combined results of A and C.

The multiple choice question results categorized by route attribute (n=100)

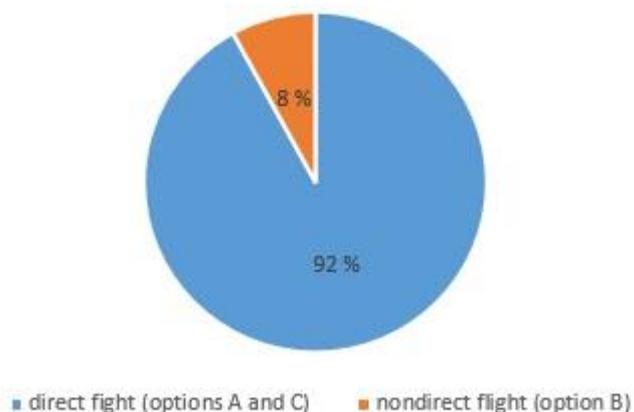


Figure 9: Multiple choice results filtered by route attribute

Option A the cheapest with a direct flight and option C, the most expensive with a direct flight together were chosen by 92 percentage of the respondents, while only 8 percentage of the respondents were willing to take two flights and chose the option B. According to the results presented above, direct flight is seen as a very important part of the flight product. The results are similar in attitudinal and behavioural questions.

The most important attribute was price as expected. The importance was obvious but not as dominating than expected. Table one showed that the average mean value for the price was 4, 31. Only 0, 05 higher than the average mean value for the direct flight attribute (4, 26). Furthermore, the figure 10 below presents how 100 respondents evaluated the price attribute on a scale from 1 to 5.

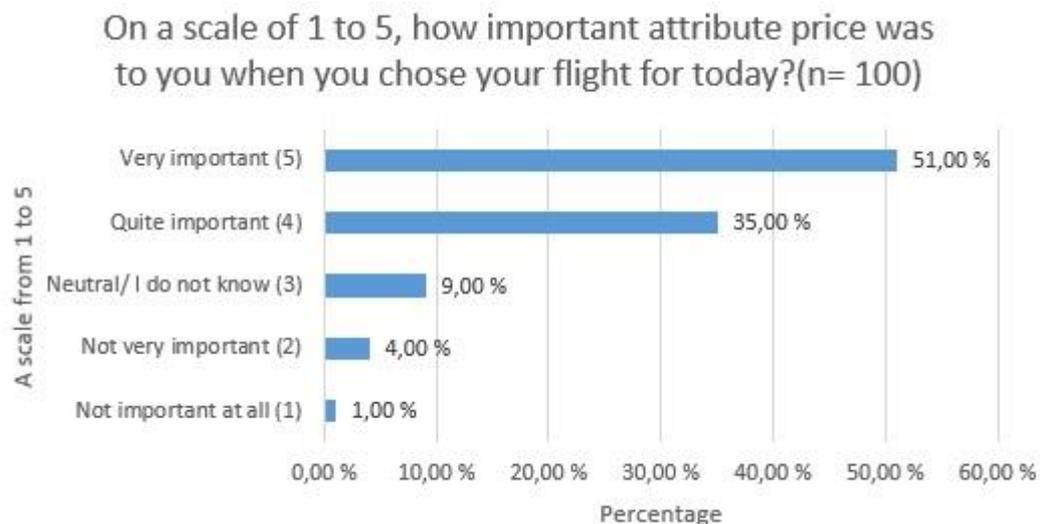


Figure 10: Detailed results for the price attribute

Only a bit more than half of the respondents chose the price to be very important when more than 1/3 of them stated it to be quite important. The open question asking for the most important attribute enhance the results that even though price is seen important it is not as dominating as we could think. Figure 11 below shows that roughly 58% respondents listed price as one of the most important attributes when 42% of the respondents did not state the price to be the most important attribute.

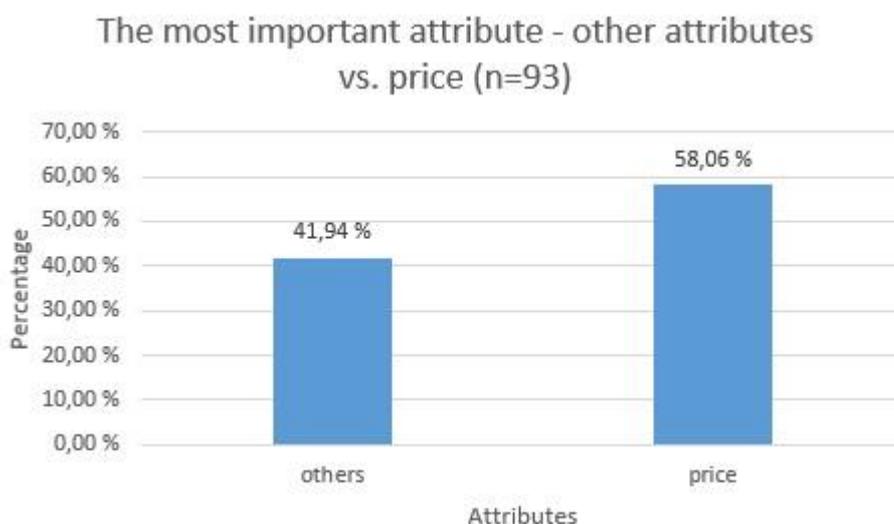


Figure 11: The most important attribute / other attributes vs. price

The left pillar illustrates the amount of papers which did not mention the price at all as the most important attribute while the right pillar illustrates the amount of papers where price

was either the only defined most important attribute or one of the listed important attributes. Some respondents did not answer to the question as it was optional. In total of 93 from 100 respondents chose to answer for the question.

The figure 6 showed us the distribution of the multiple choice results. A was the most popular following by option C and finally option B. After the multiple choice question respondents were asked to describe shortly why they chose option A, B or C. Below in figure 12 are few direct quotation of the answers generated for option A.

"I prefer direct flight when the destination is within Europe. No meal needed in a short flight so flight option A has the best value for direct flight and a luggage which might not be even necessary."

"Option B is too complicated, C too expensive as the meal won't be worth of the price difference between A and C."

"Price is 30 euros cheaper than in option C. the meal served in the flight is not worth that much."

"Direct flight. I do not want to pay for any extra amenities."

"Price. Check-in luggage is not essential for a city holiday."

Figure 12: Reasons to choose option A

The most common answer for a respondent who chose option A would be cheap price and direct flight. It seems that many of the respondents did not think they would need a check-in luggage for their holiday and so the cheapest option would be A. Those who believed to need the luggage, chose option A for the reason that direct flight is more attractive attribute than free meal on board. Only 8 of the 100 respondents chose option B and even less described the reason for their selection. Half of the respondents who chose to answer, responded similarly. The direct quotation of one response, found from figure 13, summaries and describes well all the other responses generated for option B.

"Most amenities with best price."

Figure 13: Reasons to choose option B

For those 8 respondents a direct flight did not seem to be that important attribute. The price in option B is the cheapest if you appreciate services such as baggage allowance and on board meal over direct flight attribute. The most common answer for option C would be 'convenience'. It was seen to be the easiest way to travel and also relatively affordable. Below, in figure 14, are few quotation of the answers option C generated.

"It's the most comfortable solution and the price difference is low."

"I rather pay all at once."

"6 hours is significantly longer travel time than 4 hours. Option A is cheapest but does not include meal which means that you have to buy something at the airport. Option C is the most convenient."

"A meal should be always included on a flight that takes 4 hours even though it would raise the price of the ticket."

"Dining on the flight makes the time fly faster and is overall a nice moment. With 30 euros I wouldn't extend the travel time and take two flights instead of direct one."

Figure 14: Reasons to choose option C

Those who chose option C seemed to like the idea that everything comes in a one package and so, for example, the purchase process is more simple in option C than it might be in option A. Even though, the attribute of free on board meal was not highly appreciated in the evaluation of attributes section, a few respondents stated that a meal served during the flight is an advantage if not necessity. Also the price difference was not seen huge as the other options were only 30-60 € cheaper than option C.

As a summary of these previous quotation we can draw a conclusion that those who opted out option A are driven by the cheap price. They either did not think they would need a check-in luggage for a city holiday or rated direct flight over meal. Without baggage allowance the option A is 30 € cheaper than option B and 60 € cheaper than option C. Those who opted out option B did not think that direct flight is so important. They seemed to be price conscious as the same amenities with a direct flight could have been purchased in option C with just 30 € more than in option B. Those who chose option C did not think that the price difference between option A and C was significant or alternatively appreciated the convenience over price. Quite a few also thought that a meal during the flight is essential and worth the slightly more expensive price.

6.2.2 Results by gender, age and income

On this chapter the results are analysed by using the three different variables: gender, age and income. Here we see if a different background affects how people value the attributes studied in this paper. The results here are less reliable compared to overall results as there will be less respondents when the 100 respondents are divided in to smaller categories. All the values in this chapter have been rounded.

Gender

From the 100 respondents 69 were female and 31 were male which means that the results for men are less solid. The results for evaluation of attributes are illustrated in separate bar charts as it allows to rank the attributes from the most important to least important and thus we can easily compare how different attributes rank between male and female respondents. Figure 15 presents how men valued the ten different attributes. The attribute with the highest value is on the top.

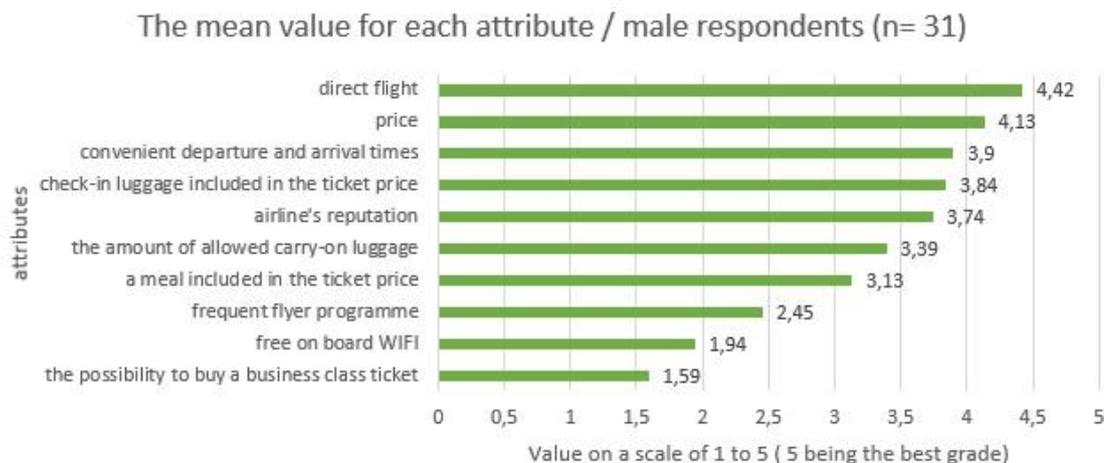


Figure 15: Attributes' mean values for men

The top three attributes are the same as in overall results but the order is slightly distinct direct flight being the most important attribute amongst men. Other attributes are ranked more or less the same way as in overall results. Female respondents valued the top 3 attributes exactly like in the overall results as shown in figure 16. The differences are only marginal as the top 3 attributes all rank within 0,4 decimals from each other.

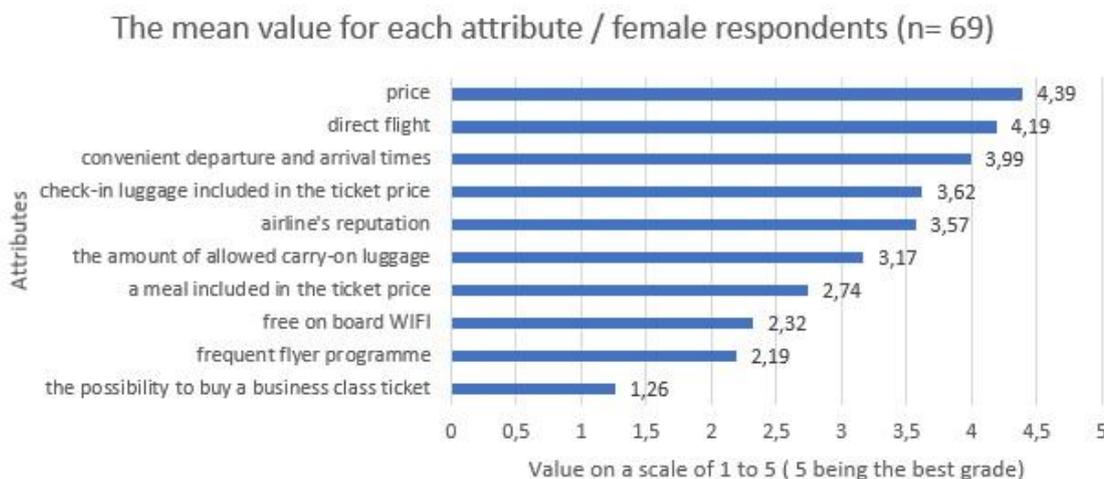


Figure 16: Attributes' mean values for women

From the figures 15 and 16 we can draw a conclusion that a gender does not have a major effect on the valuation of the provided attributes. The attributes are almost in the same order. Men appreciated direct flight above all the others when the price was the most essential for women. Overall, based on the mean value women graded all the other attributes slightly lower than men except price, convenient departure & arrival times and the possibility to buy

a business class ticket. The multiple option question did not provide any notable differences between the genders. Figure 17 illustrates how both men and women responded for the multiple choice question.

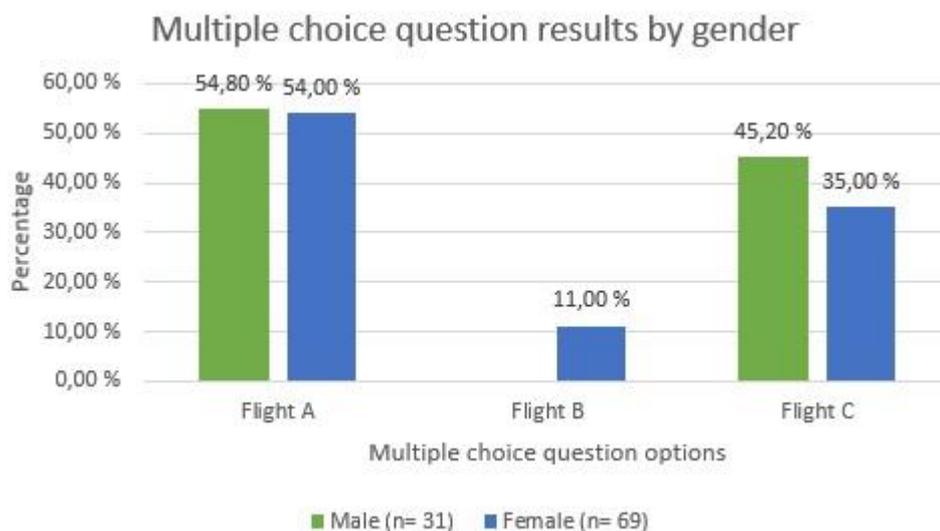


Figure 17: Multiple choice question results by gender

The relation between the three option are very same regardless the gender. A is the most popular option in both gender, C is the second popular option when B is the least preferred option likewise in overall results. Only difference is that none of the men chose option B. The reason for that might be also in the lower participation rate. Overall gender does not seem to be a variable that would somehow affect the consumers' buying decision of medium-haul flights.

Age

The age was divided to six different scales in question form. In this analysis the groups will be combined together to increase reliability so that we have three different age groups to study further on. The groups are people aged 18 to 34, people aged 35 to 54 and finally people aged 55 and over. In the first group we have 47 respondents, in the 2nd 35 and in the last 18. The results for evaluation of attributes are illustrated in separate bar charts as it allows to rank the attributes from the most important to least important and thus we can easily compare how different attributes rank between distinct age groups. The attribute with the highest value is on the top.

Figure 18 shows the results for respondents aged 18 to 34 years old. There was 47 of them which is almost half of the total amount of respondents. The results for youngest age group is similar to overall results, most likely due to the high volume of the respondents.

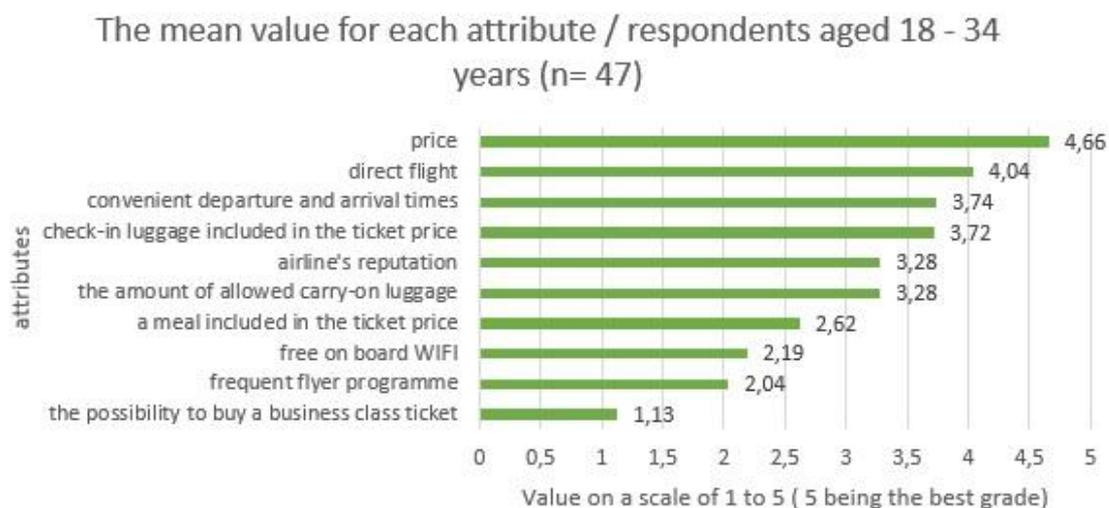


Figure 18: The mean values for age group 18-34

The top 3 attributes are price, direct flight and convenient departure and arrival times. Meal, luggage related attributes and reputation rank to middle while on board WIFI, loyalty programme and business class amenity are the least important seen by the youngest age group. Price has a strong lead of ca 0,5 decimals to 2nd attribute. Unlike with the gender, age seems to be a variable which does evoke changes in the results. Figure 29 illustrate the ranking of the attributes for respondents aged 35-54 years old.

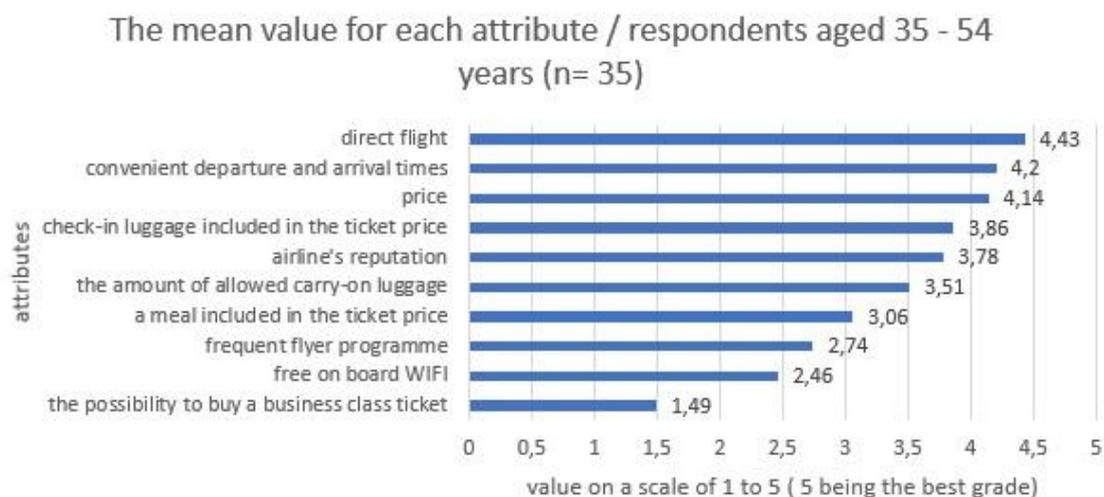


Figure 19: The mean values for age group 35-54

Even though the top 3 attributes are the same as with the youngest age group the order of the attributes has changed. Price is no longer seen the most important attribute but has dropped down to 3rd place. Direct flight and convenient departure and arrival times both attributes that increase the convenience of the travel has climbed up to 1st and 2nd place. Other attributes do not bring up any significant changes compared to the youngest age group. Figure 20 ranks the attributes for the oldest age group of respondents aged 55 years and older. Now the price attribute has dropped down even further to 4th place and airline's reputation has gained a spot as a 2nd most important attribute with a lead of 0,5 decimals to price attribute. Also the meal related attribute has improved its ranking compared to younger age groups.

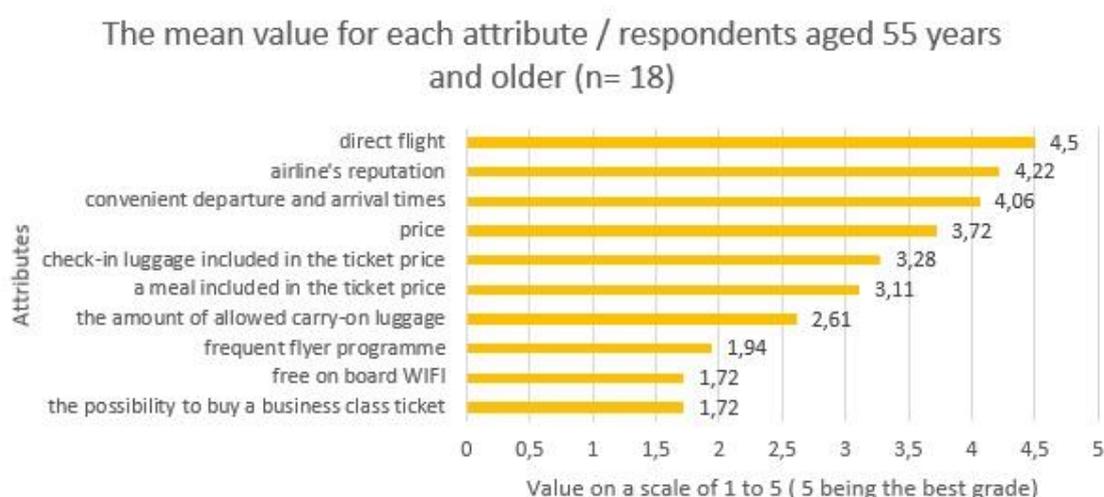


Figure 20: The mean values for age group 55 and older

As a summary we can conclude that price is very important attribute for younger age groups. The importance of price decreases in the older age groups. Airline's reputation in contrary seems to increase its importance in the older age groups. Both 18 to 34 and 35 to 54 groups ranked airline's reputation as the 5th most important when the oldest group ranked the reputation as the 2nd most important attribute. The three least important attributes are expectedly the same in all age groups. Only the order of the last three is slightly different in the youngest age group where respondents ranked the free WIFI higher than the frequent flyer programme.

Figure 21 presents the results of the multiple choice question for all age groups. In the overall results we could see that the majority of respondents chose the option A. C was the 2nd most popular option and B the least favoured option. In the youngest age group, the results are very similar to the overall results option A having a strong lead before option C. However, the difference between option B and C is smaller than in overall results. In the age group of 35-54, the difference between option A and C is not as significant as in the youngest group. In the oldest age group option C is remarkably more popular than option A. Option B gained no 'yes' responses in the oldest age group.

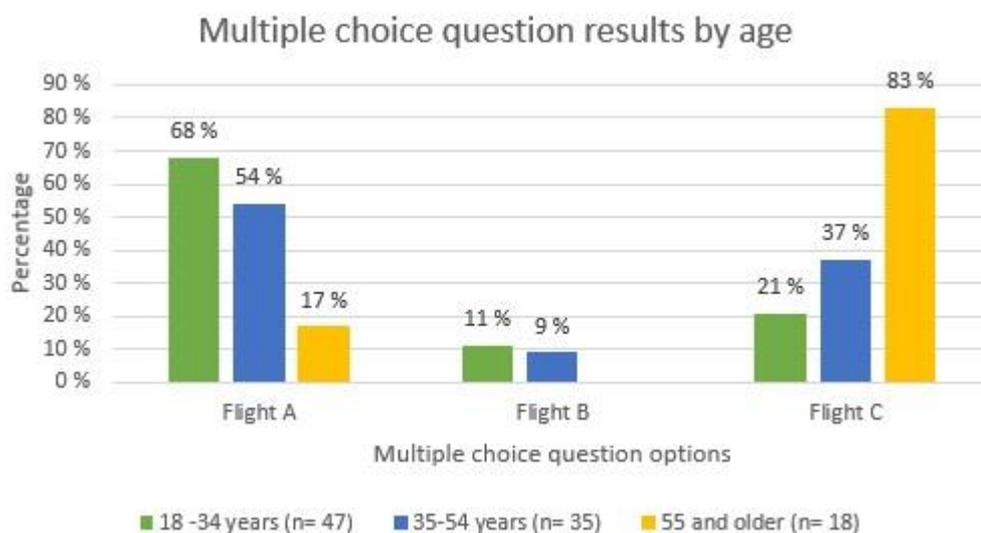


Figure 21: Multiple choice question results by age

From the all charts presented in the age chapter, we can identify that price loses its importance within the elderly passengers. The sought for convenience is greater in the older groups, when price is more determinant factor between the younger passengers. The reputation of the airlines is highly appreciated amongst the older passengers.

Income

Like age, income was initially divided into 6 different categories. For the analysis, the results are combined so that respondents earning up to 29 000 € form one group. 2nd group is people earning 30 000 € - 49 000 € and 3rd group is respondents with an income of 50 000 € or more. In the 1st group we have 36 respondents, in 2nd 32 respondents and in the last group 16 respondents. Due to the lower response rate in the 3rd group, the results might not be as solid as in the other two. In total of 84 respondents will be studied in this chapter as the 16 who did not specify their income are not included in the analysis. The results for evaluation of attributes are illustrated in separate bar charts as it allows to rank the attributes from the most important to least important and thus we can easily compare how different attributes rank between different income groups. The attribute with the highest value is on the top. Figure 22 below presenting results for the lowest income group seems to be very similar with overall results and with the results of youngest age group. With 36 respondents it represents roughly 1/3 of the all respondents who took part of this research.

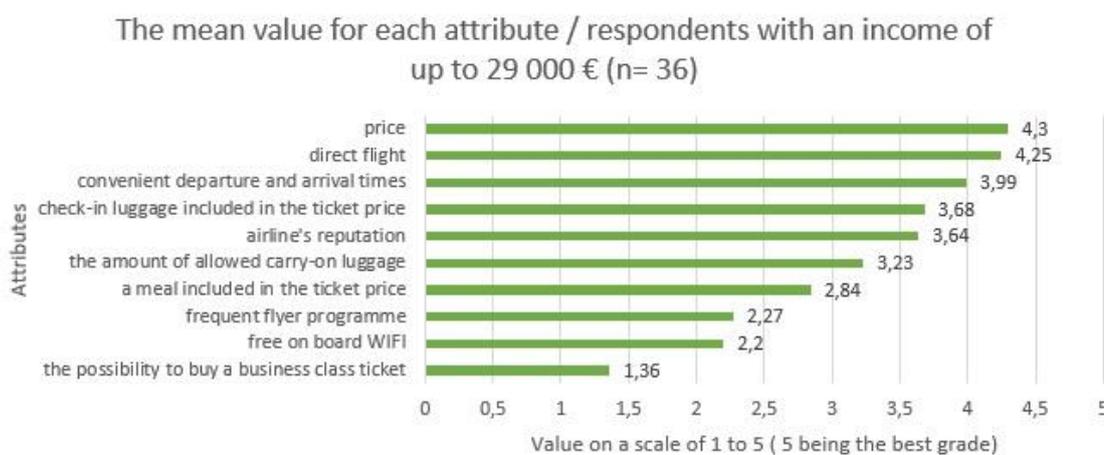


Figure 22: The mean values/ respondents earning up to 29 000 €

Price is the most important attribute amongst the respondents with the lowest income as it was also with the youngest age group studied in the previous chapter. Although, the difference between the 1st and 2nd attribute is only 0,05 decimals. All the other attributes do not provoke any notable change compared to overall results which could be studied further on. The chart below shows that the difference between the lowest income group and middle income group is hardly even visible. Figure 23 sums up the results of attribute valuation amongst the income group of 30 000 € - 49 000 €.

The mean value for each attribute / respondents with an income of 30 000 € - 49 000 € (n= 32)



Figure 23: The mean values/ respondents earning 30 000-49 000€

Within the middle income group, the respondents ranked the price and the direct flight as equal important with a score of 4,24. Just 0,06 decimals lower than the most important attribute, price, within lowest income group. All the other attributes are precisely in the same order in the figures 23 and 24. When the income reaches the annual gross income of 50 000 € the attributes are rated significantly differently compared to the two previous income groups. Horizontal table chart in figure 24 describes how the 16 respondents who earn at least 50 000 € annually rated the 10 attributes.

The mean value for each attribute / respondents with an income of 50 000 or more (n= 16)

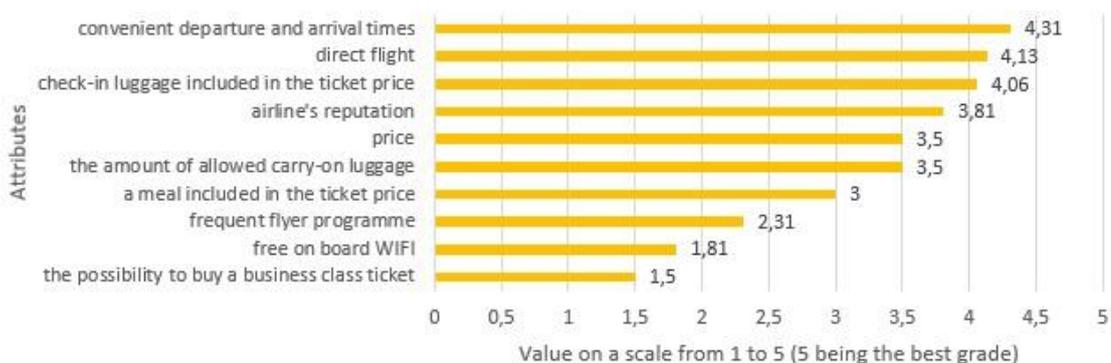


Figure 24: The mean values/ respondents earning 50 000 € or more

Price has made a remarkable drop from 1st to 5th place, the lowest position of all the charts studied previously. Mean value for price is 3,5 exactly the same as the value for the amount of allowed carry-on luggage. Convenient departure and arrival time has a lead with a score of

4,31 following by direct flight with a score of 4,13. Check-in luggage included in the ticket price is in the first time in top 3 with a mean value of 4,06

Multiple choice question results for distinct income groups are shown in figures 25. People earning up to 29 000 € a year favour the cheapest option A which also includes a direct flight. The difference for other options is huge. Amongst the respondents with an income of 30 000 € - 49 000 € the most convenient option C is clearly the most approved option while option A has a strong endorsement as well. Perhaps a slightly surprising is that amongst the well earning respondents (50 000 or more a year) the option A is more popular than option C though the difference between those two option is almost non-existent. Option B was chosen by a few respondents in each income group.

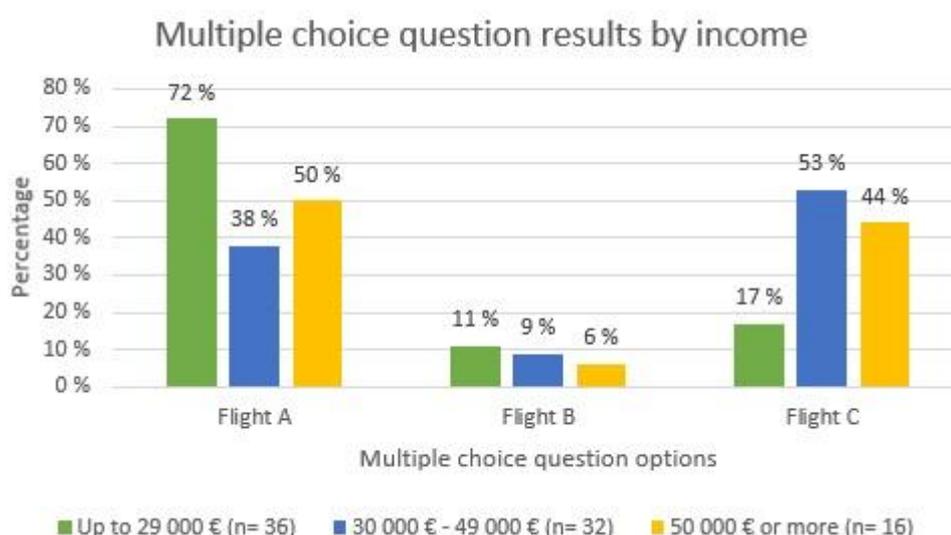


Figure 25: Multiple choice question results by income

Even though, the price attribute was favoured higher amongst the middle income group than the highest income group in the attribute valuation question, the most expensive option was the most popular choice amongst the middle income group when it was the 2nd popular choice amongst the highest income group. The group with a highest income however rated the option A and C almost to same level. These results reflect well the complexity of customers' buying decision process and the difference between attitudinal questions and actual behaviour. Several different attributes within one product and a defined price gives a concrete base for valuation. Furthermore, the concept of price is abstract as long as it isn't connected with the other attributes and defined precisely as cheap price and expensive price mean different thing to distinct people. According to the results above, we could say that the price is not seen as important factor when the income is greater but it does not behave as consistently as with the age. Many of the respondents with an income of 50 000 € or more chose the cheapest flight option A with less amenities.

7 Conclusions

Based on this particular study we could draw the conclusion that there is a great customer demand for a simple flight product which is cheap, direct and does not offer any additional amenities such as check-in luggage and meal which was traditionally included in every flight ticket before the low-cost carriers emerged in the markets. On the other hand, there is still customer groups which favours convenience and are prepared to pay slightly more for easy travelling. Demographics seems to play big role in consumer buying behaviour when it comes to age and gender, particularly regarding the age. The willingness to pay more and the desire for convenience increases consistently when we move from the younger to older people. Income has the same effect but the increase is not as consistent as with the age.

While price, as expected, was identified as the most important attribute, direct flight was also ranked high almost to same level as price. From the perspective of an airline which uses hub-and-spoke strategy, this means that in order to be able to compete with the low-cost carriers in European market, the price needs to be set lower than of competitors unless the airline will somehow differentiate itself from the others. This conclusion is valid only with the destinations that can be reached on a direct flight with some other airline. Check-in luggage and served meal are not attractive enough to compete with the direct flight attribute. Conclusion, however, is not conclusive as the flight product is more dimensional than presented on this research. There are more variables which may affect consumers' buying decision and hence this paper and the results reflect the consumers buying decision process with the variables provided in this study.

The reliability of this research is controversial. As identified on chapter 5.4 human behaviour is ever-changing and hence the findings relate only to the subject involved, at the time and place the research was carried out. The questions in the questionnaire mainly produced consistent data. One question proved to be unreliable and was excluded from the analysis of the results. It is also questionable how well the participants paid attention to the questions as most of them were just about to take-off for a holiday. The validity of the research in terms of ecological validity could be seen reliable as I do not think that different setting would have a great influence to the results. In terms of population validity, this study could be seen less stable. According to the findings of this papers, socio-economic factors have a major influence on consumers' buying decision. This means that if the sample has a different income or age structure, the overall results will not be the same. Demographic based results on the other hand are not big enough in volume to allow any kind of generalisation.

No doubt the findings in this research evokes possibilities for new studies. Especially the relation between price and direct flight attribute could be studied further. It would be interesting to know at what price passengers would be willing to choose a multi leg flight instead of a direct one or what would have been the results in multiple choice question, if the option A would have been eliminated. Overall, I think more these kinds of papers should be done. It was very difficult to find any consumer buying behavioural studies related to commercial aviation. One reason could be that most of them are conducted by the airlines and are not public as it is not meaningful to produce market knowledge for competitors.

This paper belongs to the majority of other consumer buying behavioural studies that approached the subject mainly from the quantitative perspective. Most of the studies used questionnaire for the data collection which is the natural way to collect data when high volume is desired. The minority seemed to look into the subject through qualitative methods even though it might provoke more explanations and could be another prospective way to research and describe consumers' buying behaviour.

References

- Air France. 2009-2011. Glossary. Referenced: 22 September 2015. <http://corporate.air-france.com/en/glossary/>.
- Brace, I. 2008. *Questionnaire Design: How to Plan, Structure and Write Survey Material for Effective Market Research*. 2nd edition. London: Kogan Page Limited.
- Chaffey, D. & Ellis-Chadwick, F. 2012. *Digital Marketing. Strategy, Implementation and Practice*. 5th edition. Harlow: Pearson education Limited.
- Cherunilam, F. 2008. *Marketing of Industrial Goods*. Mumbai: Himalaya Publishing House.
- Finn, M., Elliott-White, M. & Walton, M. 2000. *Tourism & Leisure Research Methods. Data Collection, Analysis and Interpretation*. Harlow: Pearson education.
- Gelling, L. Stages in the Research Process. *Nursing Standard*. 29, 27, 44-49.
- Graham, A., Papatheodorou, A. & Forsyth, P. 2008. *Aviation and Tourism: Implications for Leisure Travel*. Aldershot: Ashgate Publishing Limited.
- Hague, P., Hague, N. & Morgan, C. 2013. *Market Research in Practise. How to Get Greater Insight from Your Market*. 2nd edition. London: Kogan Page Limited.
- Hattula, J. 2006. *Lentoyhtiöt muutoksen kiitotiellä*. Jyväskylä: Jyväskylän ammattikorkeakoulun kirjasto.
- Hesse-Biber, S.N. *Mixed Methods Research. Merging Theory with Practice*. New York: The Guilford Press.
- IATA. 2014. *The Impact of Reputation*. Referenced: 28 September 2015. <http://airlines.iata.org/analysis/the-impact-of-reputation>
- Kollau, R. 2011. Airlines go wireless with their in-flight entertainment system. Referenced: 29 April 2015. <http://www.airlinetrends.com/2011/09/05/wireless-ife/>.
- Kotler, P. & Armstrong, G. 2010. *Principles of Marketing*. 13th edition. London: Pearson.
- Kozak, M. & Decrop. *Handbook of Tourist Behavior*. 2009. New York: Routledge.
- Leahy, J. 2014. *Global Market Forecast. Flying on Demand*. Airbus. Referenced: 16 March 2015. www.airbus.com/company/market/forecast/.
- Leake, W., Vaccarello, L. & Ginty, M. 2012. *Complete B2B Online Marketing*. Hoboken: John Wiley & Sons, Inc.
- Lentoliikenteen vaikeat ajat eivät ole ohi. 2015. *ikkunapaikka* 3/2015, 5.
- Lieshout, R., Malighetti, P., Redondi, R. & Burghouwt, G. The Competitive Landscape of Air Transport in Europe. *Journal of Transport Geography*. 6.6.2015, 1-15.
- Loukas, N. 2013. AirBaltic lets passengers customize their buy-on-board meal. Referenced: 29 April 2015. <http://www.airlinetrends.com/category/inflight-catering/>.

O'Connell, J. & Williams, G. Air Transport in the 21st Century. Farnham: Ashgate Publishing Limited.

Oppenheim, A.N. Questionnaire Design, Interviewing and Attitude Measurement. New York: Cassell.

Pak, K. & Piersma, N. 2002. Airline Revenue Management: An Overview of OR Techniques 1982-2001. ERIM Report Series Research in Management. January 2002.

Phillips, R. 2005. Pricing and Revenue Optimization. Stanford: Stanford University Press.

Shaw, S. 2011. Airline Marketing and Management. 7th edition. Farnham: Ashgate Publishing Limited.

Sherlekar, S.A. & Gordon, E. 2010. Marketing Management. Mumbai: Himalaya Publishing House.

Selvaggio, J. 2012. Brand Strategy: Differentiating an Airline. Referenced: 29 April 2015. <http://www.brandingstrategyinsider.com/2012/06/brand-strategy-differentiating-an-airline.html#.VUC15U0cTt4>.

Sierag, D.D, Koole, G.M., van der Mei, R.D, van der Rest, J.I., Zwart, B. 2015. Revenue management under customer choice behaviour with cancellations and overbooking. European Journal of Operational Research. 1.10.2015, 170-185.

Swarbrooke, J. & Horner, S. 2007. Consumer Behaviour in Tourism. 2nd edition. Oxford: Butterworth-Heinemann.

Vasigh, B., Fleming, K. & Tacker, T. 2013. Introduction to Air Transport Economics. From Theory to Applications. 2nd edition. Farnham: Ashgate

Veal, A. 2006. Research Methods for Leisure and Tourism. A Practical Guide. 3rd edition. Harlow: Pearson Education Limited.

Wensveen, J. 2011. Air Transportation: A Management Perspective. 7th edition. Farnham: Ashgate Publishing.

Zandan, P. & Lustina, M. 2011. An Executive View of the Difference Between Brand and Reputation. Referenced: 3 October 2015. http://b.3cdn.net/hkstrategies/7532651ee7045bd186_dim6bqben.pdf

Illustrations

| | |
|--|----|
| Illustration 1: Airline competition across the Europe in 2012 (Source: Lieshout et al. 2015, 7). | 8 |
| Illustration 2: Multiple choice question from the questionnaire | 27 |

Figures

| | |
|--|----|
| Figure 1: Consumer decision model (Source: Sherlekar & Gordon 2010, 28)..... | 16 |
| Figure 2: destination features | 25 |
| Figure 3: Route | 25 |
| Figure 4: The most important product attribute | 27 |
| Figure 5: Multiple choice question results..... | 28 |
| Figure 6: Gender distribution | 29 |
| Figure 7: Age distribution | 29 |
| Figure 8: Income distribution | 30 |
| Figure 9: Multiple choice results filtered by route attribute..... | 31 |
| Figure 10: Detailed results for the price attribute..... | 32 |
| Figure 11: The most important attribute / other attributes vs. price | 32 |
| Figure 12: Reasons to choose option A..... | 33 |
| Figure 13: Reasons to choose option B | 34 |
| Figure 14: Reasons to choose option C | 34 |
| Figure 15: Attributes' mean values for men | 36 |
| Figure 16: Attributes' mean values for women | 36 |
| Figure 17: Multiple choice question results by gender | 37 |
| Figure 18: The mean values for age group 18-34..... | 38 |
| Figure 19: The mean values for age group 35-54..... | 39 |
| Figure 20: The mean values for age group 55 and older | 39 |
| Figure 21: Multiple choice question results by age | 40 |
| Figure 22: The mean values/ respondents earning up to 29 000 €..... | 41 |
| Figure 23: The mean values/ respondents earning 30 000-49 000€..... | 42 |
| Figure 24: The mean values/ respondents earning 50 000 € or more | 42 |
| Figure 25: Multiple choice question results by income..... | 43 |

Tables

| | |
|---|----|
| Table 1: Stages of the research process (Source: Gelling 2015, 45). | 19 |
| Table 2: The calculated mean value for each attribute on a scale of 1 to 5..... | 26 |

Appendixes

| | |
|--|----|
| Appendix 1: Final version of the questionnaire form | 52 |
| Appendix 2: Tested questionnaire form..... | 55 |
| Appendix 3: Figures reflecting the valuation of each product attribute | 58 |

Appendix 1: Final version of the questionnaire form

Page 1 of 1

Air travel

This questionnaire is part of bachelor thesis written in Laurea UAS. All responses are anonymous.

Where are you flying today?*

Routing?*

- Direct flight
 Two or more flights

With whom do you travel today?*

Define how important the following attributes were to you when you chose your flight for today

The scale is from 1 to 5, 1= Not important at all, 2= Not very important, 3= I do not know, 4= quite important, 5= Very important

Chek-in luggage included in the ticket price*

1 2 3 4 5

Not important at all Very important

The amount of allowed carry-on luggage*

1 2 3 4 5

Not important at all Very important

Direct flight*

1 2 3 4 5

Not important at all Very important

Price*

1 2 3 4 5

Not important at all Very important

Convenient departure- and arrival times.*

1 2 3 4 5

Not important at all Very much

The possibility to buy a business class ticket*

1 2 3 4 5

Not important at all Very important

Free on board WIFI*

1 2 3 4 5

Not important at all Very important

A meal included in the ticket price*

1 2 3 4 5

Not important at all Very important

Frequent flyer programme*

1 2 3 4 5

Not important at all Very important

Airline's reputation*

1 2 3 4 5

Not important at all Very important

Which of the attributes above was the most important factor when you chose your flight for today?*

Following scenario is fictional. You are planning a holiday trip to some city in Europe. You find three potential flight options all departing at the same time. Which one would you choose from the options below?*

- A) Airline 1 offers return ticket for the price of 170 €. The flight is direct and duration approximately 4 hours. On board meal and check-in luggage are not included in the ticket price. However, you can buy a check-in luggage (23kg) for your return ticket for a price of 30 euros.
- B) Airline 2 offers return ticket for the price of 200 €. The flight time is approximately 6 hours including a transfer of the flight in central Europe. One check-in bag of 23 kg is included in the ticket as well as light meal.
- C) Airline 3 offers return ticket for the price of 230 €. The flight is direct and the duration approximately 4 hours. One check-in bag of 23 kg is included in the ticket as well as light meal.

What was the main criteria for your selection?*

describe shortly

General information about you

Gender*

- Male
- Female

Age*

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- +65

Gross annual income (In Euros)*

- less than 10 000
- 10 000- 29 000
- 30 000- 49 000
- 50 000- 69 000
- 70 000- 89 000
- 90 000 or more
- I do not want to answer/ I do not know

Appendix 2: Tested questionnaire form

Page 1 of 1

Air travel

This questionnaire is part of bachelor thesis written in Laurea UAS. All responses are anonymous.

Where are you flying today?*

Routing?*

- Direct flight
 Two or more flights

With whom do you travel today?*

Define how important the following attributes were to you when you chose your flight for today

The scale is from 1 to 5, 1= Not important at all, 2= Not very important, 3= I do not know, 4= quite important, 5= Very important

Chek-in luggage included in the ticket price*

1 2 3 4 5

Not important at all Very important

The amount of allowed carry-on luggage*

1 2 3 4 5

Not important at all Very important

Direct flight*

1 2 3 4 5

Not important at all Very important

Price*

1 2 3 4 5

Not important at all Very important

Convenient departure- and arrival times.*

1 2 3 4 5

Not important at all Very much

The possibility to buy a business class ticket*

1 2 3 4 5

Not important at all Very important

Free on board WIFI*

1 2 3 4 5

Not important at all Very Important**A meal included in the ticket price***

1 2 3 4 5

Not important at all Very Important**Frequent flyer programme***

1 2 3 4 5

Not important at all Very Important**Airline's reputation***

1 2 3 4 5

Not important at all Very Important**Which of the attributes above was the most important factor when you chose your flight for today?*****Can you think any other services you wish airlines would offer to you?****Following scenario is fictional. You are planning a holiday trip to some city in Europe. The trip will last one week. You find three potential flight options all departing at the same time. Which one would you choose from the options below?***

- A) Airline 1 offers return ticket for the price of 170 €. The flight is direct and duration approximately 4 hours. On board meal and check-in luggage are not included in the ticket price. However, you can buy a check-in luggage (23kg) for your return ticket for a price of 30 euros.
- B) Airline 2 offers return ticket for the price of 200 €. The flight time is approximately 6 hours including a transfer of the flight in central Europe. One check-in bag of 23 kg is included in the ticket as well as light meal.
- C) Airline 3 offers return ticket for the price of 230 €. The flight is direct and the duration approximately 4 hours. One check-in bag of 23 kg is included in the ticket as well as light meal.

What was the main criteria for your selection?*
describe shortly**If the trip would last only 3 days, would you choose otherwise?**

- Yes
- No
- I don't know

If your answer to previous question was YES, what would be your new selection?

- A
- B
- C

General information about you

Gender*

- Male
- Female

Age*

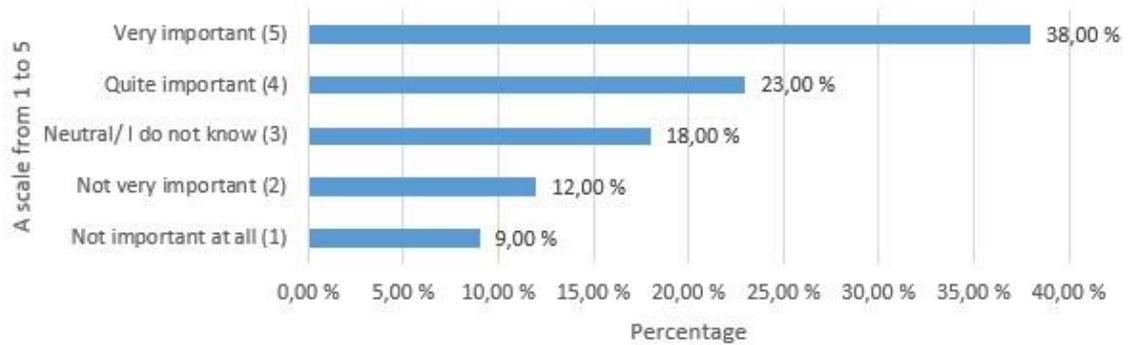
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- +65

Gross annual income (In Euros)*

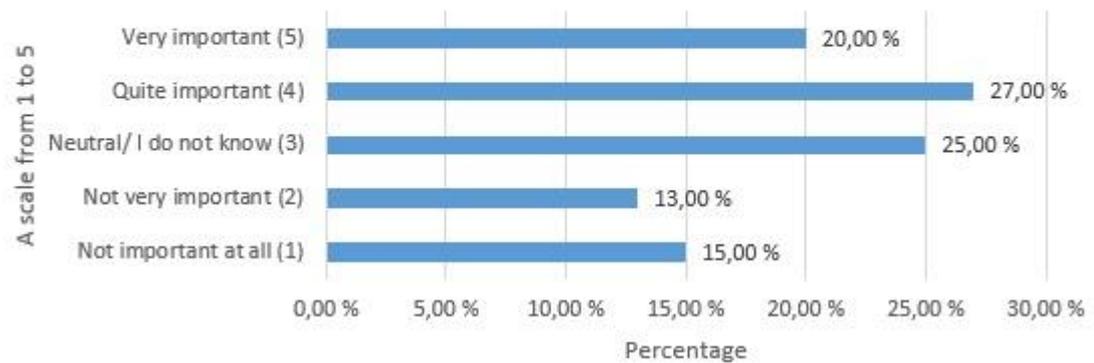
- less than 10 000
- 10 000- 29 000
- 30 000- 49 000
- 50 000- 69 000
- 70 000- 89 000
- 90 000 or more
- I do not want to answer/ I do not know

Appendix 3: Figures reflecting the valuation of each product attribute

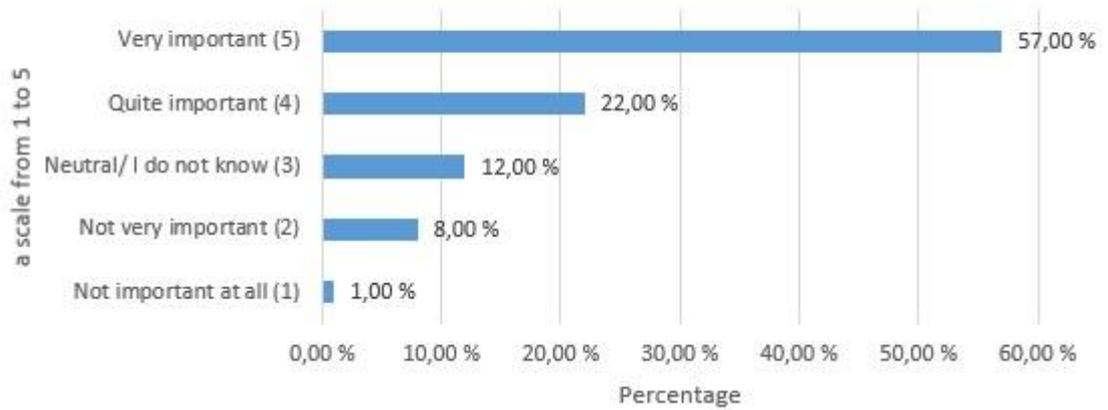
On a scale of 1 to 5, how important attribute check-in luggage included in the ticket price was to you when you chose your flight for today?(n= 100)



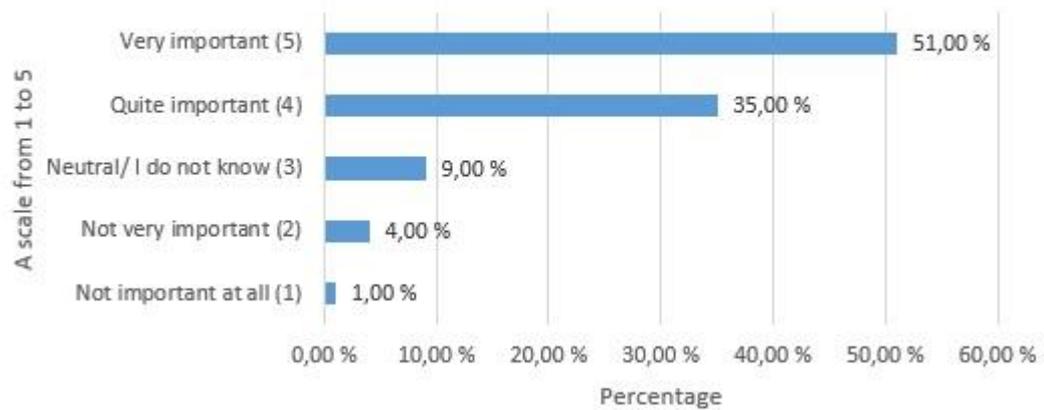
On a scale of 1 to 5, how important attribute the amount of allowed carry-on luggage was to you when you chose your flight for today?(n= 100)



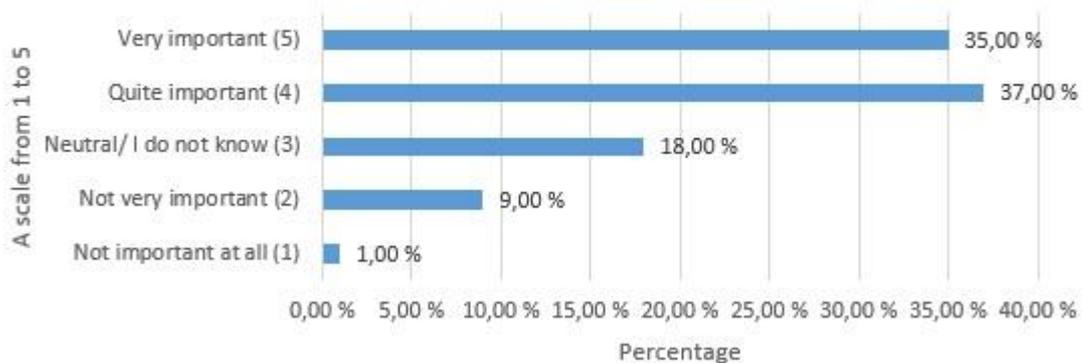
On a scale of 1 to 5, how important attribute direct flight was to you when you chose your flight for today?(n= 100)



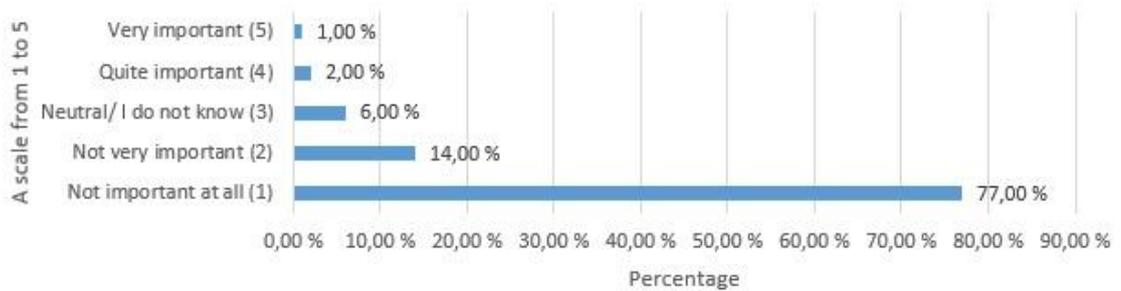
On a scale of 1 to 5, how important attribute price was to you when you chose your flight for today?(n= 100)



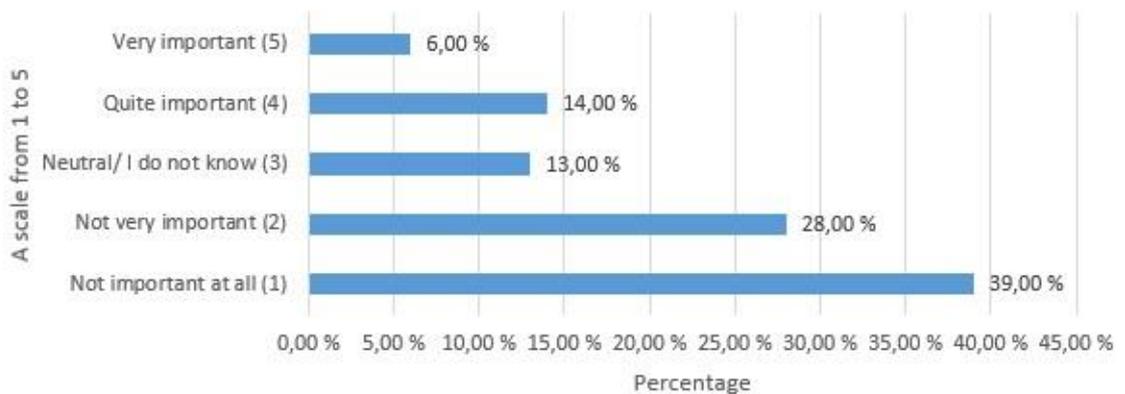
On a scale of 1 to 5, how important attribute convenient departure and arrival times was to you when you chose your flight for today?(n= 100)



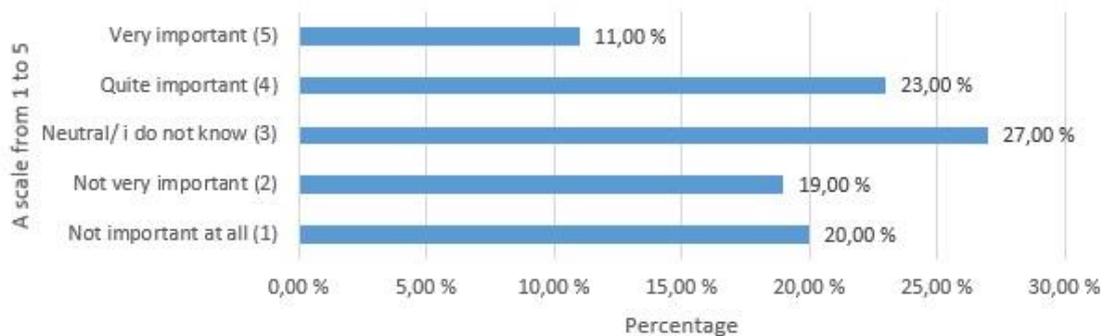
On a scale of 1 to 5, how important attribute the possibility to buy a business class ticket was to you when you chose your flight for today?(n= 100)



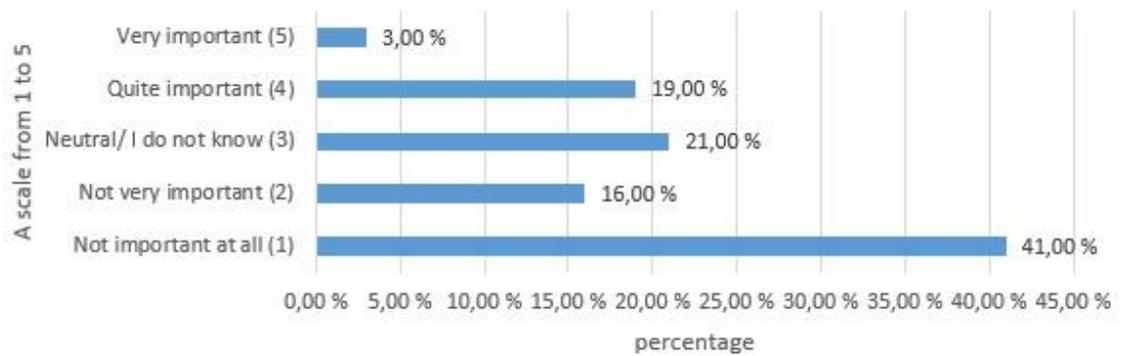
On a scale of 1 to 5, how important attribute free on board WIFI was to you when you chose your flight for today?(n= 100)



On a scale of 1 to 5, how important attribute meal included in the ticket price was to you when you chose your flight for today?(n= 100)



On a scale of 1 to 5, how important attribute loyalty programme was to you when you chose your flight for today?(n= 100)



On a scale of 1 to 5, how important attribute airline's reputation was to you when you chose your flight for today? (n= 100)

