

**Airlines` Ancillary Services via Direct Channels:  
Generation Y`s Perspective**

Vladans Marcenko

Bachelor`s thesis

Degree Programme in Tourism

September 2015



<p><b>Author or authors</b> Vladans Marcenko</p>	<p><b>Group or year of entry</b> 2012</p>
<p><b>Title of report</b> Airlines` Ancillary Services via Direct Channels: Generation Y's Perspective</p>	<p><b>Number of pages and appendices</b> 54+4</p>
<p><b>Teacher/s or supervisor/s</b> Alexandre Kostov; Ivan Berazhny</p>	
<p>This work is a research-oriented bachelor thesis on the topic of ancillary services offered on the websites of airlines. The main objective of this work is to understand and optimize the sales of ancillary services through direct channel sales to generation Y.</p> <p>The main problem of the thesis is the question – how to know the main areas of interest among generation Y toward ancillary services; what is important; what is prioritized by this demographic segment and what is irrelevant for them.</p> <p>The reader of this work will be introduced to the theory of ancillary services and generation Y, to a survey, both quantitative and qualitative, regarding the ancillary services and a comparison of most commonly booked airlines on the Finnish market regarding their strategy of selling and promoting ancillary services to consumers.</p> <p>The results of the survey show that most important ancillary services for generation Y are Wi-Fi on-board; checked baggage and ticket flexibility.</p> <p>The comparison of direct channels indicates that three airlines, Air Berlin, Norwegian and airBaltic, are customer-oriented and offer an outstanding amount of ancillary services when the traveler is purchasing the cheapest ticket type.</p>	
<p><b>Keywords</b> Airlines; direct channel; ancillary services; consumers; generation y</p>	

## Table of contents

1	Introduction.....	2
1.1	Research questions.....	3
1.2	Aims of the thesis.....	4
1.3	Methodological approach.....	5
1.4	Structure of the thesis.....	5
2	Theoretical framework.....	6
2.1	Ancillary services and ancillary revenue.....	6
2.2	Generation Y.....	10
3	Data collection and data analysis process.....	14
3.1	Background information about the respondents.....	15
3.2	Booking process.....	16
3.3	Familiarity with ancillary services.....	18
3.4	General importance of ancillaries.....	19
3.5	How actively ancillary services are offered.....	20
3.6	Possible changes in the system.....	21
3.7	Ancillary services worth paying for.....	22
3.8	Importance of particular ancillaries.....	24
3.9	What could be important for the age group of 20 to 35 years old.....	27
3.10	Expectations in the nearest future.....	28
3.11	Statements.....	30
4	Ancillary services via direct channels.....	32
5	Conclusion.....	49
5.1	Reliability and Validity.....	49
5.2	Discussion.....	50
5.3	Key findings.....	51
5.4	Improvement suggestions.....	51
6	References.....	53
7	Appendices.....	55

# 1 Introduction

The author of this thesis has been an international student of tourism at Haaga-Helia University of Applied Sciences (Porvoo Campus). During the studies, the author developed a strong interest in the aviation business. Following such personal interests, the topic of this thesis is airlines' ancillary services, particularly their distribution via direct channels and their consumption by generation Y.

The thesis has been commissioned by Amadeus, who represent a leading provider of IT solutions for the travel and tourism industry. Amadeus has a strong focus on two areas: global distribution system and IT Solutions for business. (Amadeus, 2015)

The topic of the thesis, distribution of ancillary services, is a very current topic and attracts a lot of discussion across all the travel and tourism industry. For Amadeus, ancillary services present many business opportunities as Amadeus has the right expertise to enable their distribution. That is why this thesis was commissioned as a part of an umbrella thesis group to look closer at direct distribution channels and at generation Y.

Ancillary services are, to put it simply, all additional services a passenger is able to purchase on top of his/her airline ticket. Depending on the fare type, cabin class, air carrier and frequent flyer tier level, these services might be already included or may be offered for additional purchase. Common ancillary services would be e.g. a seat with extra leg room, lounge access, meals, baggage or in-flight entertainment and Wi-Fi. (Benckendorff, Sheldon, & Fesenmaier, 2014)

In early 2000's all service elements would be included in the fare – the actual ticket, baggage, meals, seat choice. Nowadays, business models evolved in the airline industry and airlines are unbundling their products into separate services to be sold to passengers on top of the core product. This development probably can be explained by a tense economic context of airline markets, where a lot of passengers are attracted by

lower costs and by more freedom to choose what services go into their shopping baskets when they purchase their airline tickets.

The first airline in Europe who started offering separate ancillary service “attitude/revenue” was a low cost airline Ryanair, and since then most of airlines have started to change their selling priorities in the same way – unbundling their services into ticket fee and other fees in order to compete with low cost carriers. Now ancillary revenues are growing year by year, resulting in as much as 1/3 of total revenue of their respective airlines. (Malooly, 2014)

## 1.1 Research questions

The competitiveness in aviation businesses and rapid developments in the industry bring changes as fast as every month. Thus, it is necessary to understand that a continuous research needed to generate realistic predictions and descriptions of market situations for a given period of time. This research makes a part of such a continuous research of ancillary services and will take a closer look at the collected data to answer several research questions that can be formulated as follows:

- which ancillary services interest generation Y during their journeys,
- what services they prioritize when buying flight tickets,
- how to optimize the sales of ancillaries to generation Y via direct channels,
- which airlines on Finnish market stand out in their offer of ancillary services

An important part of this work aims to compare how ancillary services are sold through direct channels of individual airlines, i.e. the websites of the airlines; how aggressively the airlines offer ancillaries via their websites and how visible these ancillaries are for consumers who purchase directly from airlines.

While airlines may differ in their sales approaches, their common goal is rather clear – to maximize revenues of ancillary services. The solutions that the airlines work on are also rather similar – they aim at knowing their passengers better and at improving the efficiency of ancillary sales. Such a context enables airlines to act as retailer, relying on

precise understanding of customers, including the less known generation Y. That is why this work will intentionally relate all the research processes to the generation Y perspective: how they perceive the shopping context of airlines' direct channels and what could enable them to respond positively to sales of ancillary services.

## **1.2 Aims of the thesis**

One of the aims of this research is to conduct a survey of generation Y, using quantitative and qualitative questions on the topic mentioned above, as part of an online survey distributed to the potential respondents via a software tool. (<http://webropol.com>)

One more way of collecting data is a large industry event that attracts generation Y, such as MATKA Travel Fair (<http://matkamessut.fi>), whereby a visit to the event can result in a bigger scope of the respondents, all with a strong interest in the travel and tourism industry, either as professionals or as customers.

Since the research questions push the thesis to identify what, how and how much generation Y want from ancillary services, at least one hundred fifty respondents are necessary to make reliable observations. And if more answers are collected, then chances to claim objectiveness are higher for this thesis.

The second aim is to use desktop browsing and a mystery shopping method to investigate and compare ancillary services offered via direct sales channels of the most commonly booked airlines on the Finnish market. This means that the author would enter the details of a particular trip into the booking engines of the direct sales channels of each selected airline to see what service elements are included in the airlines' fares and what is offered for a separate purchase. The authors' intention is to make a comparison table of the selected airlines, the ancillary services they offer via their direct channels, how transparent these ancillaries are for the customers and how flexible the sales process is for the customers. Another intention is to see which airlines have a better understanding of their customer's needs and values, which airlines offer ancillary services in ways that are more visible and attractive for the consumer.

### **1.3 Methodological approach**

The above suggests that the research path contains desktop browsing, online questionnaire and a visit to the fair to collect more data. Thus, the methodological approach used here to answer research questions is rather inductive, i.e. the research will rely a lot on the primary data it collects. This approach is justified since there is an insufficient quantity of academic literature about ancillary services.

Yet the author will still review a lot of relevant information available in the industry. A look will be taken at Tourism Information Technology (Benckendorff, et al., 2014), reports commissioned by IATA e.g. “The Future of Airline Distribution”, reports written by SITA such as Air Transport Industry Insights; Ancillary Revenue Yearbook (Sorensen, et al., 2014) and other. Such sources are very useful due to the information they contain about airlines and the future of the industry.

When mystery shopping via direct channels of airlines, the same dates and destination, preferably medium-haul flight to have enough ancillary options included and offered will be used across all airlines. And when a survey is designed, both qualitative and quantitative questions will be used with generation Y in mind.

### **1.4 Structure of the thesis**

The thesis includes five chapters. Chapter 1 is introductory – it involves information about the topic of the thesis, the commissioner and the author. It highlights the aims of the thesis, its methodological approach and the scope of the work. Chapter 2 covers the theoretical framework. It describes ancillary services, revenues in ancillary business, and generation Y. Chapter 3 presents the collected data from the survey, results and the interpretations. Chapter 4 covers the comparative analysis of the selected airlines and their direct channels. Chapter 5 concludes with a SWOT analysis of the thesis, reliability and validity, key findings and suggestions for the commissioner.

## 2 Theoretical framework

### 2.1 Ancillary services and ancillary revenue

According to Sorensen & Lucas (2014), the ancillary revenue is defined as revenue beyond the sale of tickets under the different categories - a la carte features, frequent flyer activities, commission-based products and advertising sold by airlines. Here are the sources of ancillary revenue for the airlines described in more detail.

- A la carte category involves different ancillaries, which customers can buy or add to increase the positive experience during the journey. List of ancillary services continues to grow and most known ancillaries include sales of food and beverage during the flight, check-in and boarding priorities, baggage, seats with more legroom and comfort, various fees according to the type of payment, entertainment on-board, Wi-Fi.
- Frequent flyer programs are systems of collecting miles or points for the flights, spending them afterwards for the various activities - from discounts on wrist watches to discounts on hotels
- Commission-based products are commissions from selling hotels, car rentals or insurances by an airline
- Advertising revenue comes from on-board magazines, sales or advertisements at airport, aircraft, gates etc. (Sorensen & Lucas, 2014)

One of the first conference event on the topic of ancillary revenue took place in November 2007 in Frankfurt, where 240 professionals gathered to “experience something new”, as it was said in open speech by Jay Sorensen, who was managing the Airline Information event. The conference materials claim that Ryanair was the first to introduce the unbundled service to their customers, although in 2005 ancillary services were introduced also by United Airlines and Flybe on their websites. (Sorensen J. , 2014)

United Airlines started by selling annual subscriptions, which were called “Economy Plus Access”, with an idea that customers would have an option of paying an amount

of \$299 for 12 month subscription for extra leg room in the first seat-rows in aircrafts. People were given the choice of ancillary services, but these were insignificant, because only the extra legroom was offered. At the same time Flybe reduced the cost of the tickets, yet started to collect money for baggage - 2 pounds (about 2, 76 euro at the time) if the bag was registered online, and 4 pounds (5, 52 euro) if on the spot. Similarly, one month later in January 2006 Ryanair introduced the same approach - cutting the ticket prices, instead of collecting money for luggage. (Sorensen J. , 2014)

The next year after the conference in Frankfurt, the airline industry entered rather difficult times - jet fuel prices increased from 2 to 4 \$ dollars per gallon in almost one year, which was the main reason to start looking for profit from different sources. Consequently, many US airlines started collecting baggage fees on domestic flights, and at the end of the year 2007, US airlines had ancillary revenue from checking bags for the sum of \$464 million. After five years, in the year 2012 the ancillary revenue was almost \$3.5 billion. Since the first conference, which has changed the attitudes to ancillary services many airlines from Europe started to behave in the same way, selling tickets and ancillaries separately, first, low cost carriers who understood that baggage fees are vital for their niche. When in 2013 major European airlines started to struggle in their own business, many carriers such as Air France, British Airways, Iberia, KLM inherited behavior of US colleagues and unbundled their services as well.

International Air Transport Association (IATA) believes that ancillaries are a key driver to an improved financial state, and without them the airline industry would lose profitability from their essential services – seats and cargo. (Sorensen J. , 2014)

According to Sorensen J. 2014, in 2013 the average ancillary revenue per passenger across 59 airlines was \$16. In the year 2013 IATA predicted that the minimum ancillary revenue per passenger will be \$6, and 44 out of 59 airlines crossed the threshold of 6\$, starting from China Eastern at 6.43\$ to Jet2.com at 55.61\$ revenue per passenger. (Sorensen J. , 2014)

Back in the 2007, in the year when ancillary revenue was firstly seen, the top 10 airlines earned all together €1,44 billion, where Alitalia in 10<sup>th</sup> place had a revenue of €49, 35 million. In 2013 US Airways who stands in the last position in the top 10 had already the ancillary revenue of €814 million. As can be seen in Figure 1 below, total annual revenue per top10 airlines in 2013 was €15,05 billion, whereas in 2007 the top10 earned from ancillaries “only” €1,44 billion. In seven years the profit increased ten times, and it seems that it will increase even more in the upcoming years. (Sorensen & Lucas, 2014)

Top 10 Airlines – Total Ancillary Revenue (euros)				
Annual Results – 2013		Primary Source	Annual Results – 2007	
€ 4,209,954,600	United	Various	€ 416,116,752	United
€ 1,866,304,691	Delta	Various	€ 362,104,000	Ryanair
€ 1,534,717,800	American	Various	€ 189,476,508	easyJet
€ 1,265,760,000*	Air France/KLM	Various	€ 134,662,086	Alaska Air Group
€ 1,247,200,000	Ryanair	Various	€ 63,407,000	Aer Lingus
€ 1,198,467,700	Southwest	Various	€ 58,100,000	Air Berlin
€ 1,022,394,742*	easyJet	Various	€ 55,380,100	Korean Air
€ 946,950,000	Lufthansa Group	Various	€ 54,573,463	WestJet
€ 939,932,400	Qantas Airways	80% FFP	€ 54,100,000	Austrian
€ 814,013,140	US Airways	Various	€ 49,357,000	Alitalia

Figure 1. Annual ancillary revenue (in Euros)

Figure 2 below shows that low cost carriers were leaders during many years for the percentage of ancillary revenue from total revenue. In 2007 it was Ryanair with 16, 2% of total revenue, now instead of Ryanair, Spirit has taken the lead in the ancillary revenue with 38, 4%. Ryanair in 2013 took the fifth place, at the time when Spirit was the first, Wizz Air the second and Allegiant the third. Low cost carriers always make it to the top of airlines with ancillary revenue. That is the case with Spirit Airlines, who earned first place by aggressive sales approach and by an ability to offer extra-low fares and minimizing price of ancillary services. (Sorensen & Lucas, 2014)

Top 10 Airlines – Ancillary Revenue as a % of Total Revenue				
Annual Results – 2013		Ancillary Source	Annual Results – 2007	
38.4%	Spirit	Various	16.2%	Ryanair
34.9%	Wizz Air	Various	14.2%	Vueling
32.6%	Allegiant	Various	12.8%	Allegiant
27.7%	Jet2.com	Various	9.0%	Air Deccan
24.8%	Ryanair	Various	8.8%	easyJet
23.6%	Tigerair	Various	6.8%	AirAsia
20.6%	Jetstar	Various	6.8%	SkyEurope
19.6%	AirAsia X	Various	5.8%	Alaska Air Group
19.2%*	easyJet	Various	4.2%	Aer Lingus
17.6%	AirAsia Group	Various	4.2%	WestJet

Figure 2. Ancillary revenue as a share within total revenue

Figure 3 shown below indicates the top 10 airlines and their ancillary revenue per passenger. The leader in 2013 was Jet2.com, a leisure-oriented airline based in Scotland and northern England with €41, 05 per consumer. This can be compared with the leader's results in 2007 – Allegiant airline having €9, 95 per passenger. Jet2.com leads the top list because of its master's attitude to the a la carte behavior, variety of ancillaries offered to customers while they are booking their flights on the website and many holiday offers. (Sorensen & Lucas, 2014)

Top 10 Airlines – Ancillary Revenue per Passenger (euros)				
Annual Results – 2013		Primary Source	Annual Results – 2007	
€ 41.05	Jet2.com	Various	€ 9.95	Allegiant
€ 37.81	Spirit	Various	€ 9.55	Vueling
€ 33.71	Qantas Airways	80% FFP	€ 8.52	Ryanair
€ 33.12	Allegiant	Various	€ 7.35	Aer Lingus
€ 32.79	AirAsia X	Various	€ 7.17	LTU
€ 30.24	United	Various	€ 6.00	United
€ 27.25	Korean Air	Various	€ 5.74	easyJet
€ 25.40	Wizz Air	Various	€ 5.69	Spanair
€ 25.04*	Virgin Atlantic	80% FFP	€ 5.61	Alaska Air Group
€ 24.07	Alaska Air Group	Various	€ 4.99	Austrian

Figure 3. Ancillary revenue per passenger (Euros)

To summarize, the experience of “unbundling” services is no longer a new way or behavior practiced by airlines. Ancillary revenue became essential in the airline industry, and the years have shown that it has had an outstanding impact on business.

## **2.2 Generation Y**

Generation Y, called also Echo Boomers or Millennials, were born between early 80's and mid 90's. They are a new generation with a radically new perspective onto the world, different from previous generations such as Generation X or Baby Boomers. Generation Y were raised during globalization and when technology has been developing rapidly, so both globalization and technology have become integral in life of generation Y. (Schroer, 2004)

The representatives of this age group have direct access to the internet, smartphones and TV. Y's are described as sophisticated and technology wise generation, who are immune to the traditional business models. During the information era, they got used to the constantly changing world, tons of news every day and therefore it is difficult to surprise these young people. A close relationship with technology has changed their perception and since their childhood they got used to the attitudes “the faster- the better” and “everything and now”. This generation is also differently educated compared to other age groups, much more in the area of technology. In comparison with previous generations, Y's have different vision, values and needs and they differ from other group like never before. (Schroer, 2004) For example, social media is populated by this generation 24/7, they adopted instant messages, emails, and they want connectivity, instant access and convenience.

The key success factor with generation Y is to be significant and relevant for them in the short term. In the world, where everything is changing, only instant and immediate reaction matters to them. The only real time is “now” time. Generation Y expects that nothing will stay the same, most of the things will change, and not even soon - things are changing right now. That is why generation Y are looking for uniqueness which is often their key to self-identification. (Tulgan, 2009)

In general, they are described as tech-savvy – instant access to technologies since childhood; and family oriented – they prefer the method of “work smarter, not harder”. This means that Y’s prefer to have more balanced work shifts, instead of long hours, they want to have a balanced life fulfilled with interesting work that is useful for society and enough time for family and their own free time. This generation emphasizes family life, and the reason is the inherent conflict and difference with the generations who raised them – generation X and Baby Boomers. Y’s saw their parents as hardworkers who would spend days and nights working in order to provide for their children often at the cost of various sacrifices. This has changed the perspective of Y’s and that is why many critics consider Y’s as a lazy generation. (Gibson, 2013)

Yet they are not lazy, they just want to be useful. They want to enjoy life and to have a fulfilling and satisfying job environment. Generation Y are rather ambitious, they are confident about themselves and want the same confidence from others. They are good team players and communicators, and they want to be loved – as it can be seen in their commitment to social media channels, they have everywhere options to “share” their opinions, like others, comment, be liked and commented as well. Usually, managers in the companies who are representatives of generation X share opinions about Y’s – managers see them as ambitious, not independent, irresponsible, passive, wanting to have everything right now yet doing nothing. (Gibson, 2013)

For generation Y, the pursuit of happiness is one of the basic and main goals in life. Communication company ZenithOptimedia has and conducted a survey in order to understand the factors which affect the happiness and productivity of generation Y representatives. More than six thousand responses were collected from an age group of 20 to 35 years in ten countries – Argentina, Australia, United Kingdom, Spain, and other countries. ZenithOptimedia has identified the main factors that affect the lives of this generation: freedom and control. As it can be seen below, Figure 4 demonstrates the values of the average generation Y person.

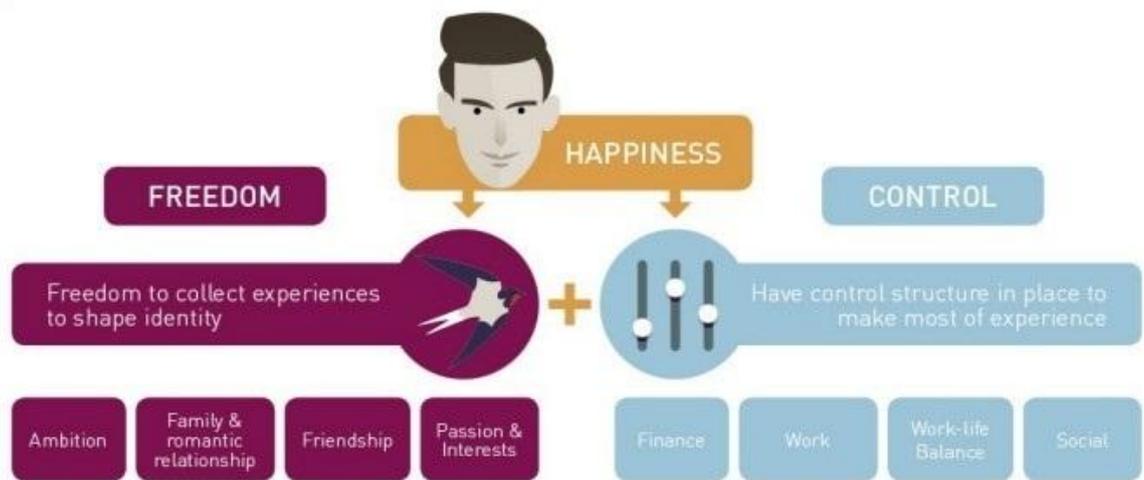


Figure 4. Generation Y values according to ZenithOptimedia research

On the side of "control", generation Y have identified most important streams in their lives – education, work, financial stability. Overall, they have to control many things such as establishing their lives, having financial wellness, starting their own business. Even if the Y's are facing the economic troubles and social insecurity, when compared to their parents, the Y's are seeking the work which fulfill them, they change their jobs many times before they will find the one.

On the other hand, freedom has the same importance as control or financial stability for generation Y. Freedom is the second important factor for their satisfaction. Self-expression is crucial for the majority of the people, as well as being "the one and only", and social media push such needs even further. Yet with such social media exposure comes a significant disadvantage of the generation Y: even though they are confident, generation Y are vulnerable to opinions and attitudes of other people towards them. (Tan, Hasselt, & Collison, 2014)

If one wants to attract Millennials as consumers, a good customer experience and the quality of a product are important. Additionally, advertising methods should be re-considered, since generation Y value authenticity of the content very much. Here below come several suggestions to consider when dealing with generation Y.

- customize products and services to match the requirements of individuals
- personalize the offers to increase the trust in the brand
- communicate and market via games and fun to increase appeal and loyalty
- organize team playing environment for clients
- offer something unique, even if it's just a possibility "to be up to the date"
- inform about everything that increases the value of your supply
- make consumers feel that they are heard to generate useful feedback
- avoid impersonal approach
- avoid explaining unfamiliar things too much
- make expectation an exciting part of the service (Fallon, 2014)

One should also remember that key words of branding such as "popularity", "traditions", "legacy" and "reputation" mean almost nothing to the Y's. Instead, the distinctive details define the individuality of a product. (Tan, Hasselt, & Collison, 2014). Apart from the quality of the product, generation Y assesses the quality of the company. If the product is great, yet the supplier does not match the ideals of generation Y, purchase will probably not be made. The generation Y pays attention to the brand image and to what people, who run the business, thinks and do.

### **3 Data collection and data analysis process**

The process of the data collection for this work is divided into two parts – the first part brings the data via an online survey, designed at [webropolsurveys.com](http://webropolsurveys.com). The survey includes fifteen questions, with three qualitative (open ended) and twelve quantitative. The questions measure customer satisfaction, relevant criteria while flight booking, the respondents' familiarity with ancillaries, the importance of ancillaries, and respondents' future expectation.

The initial intention was to collect one hundred fifty responses, both online and in real life by distributing physical copies. The survey was also meant to be distributed via social media, while the responses to the physical copies of the survey resulted from the largest event in the travel industry in Northern Europe (January 15-18, 2015) at Helsinki Exhibition & Convention Centre.

The total number of collected responses amounted to 200. As many as 80 responses were collected during the Matka Travel Fair 2015 and another 120 by an online survey. The results of the research will be presented in the sections following below. Each section will introduce the results in two ways - for all respondents and for generation Y representatives in particular.

Secondly, the data will be collected via desktop browsing with mystery shopping across the websites of the airlines, i.e. direct channels. My intention is to make a booking for particular dates and destination, always the same for all ten airlines. I intend to collect the info about all the ancillaries, which are offered, and then put the data together and analyze the advantages and disadvantages of each website.

### 3.1 Background information about the respondents

This section shows the background information about the respondents, which was collected via the first three questions of the survey – gender, age and frequency of flights.

#### Gender

Out of 200 respondents, the number of males and females in the sample were almost equal – 101 for males, 99 for females making it 50,5 % to 49,5 %.



generation Y's were 70 males, 59 females. Total number – 129 (64,5 %).

Figure 5. Gender

#### Age

Respondents were asked to define their age, in order to understand whether they belong to Generation Y or not. There were five different age groups: Below 20, 20 to 35, 36 to 45, 45 to 60 and above 60. The results were as follows:

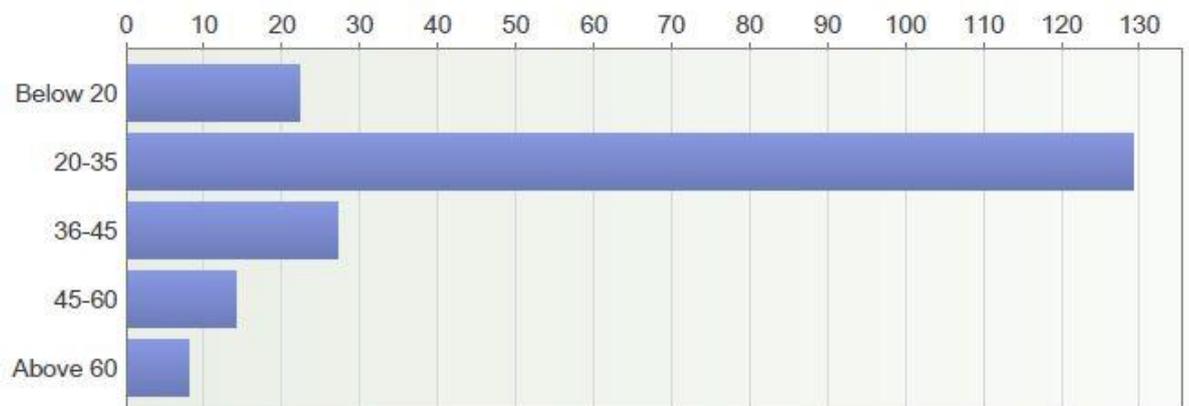


Figure 6. Age

“Generation Y” were the majority of the respondents– 129 (64, 5 %), 36 to 45 years – 27 (13, 5%), 45 to 60 years – 14 (7 %) and above 60 years were 8 respondents (4 %).

### 3.2 Booking process

This section shows what affects the respondents’ decision concerning booking of the flights and which search method is chosen for the booking by the respondent.

#### Frequency of flights

How often does the respondent fly per year – less than 1 time, 1-3 times, 4-10 times, 10-15 times, more than 15. The results were as follows:

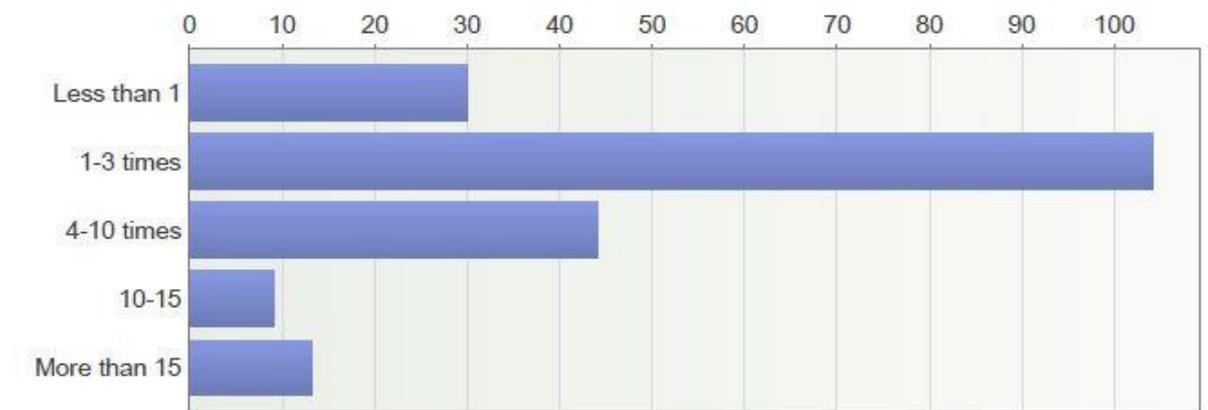


Figure 7. Frequency of flights

As many as 30 (15 %) respondents have not traveled last year, 104 (52 %) flew 1 to 3 times, 44 (22 %) flew 4 to 10 times last year, 9 (4, 5%) travelled 10 to 15 times and 13 (6, 5%) respondents travelled more than 15 times. The majority of the interviewees have been travelling 1 to 3 times per year.

Generation Y respondents answered similarly: the majority 76 (58, 9%) travel from 1 to 3 times, while 20 (15, 5%) flew less than 1, 25 (19, 4 %) travelled from 4 to 10 times, 4 (3, 1%) from 10 to 15 times and 4 (3, 1%) flew more than 15 times last year.

## Search method

Question 4 showed which search methods and booking tools respondents usually use.

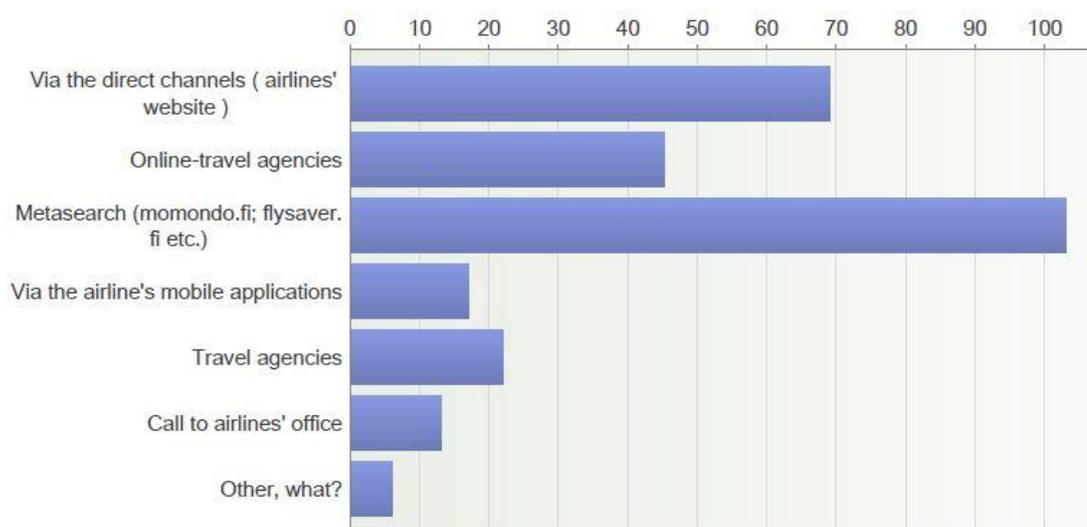


Figure 8. Search method

As it can be seen above in Figure 8, as many as 69 respondents (34, 5%) prefer to use airlines` direct channels (websites), 45 (22, 5%) are used to rely on online-travel agencies, half of the respondents – 103 (51, 5%) use metasearch engines, 17 (8, 5%) book flights via the mobile applications, the 22 (11 %) call to travel agencies, 13 (6, 5%) call airlines` offices and 6 respondents prefer to use another ways (unspecified)..

The responses of generation Y representatives were as follows: 48 respondents (37, 2%) use direct channels, 28 (21, 7%) prefer online-travel agencies, the majority – 76 (58, 9%) are using metasearch, 10 interviewees (7, 75%) tend to use airlines` mobile applications, the 12 (9, 3%) visit travel agencies, 7 (5, 4%) call the airlines` offices and 1 person use would use other (unspecified) ways.

## Most important criterion

This question was asked to understand what people prioritise when booking flights.

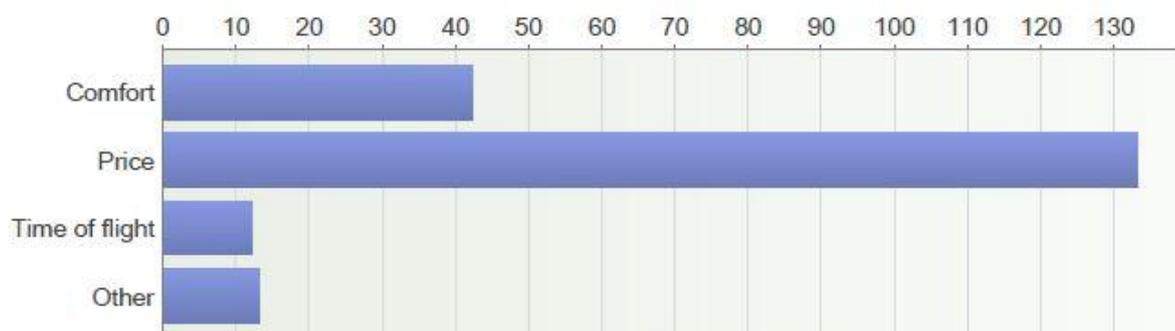


Figure 9. Most important criterion

Figure 9 shows that 42 respondents (21 %) prefer comfort over price and time of flight, about two thirds - 133 (66, 5%) consider the price most important, 12 (6 %) prioritized the time of the flight and 13 (6, 5%) selected the option “other” which included “all the above” and “aircraft type (safety)”.

Generation Y’s responses are as follows: 103 (79, 84 %) prioritized prices; 17 (13, 17%) chose comfort, 3 respondents (2, 32%) – the flight times and 6 (4, 65%) chose “other”.

For generation Y representatives the price was the most important criterion, even though their age range is about 15 years and they include not just students but also young professionals, the price remains the most important criterion.

### 3.3 Familiarity with ancillary services

The previous section reviewed those survey questions that concerned ancillaries and their value for respondents. The following sections review the questions that relate to the familiarity, importance, preferable changes, and the choice of ancillaries that make sense to pay for.

The question “Are you familiar with ancillary services provided by the airlines?” was asked to understand whether respondents are aware of the subject of the survey.

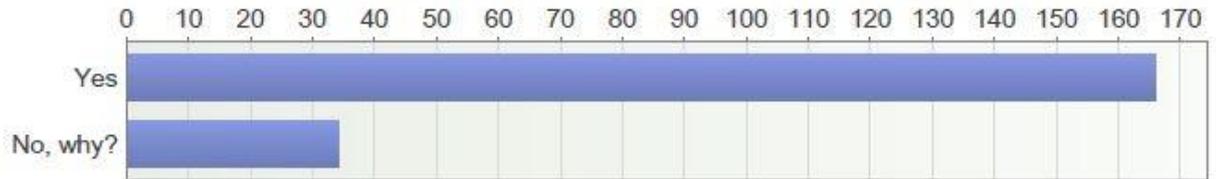


Figure 10. Familiarity

Most of the respondents, 166 (83 %), answered “yes”, i.e. that they are familiar with ancillaries, yet 34 (17 %) selected “no” and wrote down their comments:

- *never heard of them*
- *nobody told*
- *don't read the messages*
- *don't pay attention*
- *haven't seen them*
- *never check*

The responses of generation Y were as follows: 115 (89, 14 %) “yes” to 14 (10, 86 %) “no”.

### 3.4 General importance of ancillaries

Are ancillaries actually important for people who are flying?

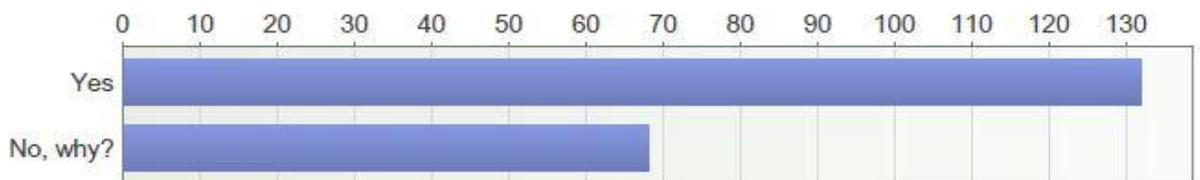


Figure 11. General importance of ancillaries

As many as 132 respondents (66 %) were quite sure and answered “yes”, while 68 people (34 %) answered “no” and commented:

- *I can easily travel without them*

- *I usually sleep on the flight*
- *I almost never use them*
- *They cost and I try to fly the cheapest possible*
- *They are not relevant*
- *I just need a seat*
- *Price is important*
- *Economy*
- *Save money*
- *Price is most important, but it depends on the length of flight*
- *The main point for me is the safety and inexpensiveness of flight*

Even though the majority of generation Y are familiar with ancillary services, only 87 people (67, 44%) answered “yes” about the importance, and 42 (32, 55%) selected “no”.

This probably means that people are not urging for ancillaries, they are instead trying to save money. Younger generations prefer to pass without ancillaries, and inexpensiveness of the journey remains important for them.

### 3.5 How actively ancillary services are offered

The question “do you feel you are actively being offered the option of booking ancillary services by airlines` website or mobile application” was in the survey to see, whether people like how ancillaries are offered. The answers can be seen below in Figure 12.

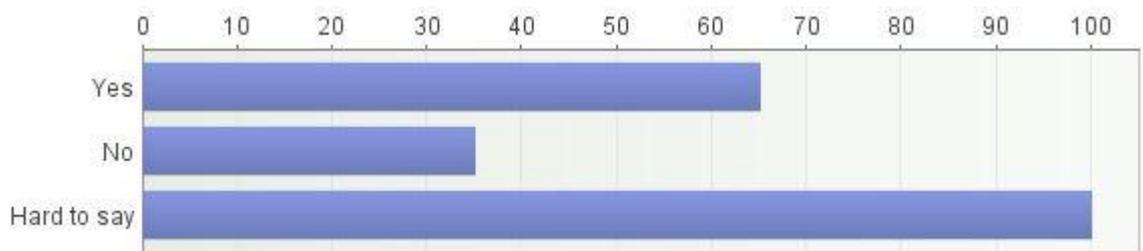


Figure 12. How actively ancillary services are offered

Half of the respondents, 100 (50 %), selected an option “hard to say”, 65 (32, 5%) wrote “yes” and 35 (17, 5 %) answered “no”.

For generation Y, the responses were: more than half, 73 (56, 58 %), said “hard to say”, 37 (28, 68 %) said “yes” and 19 (14, 72%) interviewees said “no”.

### 3.6 Possible changes in the system

The ninth question related to possible changes in how ancillary services are offered. “Would you like to have something changed in how the ancillary services are being offered? If yes, what specifically?”, The answers to that question are listed below:

- *Not to offer them so aggressively*
- *I want to see it in advance, like I am actually doing shopping from Amazon or EBay*
- *More information about services and what are the customer benefits*
- *They are not always clearly promoted as ancillaries – it is hard to say when a service is considered ancillary. It should always be clear if a service is included in the ticket or if it’s extra cost and free-of-choice.*
- *More information while booking on web page*
- *When booking flights sometimes some services (e.g. Insurance) is already chosen and you need to cancel choice to not to have it... that is annoying. It is good that they are clearly offered and at what price, but they should not be pushed or “tricked” to the customer.*
- *Info about the possibility of having them in general could be offered more*
- *It makes sense for a company to let us know what services they offer, unless they do it too often without collecting information about the customer. The offer should be customized and as relevant to a customer as possible.*
- *Well, I think people should be better informed in what comes to different services that are provided by airlines. Then again, I don’t fly often enough to have enough dedication to get involved in knowing more about these services.*
- *It would be great to buy ancillary services as a gift for somebody else.*
- *There could be just one list with the ancillary services available and their prices to choose from, with a clear message that those are optional.*
- *Services and extra fees could be much better presented before making the final reservation*
- *for sure, more visibility*

- *I do not like aggressiveness of offers them.*
- *Do not offer them so aggressively*
- *More options to improve comfort*
- *They should be offered, but not as forced upon by the websites when buying tickets.*
- *Hope airline companies and booking agencies won't push them at their website in the future*
- *Offer by phone*
- *Smoking areas*
- *It would be nice if long areas would be more approachable by budget travelers.*

At the same time, almost forty respondents answered “No”, i.e. they do not want to see any changes in the future.

As can be seen, most of the respondents consider that ancillary services are offered aggressively on the websites of airlines, and perhaps it would make sense to offer ancillaries in another way, without forcing people. Of course, airlines must make profit and that is the main reason why ancillaries are pushed. Nevertheless, people want to see them offered in a lighter way. Some respondents said that more visibility it needed. It would be a good idea to have a clear list of all ancillaries offered, whereby customers could see the price and whether the ancillary in questions compulsory or optional. This would make it much easier for people to choose ancillaries. The answers also suggest that the offer of ancillary services should become simpler.

### **3.7 Ancillary services worth paying for**

One of the most important questions – which ancillaries are worth paying for - was asked to understand the willingness of customers to pay, and what they want to pay for. The answers are given below in Figure 13.

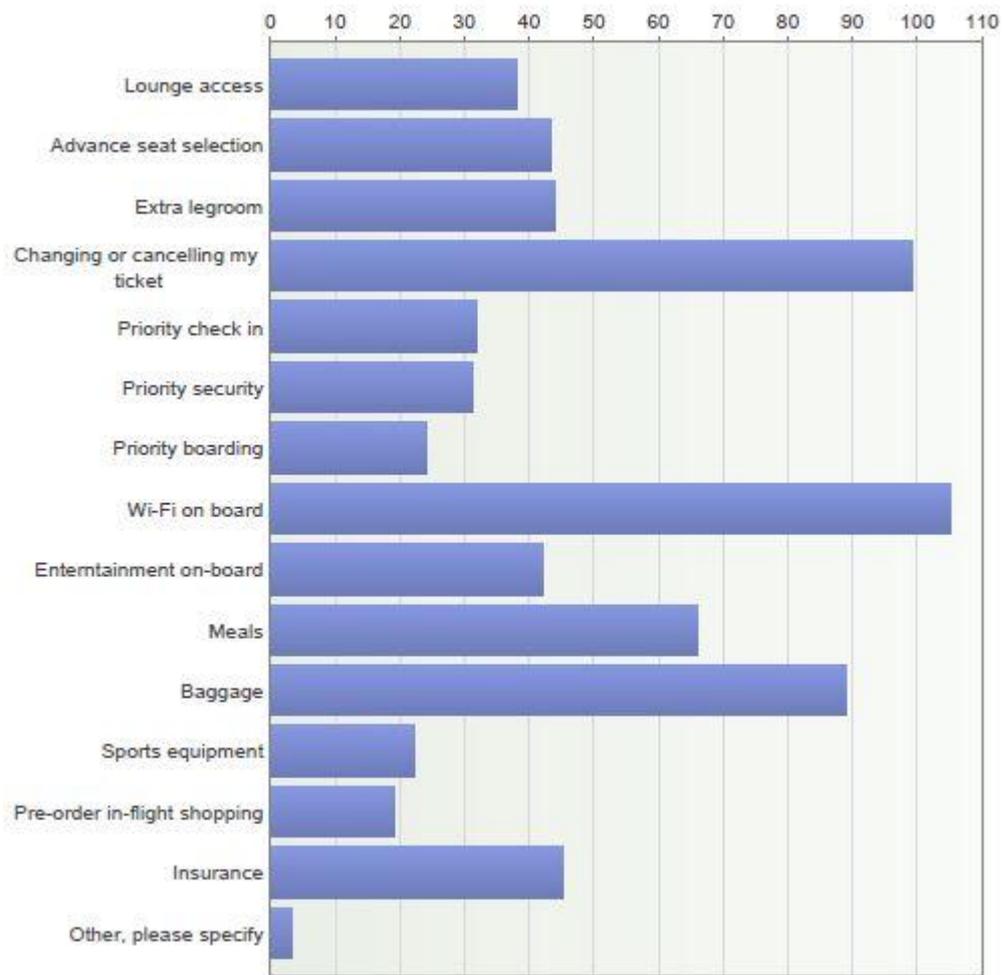


Figure 13. Ancillary services worth paying for

Most of the interviewees consider that Wi-Fi on board, changing/cancelling ticket and baggage is worth paying for. Half of the respondents have chosen Wi-Fi on board – 105 people (52, 5%), while 99 (49, 5%) selected an option “changing/cancelling the ticket”. “Baggage” has the third place – 89 (44, 5%), followed by “meals” – 66 people (33 %).

Almost the same amount of votes has “insurance” - 45 (22, 5%), followed by “extra legroom” – 44 (22 %) and “advanced seat selection” – 43 (21, 5%). “Entertainment on board” was selected 42 times – (21 %), while “lounge access” – 38 people (19 %).

Much lower numbers of votes were given to “priority check-in” – 32 (16 %), “priority security” – 31 (15, 5%), “priority boarding” – 24 (12 %), “sports equipment” – 22 (11 %) and “pre-order in-flight shopping” - 19 votes (9, 5 %). The option “Other” was

selected by 3 respondents, with only one comment: - *all of the above should be included in the basic ticket without additional pay.*

The responses of generation Y were very similar: with 80 (62 %) votes for “Wi-Fi on board”, “changing/Cancelling” – 74 (57, 36 %), and “baggage” – 70 (54, 26%). This was followed then by “meals” – 45 (34, 88%). “Insurance” and “entertainment on board” both had 29 votes (22, 48%). Responses also included 27 votes for “extra legroom” – (20, 93%), 24 (18, 60 %) for “advanced seat selection”, and 22 (17, 05%) for “lounge access”. Priority based ancillaries were somewhat less appealing - 21 (16, 27%) for “priority check-in”, 14 (10, 85%) for “priority security” and 13 (10, 07%) for “priority boarding”. “Sports equipment” – 16 (12, 40%) and “pre-order in-flight shopping” – 12 (9, 3%).

The above results suggest that most of the respondents do not need priority services, although they would still mention the queues and difficulties with accepting waiting times. People clearly welcome the option of cancelling the ticket, Wi-Fi, and luggage. In their turn, generation Y also see the importance in the internet, changing/cancelling the ticket, baggage and meals. Additionally, all respondents seem to trust airlines and their service, as “insurance” was selected only by 1/5 of the total responses.

### **3.8 Importance of particular ancillaries**

This question checked how important each of the listed ancillary services is for customers. Respondents could select from scale 1 to 5 following options: “not important at all”; “rarely important”; “neutral”; “important frequently” and “important all the time”, Figure 14 shows the results below.

	Not important at all = 1	Rarely important = 2	Neutral = 3	Important frequently = 4	Important all the time = 5	Total	Average
Lounge access	35	36	32	10	6	119	2.29
Advance seat selection	21	23	27	39	10	120	2.95
Extra legroom	21	26	25	30	16	118	2.95
Changing or cancelling my ticket	3	12	21	46	37	119	3.86
Priority check in	51	32	21	9	6	119	2.05
Priority security	56	27	22	8	5	118	1.97
Priority boarding	56	29	23	7	4	119	1.94
Wi-Fi on board	4	9	9	66	31	119	3.93
Entertainment on board	15	15	30	35	23	118	3.31
Meals	2	13	39	38	27	119	3.63
Baggage	1	10	16	45	47	119	4.07
Sports equipment	56	32	14	12	5	119	1.97
Pre-order in-flight shopping	64	25	16	8	6	119	1.88
<b>Total</b>	<b>385</b>	<b>289</b>	<b>295</b>	<b>353</b>	<b>223</b>	<b>1545</b>	<b>2.83</b>

Figure 14. Importance of particular ancillaries, Generation Y

Figure 14 above shows that about 120 generation Y respondents evaluated each of the listed ancillaries. Lounge access for 71 respondents (59, 66%) is rarely important or not important at all, while 32 (26, 89%) expressed their opinion as “neutral”, and 16 people (13, 44%) thought that lounge access is important frequently or all the time. This gives “lounge access” rather low average importance– 2.29 points, when compared with “baggage” - 4.07. The lowest importance – 1.88 average points has the ancillary “pre-order in-flight shopping”.

For the “advanced seat selection” 21 people (17, 5%) answered “not important at all”, 23 (19, 16%) – “rarely important”, 27 (22, 5%) – “neutral”, 39 (32, 5%) – “important frequently”, while for 10 respondents (8, 3%) advance seat selection is important all the time. The average score – 2.95.

Extra legroom has the same score as an advanced seat selection – 2.95, whereby 21 respondents (17, 79%) thought “not important at all”, 26 (22, 03%) – “important rarely”, 25 (21, 18%) – “neutral”, 30 (25, 42%) – “important frequently” and 16 (13, 55%) – “important all the time”.

Changing or cancelling the ticket proved its high importance for the respondents.

More than a half of respondents answered that this ancillary is important. For 37 respondents (31, 09%) it was “important all the time” and for 46 (38, 65%) it was “frequently important”. For 21 respondents (17, 64%) the choice was “neutral”, for 12 (10, 08%) - “rarely important” and for 3 respondents (2, 52%) - “not important at all”. The average score – 3.86 shows that it is one of the three most important ancillary services.

Priority services – check-in, security and boarding had all small amounts of positive answers – from only 4 (3, 36 %) to 9 (7, 56%) respondents who selected “important frequently” and “important all the time”. “Neutral” option was chosen by 21 (17, 6%) to 23 (19, 32%) respondents. Many respondents - from 51 (42, 85%) to 56 (47, 05%) - demonstrated that this ancillary is of little importance for generation Y.

Wi-Fi on board is the second of the three most important ancillaries for people aged 20 to 35 years. For the majority of the respondents – 66 (55, 46%) Wi-Fi on board is “frequently important” and 31 (26, 05%) answered “important all the time”.

Entertainment on board showed following results: 15 (12, 71%) respondents both for “not important at all” and “rarely important”; 30 respondents (25, 42%) chose “neutral”, 35 respondents (29, 66%) chose “important frequently” and 23 respondents (19, 49%) chose “important all the time”. Entertainment on board thus may be both important and unimportant for passengers, depending on their preferences.

The importance of meals on board, perhaps, depends on the time and duration of the flight, which are the criteria for customers to choose “meal” option and pay for it. For 2 (1, 68%) respondents it was “not important at all”, 13 (10, 92%) selected “rarely important”, 39 (32, 77%) stayed as “neutral”. For 38 (31, 93%) respondents meal is “important frequently” and 27 (22, 68%) respondents chose “important all the time”.

Meals are thus still quite important ancillaries.

“Baggage” has shown the highest results in Figure 14. For the majority of people (77, 3%) baggage is needed and important. For 47 (39, 49%) respondents, baggage was “important all the time”. “Frequently important” was chosen by 45 (37, 81%) respon-

dents. “Baggage” is thus the most important ancillary service for the passengers, according to Figure 14.

“Sports equipment” showed almost the lowest results in Figure 14, with 56 (47, 05%) respondents selecting “not important at all”, and 32 respondents (26, 89%) selecting “rarely important”. Sports equipment is important only for a certain category of people, who despite their preferences buy the ancillary service to transport the equipment.

The lowest result from the above listed ancillaries was shown by “pre-order in-flight shopping” with 64 (53, 78%) respondents selecting “not important at all”, 25 (21 %) - “rarely important”, 16 (13, 44%) - “neutral”, 8 (6, 72%) - “frequently important” and 6 (5, 04%) - “important all the time”. As it can be seen, for the majority of respondents “pre-order shopping” has very little relevance.

Thus, the overview of Figure 14 shows that the most important ancillaries for the respondents were baggage, Wi-Fi on board and changing/cancelling the ticket. This is perhaps rather logical, since people usually travel with luggage. They also want to insure themselves for the changes in travel plans, and have access to the internet on board for leisure or business.

The airlines thus could consider these three ancillaries as important for the average traveler and optimize their pricing policies for the ancillaries, ensuring that the customers get the desired value for the money they pay.

### **3.9 What could be important for the age group of 20 to 35 years old**

This open-ended question was asked to see whether there is an ancillary service, which was not listed in Figure 14 above. The results are listed below.

- *A possibility to cancel and change tickets*
- *Extra legroom, meals and baggage*
- *Wi-Fi, meals, advanced seat selection*
- *Wi-Fi, baggage, meals, changes & cancellations*
- *Wi-Fi on board*
- *Changing/cancelling, Wi-Fi*
- *Wi-Fi, meals, baggage included in the price*
- *Baggage*
- *Basic necessities as food and baggage*
- *Those which makes flying easier, no hassle, saves your time, makes your flight comfortable*
- *Mile high club invitation*
- *Insurance, Wi-Fi*
- *Movies if long-haul flight*
- *Sports equipment included*
- *Sports equipment, Wi-Fi*

Wi-Fi was mentioned more than 50 times in the answers, baggage and cancelling tickets – more than 20 times. These responses (to the open-ended question) confirm the results of Figure 14: the respondents' value the internet, baggage and a possibility to be flexible with their flights.

### **3.10 Expectations in the nearest future**

The question allowed the respondents sharing their ideas on how airlines should expand the list of ancillaries and offer the travelers new services during their journey. While many respondents did not participate, several answers were still collected and are listed here below.

- *Beds*
- *Possibility not to switch off mobile phones*
- *Advanced entertainment services*
- *Selling books*
- *Cheaper prices, additional selection of food and beverage*

- *More space for legs by default*
- *I think it would be really amazing to make “quiet zones” on the plane. So passenger would be able to order this ancillary and make sure there will be no screaming infants or loud drunk people around.*
- *Free meals and luggage*
- *Library*
- *Shows on long-haul flights*
- *Wi-Fi, entertainment, baggage cost lower; student discount*
- *Blu-ray cinema*
- *Sleeping places and plug sockets*
- *Free Wi-Fi at all times*
- *Free meals on board*
- *Personalization*
- *Educational programs as part of in-flight entertainment*
- *Free Wi-Fi, more comfortable seating (such as air-coach that Air New Zealand has), fully flat beds in business class with all airlines, shorter and more efficient check-in and boarding routines (automated with biometrics for example)*
- *Waiting at the airport is annoying, cueing is problem. You cue everywhere. Most annoying is to wait for the bus drive to airplane and then try to get in the crowded bus. And there is usually hot or too cold, and in a worst case scenario you wait again for other passengers to arrive to the bus.... Those are things which need to be taken care of soon.*
- *Please help families with children, with small kids. Figure out, create services for them. Flying with kids, it is not a pleasure. ☹ Usually you have a huge amount of luggage, even the check-in process is stressful.*
- *Blankets and sleeping seats*
- *Smoking areas*

The above comments suggest possible ancillaries as the respondents hope to see smoking areas, libraries, bars, more fun or quiet zones. From my point of view, it would be interesting to be offered a choice of both educating and entertaining reading material for the flight when buying a ticket. Other comments clearly indicate that the respondents hope for more comfort – legroom, blankets, bigger seats, etc.

### 3.11 Statements

The following statements were asked in order to see the attitude of customers to the ancillary services and the personalization in the airline industry. The answering options ranged from “Disagree” equal to 1 to “Agree” equal to 5, with “Somewhat disagree” - 2, “Neutral” - 3 and “Somewhat agree” - 4 in between.

	Disagree = 1	Somewhat disagree = 2	Neutral = 3	Somewhat agree = 4	Agree = 5	Total	Average
Ancillary services make flying easier and more enjoyable.	0	2	10	58	51	121	4.31
Ancillary services allows airlines to provide customers a personalized service.	0	2	17	40	60	119	4.33
Personalization in the airline industry is step forward	2	3	27	49	38	119	3.99
Airlines offer enough ancillary services for travelers	3	6	36	41	36	122	3.83
Ancillary services are easy to book/order	2	2	36	45	35	120	3.91
I look forward to see how amount and variety of ancillary services will be improved	0	4	37	28	49	118	4.03
<b>Total</b>	<b>7</b>	<b>19</b>	<b>163</b>	<b>261</b>	<b>269</b>	<b>719</b>	<b>4.07</b>

Figure 15. Statements

As Figure 15 shows, the first statement “Ancillary services make flying easier and more enjoyable” had only 2 respondents choosing “somewhat disagree”, while the majority of respondents answered “Somewhat agree” – 58 people (47, 93%), and “Agree” – 51 (42, 14%), making it 90% for those who are on the agreement side.

The second statement “Ancillary services allows airlines to provide customers a personalized service” had only 2 respondents choosing “somewhat disagree”, while the majority of respondents had a positive attitude toward the statement. “Somewhat agree” was chosen by 40 (33, 61%) respondents, and “Agree” by 60 (50, 42%) respondents, making it almost 85 % for those who are on the agreement side.

The statement “Personalization in the airline industry is a step forward” showed similar results, with a few more respondents who were on disagreement side: 38 (31, 93%) respondents “agree”, 49 (41, 17%) respondents “somewhat agree”, 27 (22, 68%) res-

pondents chose “neutral”, 3 (2, 52 %) respondents “somewhat disagree”, and 2 (1, 68%) respondents “disagree”.

The statement “Airlines offer enough ancillaries to their customers” had the following results: 3 (2, 45%) respondents chose to “disagree”, 6 (4, 91%) respondents preferred to “somewhat disagree”, 36 (29, 50%) respondents chose “neutral”, 41 (33, 60%) respondent chose to “somewhat agree”, and 36 (29, 50%) respondents chose to “agree”, which means that for the majority of respondents new ancillaries are not very much needed.

The statement “Ancillary services are easy to book/order” brought the following responses: Respondents were quite sure that it is easy to book the ancillaries with 35 (29, 16%) respondents chose to “agree”, 45 (37, 5%) respondents chose to “somewhat agree”, 36 (30 %) respondents chose “neutral”, and only 2 respondents chose to be on the disagreement side. Thus, most respondents think booking ancillaries is rather easy.

The last statement “I look forward to see how amount and variety of ancillary services will be improved” showed the following results: 49 (41, 52%) respondents chose to “agree”, 28 (23, 72%) respondents chose to “somewhat agree”, 37 (31, 35%) respondents chose “neutral”, 4 (3, 38%) respondents chose to “somewhat disagree”, and nobody chose to disagree, which shows that the respondents are rather interested in following the industry developments.

The results above show that the respondents are rather interested in ancillaries have a positive attitude. There were also few open-ended comments:

- *Airlines must also be able to reimburse the costs of ancillary services if it so happens that the services are not available during the flight due to change of aircraft or other.*
- *Ancillary services are just an icing on the cake. There are only three really important things in flying with western airlines; ticket price, flight durations and times in this order.*

## 4 Ancillary services via direct channels

The second aim of the thesis is to study direct channels of airlines via mystery shopping (desktop browsing). For that, the study chose some of the commonly booked airlines on the Finnish market. The selected airlines are listed below with their IATA codes and names.

- AY – Finnair
- LH – Lufthansa
- SK – SAS
- DY – Norwegian Air
- AB – Air Berlin
- AF – Air France
- BA – British Airways
- TK – Turkish Airlines
- BT – Air Baltic
- KL – KLM

The study focused on the economy class, following the preferences of generation Y representatives who tend to choose lowest fares. The itineraries to compare across direct channels were medium-haul flights (approx. 3 500km) as these usually allow for several ancillaries such as meals and carry-on baggage. The mystery shopping would thus allow studying everything that is offered with the fare, the pricing of the offers, and how attentive the airlines are to the needs of generation Y shoppers.

The main aim of the mystery shopping is to differentiate airlines among each other by their offers of ancillaries made via direct channels (airlines' websites). The mystery shopping allows the author of the study to experience and understand the airlines' website "behavior" towards their consumers – how easy it is to book ancillaries, how transparent the offers are, what the comparable prices are. The dates and the itinerary

to study via the mystery shopping were chosen randomly – Monday, 4<sup>th</sup> of May to Sunday, 10<sup>th</sup> of May 2015, Helsinki (HEL) to Barcelona (BCN) for 1 adult.

The author observed the booking of ancillary services offered and their visibility within the direct channels. The author’s observations were based on a rather subjective premise of mystery shopping, yet the author tried to adopt the views of generation Y while making observations. For example, flexibility was considered due to demands of generation Y’s want to have more control of their bookings. Similarly, customer-oriented airlines’ behavior towards their consumers was considered, i.e. the amount of additional services and the number of options while booking.

Finnair was chosen as the first direct channel to review. Dates, destination, and the ticket types were chosen as follows: “Basic” (apart from “Value” and “Pro”), with “Basic” type offering minimum of services:

BENEFITS		Basic	
 Changes (before / after departure)	Not permitted	 Carry-on baggage	1 bag
 Cancellation (before / after departure)	No refund	 Lounge access	No
 Checked baggage max. 23kg/bag	1 bag	 Priority security	No
 Finnair Plus points	50%	 Priority check-in & boarding	No
 Seat selection	Chargeable	 Name change	Not permitted

Figure 16. Ticket type – “Basic” - Finnair

Figure 16 above represents the benefits provided and these are quite reduced:

- Not permitted & non-refundable changes and cancellation
- No lounge access
- Priority security/check-in/boarding not included

- Chargeable seats according to the seat types: economy comfort; extra legroom and front row seats

“Basic” includes 1 bag up to 23kg; 50% of Finnair Plus points; 1 carry-on baggage up to 8kg.

Additional services were offered as follows:

- Seat selection for additional price
- Additional luggage
- Cancellation & Trip-Interruption Cover; Travel insurance

Considering the above, Finnair, as the first direct channel analysed, can be taken as a standard for comparison. The visibility, flexibility and customer orientation of Finnair’s booking process can thus be considered to be on a medium level. The following comparisons/analyses of other airlines’ direct channels will show whether other airlines and their ancillary booking process are more visible/flexible/customer-oriented than those of Finnair or less visible/flexible/customer-oriented.

The next analysis was the analysis of **Lufthansa**'s website, and the types of tickets seen were "Economy Basic", "Economy Flex" and "Business Basic". "Economy Basic" type offered the following services:

Economy Basic			
Rebooking fee	 Rebooking fee: 65 €	Meal	 Snack
Refund	 Refund not permitted	Baggage allowance	 1 piece of baggage included Special baggage has to be requested separately
Mileage accrual *	 Available mileage: 125	Check-in	 Economy class check-in
Mileage upgrade **	 Mileage upgrade: Not permitted	Lounge Access	 No lounge access

Figure 17. Ticket type – "Economy Basic" – Lufthansa

Lufthansa's basic ticket type included:

- Ticket changes for the additional price of €65
- Cancellation not permitted and non-refundable
- Mileage points
- Snacks included
- Carry-on up to 8kg free of charge
- 1 baggage up to 23kg; additional luggage for €75
- Sports equipment has to be requested separately
- Economy check-in and no lounge access

The options were almost the same as Finnair selling, although meal is included, additional baggage costs 3 times more than in Finnair (75€ versus 25€).

Additional services were:

- Seat selection - €10 - standard seat; €20 – extra legroom seat
- Car rental
- "Secure your fare"

Insurance was not offered even at the last payment page. The authors' impression about the direct channel of Lufthansa is as follows: visibility is low; flexibility is medium and customer orientation also medium.

Third direct channel analysed was **Scandinavian Airlines** (SAS) with "SAS Go", "SAS Plus" and "SAS Plus Full Flex". Basic "SAS Go" is presented below:



The image shows a list of ticket options for SAS Go. The options are listed in a vertical column with icons and text. The first option, '23 kg', has a blue checkmark to its left. The last option, 'EuroBonus points', also has a blue checkmark to its left. The other options are '24 h money back guarantee', 'Inflight meal', 'Fast Track security', 'Lounge', 'Front of cabin', and 'Change & refund', each with an icon and no checkmark.

Option	Status
24 h money back guarantee	Not selected
23 kg	Selected
Baggage allowance	Not selected
Inflight meal	Not selected
Fast Track security	Not selected
Lounge	Not selected
Front of cabin	Not selected
Change & refund	Not selected
EuroBonus points	Selected

Figure 18. Ticket type – "SAS Go" – Scandinavian Airlines

Basic ticket type of Scandinavian Airlines included only 3 options out of 8, as shown above, therefore other ticket types included all the options. These three were:

- Baggage allowance of 23kg
- 24 hours prior boarding refund if cancellation takes place (ticket price was almost twice expensive than Finnair's booking)
- Mileage bonus

"SAS Go" offered no changes permission, no front seats, no lounge access, no priorities, no meal. The difference between basic "SAS Go" and medium ticket type "SAS Plus" was around €40-60, yet the "SAS Plus" involved all the 8 options – free meal; bigger mileage bonus; fast track; change/refund. These ticket types included child discounts: 2-11 years – 25 % discount and 0 to 2 years – 90 % discount.

No ancillary services were offered on the webpage of Scandinavian Airlines apart from those, which were included in the ticket fare. If travelers want to enjoy extra service, they would not be able to buy separate ancillaries yet would have to upgrade the ticket. For generation Y, overall upgrade can be a less desirable option as they may like to spend as little money as possible. Thus, visibility of SAS Go ancillary options was considered medium, flexibility low, and customer orientation also low because SAS Go did not offer any ancillary services apart from the those service element already included in the fare.

The next airline to analyse was **Norwegian** with the following ticket types: “Low-Fare”, “LowFare+” and “Flex”. The services included in the “LowFare” were:

	LowFare
Hand baggage	✓
Checked baggage	\$
Seat reservation	\$
Fast Track	\$
WiFi	✓
Changes	\$
Refundable	-

Figure 19. Ticket type – “LowFare” – Norwegian

“LowFare” ticket description:

- Non-refundable
- Can be cancelled with no charges 4 hours prior to booking (within Europe)
- Carry-on baggage up to 10kg
- Wi-Fi is included (free on-board)
- Checked baggage; seat selection; fast track and changes – additional payment.

Norwegian offered two options - either to upgrade from “LowFare” to “LowFare+” to secure 1 checked baggage up to 20kg and selection of a seat, or buy these service elements separately as ancillaries.

When bought separately, the ancillary services offered included:

- Baggage: 1bag - €27; 2 bags - €63
- Seat selection - €9 (if not chosen –allocated automatically)
- Special baggage – windsurfing/snowboard/surfboard/scuba diving equipment
- Pet allowance
- Insurance

When compared to other airlines’ ancillary policies in direct channels, the visibility of Norwegian’s ancillary services can be seen as medium; yet their flexibility and customer- orientation is very high.

**Air Berlin** was the next analysed airline, and the available ticket types were “FlyClassic” and “FlyFlex”. The “FlyClassic” included the following service elements (see Figure 20).

	FlyClassic 
Cancellation	X**
Rebooking	\$
Seat reservation	\$
Cabin baggage	✓
Checked baggage	✓ (1 piece)
In-flight service	✓
topbonus miles	50% / 100%

Figure 20. Ticket type – “FlyClassic” – Air Berlin

- Cancellation allowed only for long-haul flights
- Rebooking allowed for additional payment
- Carry-on baggage up to 8kg
- Baggage up to 23kg included
- In-flight meal
- Mileage bonus

As ancillaries for separate purchase, Air Berlin offered the following service elements:

- Insurance (travel cancellation or travel reduction)
- Delay and rebooking protection
- Travel protection package
- Seat selection for additional price
- Additional or sports baggage
- Meal choice (breakfast, snack, pasta, vegetarian, allergies)
- Animal transportation
- Car rental

It seems that Air Berlin has a high amount of offered ancillary services, also the level of visibility is very clear and intuitively very understandable, flexibility and customer orientation are also high, since Air Berlin seems to provide a very wide range of service and the services provided are clear and simple. As an example, Figure 21 below shows the supply of ancillaries via the direct channel of Air Berlin.

## Don't forget your travel insurance!



The reliable travel protection provided by Europäische Reiseversicherung AG will ensure that in an emergency you will be able to obtain assistance quickly and that you have financial cover.



[+ details »](#)

## Seat reservation



Reserve your preferred seat from € 9.99 per person per flight. Seat reservation is free of charge for Business Class customers or holders of a topbonus Silver/Gold/Platinum or Service Card, as well as for customers who have booked in the FlyFlex fare category.

[+ details »](#)

## Sports and additional baggage



Are you travelling with extra baggage? Book additional baggage quickly and conveniently online or exchange your free baggage allowance for sports baggage.

[+ details »](#)

## Gourmet Meal



On the flight you have selected we will be offering you exclusive gourmet menus created by Sansibar (airberlin) or DEMEL (NIKI). You can enjoy popular classic dishes, more exotic meals or seasonal specialities to suit the particular time of day and route of your flight.

[+ details »](#)

## Animals



You don't want to travel without your four-legged friend? No problem, with airberlin it is quick and easy to add your pet to your booking online.

[+ details »](#)

Figure 21. Direct Channel – Ancillary services page – Air Berlin.

Next airline to be analysed was **Air France**, and the following ticket types were available: “Economy CLASSIC” and “Economy FLEX”. Air France’s basic “Economy CLASSIC” included the following service elements.

	<b>Economy CLASSIC</b>
<b>Hand baggage</b>	✓
<b>Newspapers</b>	✓
<b>In-flight services</b>	✓
<b>Choose your seat</b>	at check-in
<b>Checked baggage</b>	1 x 23 kg / 50 lb
<b>Flying Blue Miles</b>	482
<b>Modifiable ticket</b>	with fees
<b>Refundable ticket</b>	-
<b>Seat at the front of the cabin</b>	-

Figure 22. Ticket type – “Economy CLASSIC” – Air France

- Carry-on baggage up to 12kg
- Entertainment – newspapers
- Meal or beverage
- Seat selection at check-in
- 1 baggage up to 23 kg
- Mileage bonus for members
- Changes of date and time for additional payment
- Non-refundable ticket

The service elements offered as ancillary services included the following:

- Fare reservation, with fees
- Variety of food types - baby food, child, bland, diabetic, allergen-free, gluten free, kosher, halal, Hindu, vegetarian
- Insurance – comprehensive and cancellation only

Air France had a somewhat different booking process regarding to one service which is not an ancillary and was offered without any charges. A consumer could click on the button “I require assistance (disabled persons and persons with reduced mobility)” and then tick in various fields “hard of hearing”, “blind/visually impaired”, “wheelchair” etc. Such inclusion of the assistance into the booking process can facilitate the life of challenged travelers and this shows the high customer orientation of Air France.

Overall, the visibility of the ancillary services offered by Air France is medium. There is almost no flexibility when it comes to ancillaries, yet customer orientation can be seen as high due to various service elements offered, a great variety of meals, and assistance to people with reduced mobility.

The next airline to be analysed was **British Airways**. The ticket types were “Economy” and “Business”. It appeared that during the booking process all the necessary information regarding the flights and ancillary services was scattered all over the page, which made the visibility of ancillary services low when compared to other airlines. The service elements offered in the Economy ticket were as follows:

- 1 piece of hand baggage (56cm x 45cm x 25cm/22in x 18in x 10in) plus a briefcase, laptop or handbag (45cm x 36cm x 20cm/18in x 14in x 8in)
- Complimentary drinks and snacks available on board
- Check in online or on your mobile
- Convenient centrally located airports
- The reliability and reassurance of flying British Airways
- This fare will earn Executive Club Tier Points

Figure 23. Ticket type – “Economy” – British Airways

- Carry-on baggage; briefcase; laptop or handbag
- Snack and beverage included
- Mileage bonus
- Booking changes – additional payment

The following service elements were offered as ancillary services:

- Baggage up to 23 kg
- Car rental
- Seat reservation

Overall, the visibility of ancillary services could be rated as low, flexibility as medium and customer orientation as high due to a variety of additional options– car rentals, hotels, attractions etc.

**Turkish Airlines** were next to be analysed and the ticket types were as follows:

“Economy Promotion”, “Economy Semi-Flexible”, “Economy Flexible” and “Business Semi-Flexible”. “Economy Promotion” ticket type is shown below:

	Economy Promotion
Rebooking	X
Cancellation	X
CIP Lounge Access	X
Special Discounts	X
Lowest fare	* From 313 EUR

Figure 24. Ticket type – “Economy Promotion” – Turkish Airlines

Basic ticket of Turkish Airlines included the following service elements:

- Non-refundable, no cancellation, no changes
- No lounge access
- Meal on-board (20 different types)
- Checked baggage up to 30 kg
- Seat selection free of charge

There was no additional information about ancillaries such as insurance, entertainment on-board, pets, special baggage or mileage bonus. The amount of service elements

provided as ancillaries was minimal, so the visibility could be evaluated as medium, flexibility – low and customer orientation also low.

**AirBaltic**'s direct channel offered “Basic”, “Economy Smart”, “Economy Elite”, “Business Smart” and “Business Elite” ticket types. The “Basic” ticket included the following service elements:

- Discount for children 2-11 years – 25 %; child 0-2 years – 90 %
- Carry-on baggage up to 8 kg
- Checked baggage for additional price
- Changes not allowed unless this option is purchased
- Non-refundable
- No priorities and lounge access

Air Baltic offered the following service elements as ancillary services:

- Lounge access
- Seat selection
- Meal services
- Mileage bonus
- Baggage
- Fast-track
- Insurance
- Sports equipment

AirBaltic had a separate page for the booking of all ancillary services and from the author's point of view, the offered ancillary services were clear.

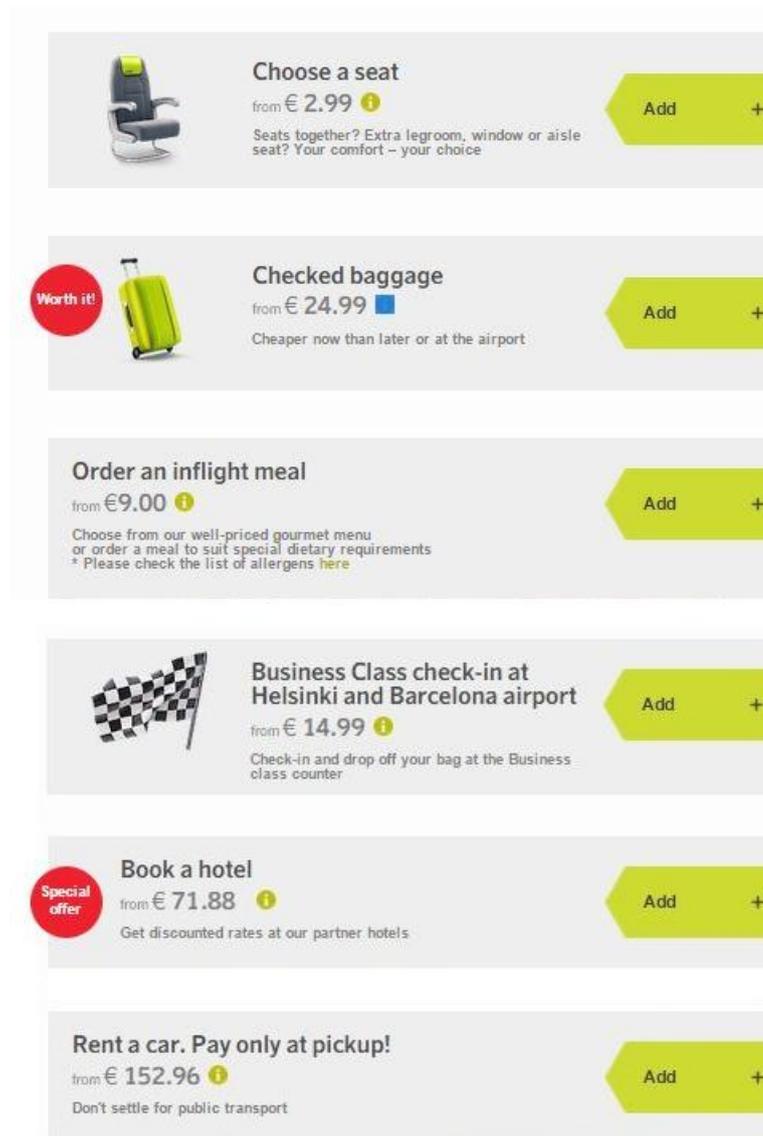


Figure 25. Ancillary services page – airBaltic

AirBaltic` webpage left an impression that visibility of ancillaries, flexibility, and overall customer orientation were high. With all ticket types, a customer is able to purchase most of the ancillary services. Compared to other airlines, AirBaltic` direct channel is highly advanced in terms of enabling customers to book ancillary services.

The tenth airline picked up for comparison was **KLM**, and the ticket types for the economy travel class were “Economy restricted”, “Economy semi flexible”, “Economy fully flexible”. The “Economy restricted” included the following service elements.

## Economy Restricted

Attractive Economy Class fares

from **Helsinki** to **Barcelona**

### Which conditions apply when I select Economy Restricted?

Change	• Change is permitted at a fee of EUR 70.00. If you change your ticket, the price of the ticket may change due to tax recalculation and fare availability.
Cancel	• Cancellation is not permitted • You will pay an administration fee of EUR 20.
No-show	• No-show is not permitted.
Minimum stay	• A minimum stay of 3 day(s) applies. And/or a Sunday should be included in the stay.
Maximum stay	• A maximum stay of 6 month(s) applies
Travel class	• You will be travelling in Q class with fare basis QSRFI.
Frequent flyer	• Flying Blue members earn 859 Miles

Figure 26. Ticket type – “Economy Restricted” – KLM

“Economy Restricted” has the following conditions:

- Date and time change is allowed – additional payment
- No cancellation
- Mileage bonus
- Seat selection free of charge if economy seat
- Carry-on baggage up to 12 kg

The following service elements were offered as ancillary services:

- Baggage up to 23 kg
- Car rental
- Cancellation insurance
- Travel & cancellation insurance

Even if special equipment and animal transportation were not listed, visibility of KLMs` ancillaries is high – all is understandable and clear. Flexibility and customer orientation are medium, as KLM provides a limited number of service elements as ancillaries.

Figure 27 below summaries the analysis of the chosen airlines via six columns - "Air-line/ticket type"; "ancillaries included" into the ticket; "ancillaries offered" apart from the ticket; "visibility"; "flexibility" and "customer orientation". The symbols include:

 - Baggage	 - Pre-selected seat
 - Sports equipment	 - Meals
 - Firearms	 - Entertainment
 - Pets	 - Wi-Fi onboard
 - Insurance	 - Upgrade
 - Mileage	 - Additional baggage
 - Transport	 - Fast track
 - Rebooking	

\*Snacks as meals,

\*\*Carry-on baggage was included with each ticket,

\*\*\*airBaltic – Rebooking and On-time arrival guarantee in one icon.

Airline / Ticket Type	Ancillaries included	Ancillaries offered	Visibility	Flexibility	Customer Orientation
Finnair / "Basic"	 	   	Medium	Medium	Medium
Lufthansa / "Economy Basic"	   *	   	Low	Medium	Medium
SAS / "SAS Go"	 	No	Medium	Low	Low
Norwegian / "LowFare"		      	Medium	High	High
AirBerlin / "FlyClassic"	   *	     	High	High	High
Air France / "Economy Classic"	   * 	   	Medium	Low	High
British Airways / "Economy"	   *	   	Low	Medium	Low
Turkish Airlines / "Economy Promotion"	  		Medium	Low	Low
airBaltic / "Basic"		      	High	High	High
KLM / "Economy Restricted"		   	High	Medium	Medium

Figure 27. Comparison of airlines` direct channels.

From the consumers` perspective, the unbundling of service into service elements that are sold separately as ancillary services should have the aim of providing satisfaction and comfort to consumers. As Figure 27 shows above, the amount of service elements offered for separate purchase as ancillaries is rather limited across most of the studied airlines. Thus for representatives of generation Y, who tend to start their itineraries by purchasing the lowest fare, most of ancillaries are not even offered for separate purchase via direct channels. This could be a mistake on behalf of carriers. The choice of a lowest fare does not mean that the customer will avoid purchasing more service elements as ancillary services. And in order to raise the adoption of ancillary services and sell more service to generation Y, airlines should at least make ancillary offers while the lowest fare is booked.

Three airlines out of ten are clearly customer oriented in terms of the above understanding of generation Y: “Norwegian”, “Air Berlin” and “airBaltic”. As it can be seen, these three carriers provide a high flexibility for those consumers who purchase low fares, because people are given the possibility of choice. The choice of ancillary services is also high, and the transparency of ancillary services via direct channels is great. This is important for Generation Y, because they are able to customize the service.

Carriers should consider generation Y as a very important segment of their business. For the year 2015 the amount of Y`s around the world is almost 25 %. As the world gets more global and more connected, professional changes in the lives of generation Y will lead to an outstanding amount of journeys. Hopefully, airlines will consider positively the interests, lifestyle, values of their younger customers and thus will get hundreds of thousands loyal passengers for many years to come.

## 5 Conclusion

This chapter will present the main conclusions of the research. The chapter will define the reliability and validity of the study; analyse the strengths, weaknesses, opportunities and threats found during the study; introduce the key findings; and make improvement suggestions for the commissioner.

### 5.1 Reliability and validity

Reliability and validity are important concepts to think of when conducting the research.

Reliability concerns the consistency of the research tools. The reliability of the research refers to the repeatability of findings. (Bryman & Bell, 2007) Validity is a concept that refers to the accuracy, credibility and believability of the collected data. Validity also relates to the conclusions and whether they provide answers to the original research questions. Both reliability and validity depend research design. If, for example, the questionnaire is designed well, then it could reduce the possibility of subjective opinions and potentially wrong direction of answers. (Saunders, 2009)

In the first part of the research, the responses of 200 people were analysed, and the sample is most probably large enough to see the trends. During the research, 80 respondents were contacted directly at MATKA Travel Fair and 120 respondents were reached by online Webropol survey. Most of the online respondents shared their age range, which was needed for the research – 20 to 34 years old, i.e. “generation Y”.

The second part of the research used the method of mystery shopping, and while the author tried to remain unbiased, the readers should keep in mind that the comparison of airlines’ direct channels is based only on the author’s experience. Perhaps, more pilot studies and engagement of other analysts could make the research more reliable and more valid. Yet this was hardly feasible given the framework of the bachelor thesis.

## **5.2 Discussion**

This section reviews the strengths, weaknesses, opportunities, and threats of the study.

### **Strengths**

One strength of this study was that a student, who is a representative of the generation Y, investigated the topic. The collected data answered the original research questions and uncovered the views of generation Y. The results can be beneficial for a range of businesses in travel and tourism, including the commissioner, Amadeus and airlines.

### **Weaknesses**

One of the weaknesses was the limitation of the mystery shopping, whereby the author was not able to access data (offered services) beyond the pre-booking stage. An additional weakness comes from the rapid changes of the travel and tourism industry. The amount and the nature of ancillary services offered could change in the matter of months or even weeks. One more weakness was the lack of published academic literature on ancillary services and difficulties with getting access to airlines' plans and business strategies.

### **Opportunities**

The findings of the study could suggest ideas on how to improve the direct channel sales of ancillary services. Successful ideas could help to understand customers through data analysis, optimize and personalize ancillary services, which in its turn can result in more profit and more satisfaction for customers. Additionally, the study can help the author to advance his understanding of the highly complex and inspiring industry.

### **Threats**

First, with fast changes in the industry, it is difficult to make a prognosis about the significance of this research. Secondly, the number of respondents could be insufficient to identify trends. Third, an incorrect analysis may lead to wrong conclusions and suggestions. At the same time, the second and third threats have been managed rather well.

### **5.3 Key findings**

The key findings include the following:

- the majority of the interviewees have travelled 1 to 3 times a year;
- preferred search tools for generation Y are metasearch 59 % and direct channels 38 %.

The most important criterion for generation Y people is the price (80%). Respondents are familiar with ancillary services (89%). Ancillaries are seen as important by 67 % of respondents. In the list of ancillaries worth paying for the generation Y mostly highlighted three of them and made them more important – Wi-Fi onboard (62 %), ticket flexibility (57 %) and baggage (54 %).

Yet many still disregard the ancillaries. Respondents would like to have different experiences of ancillary offers; they consider that services are pushed too aggressively on the websites of airlines. Otherwise, even though generation Y act as if they do not need ancillary services, they will appreciate the improvements that the ancillaries bring to the travel experience. With the right sales strategy, generation Y can see ancillaries as the key towards easier and more enjoyable flights.

### **5.4 Improvement suggestions**

According to the survey results and responses it is clear that for generation Y most important ancillaries are Wi-Fi, baggage and ticket flexibility. Most probably generation Y would be ready to pay a bit more to have flexibility, internet and baggage together rather than pay less and have only one of above mentioned services.

The suggestions for future ancillaries were different – smoking areas in the aircraft, libraries, bars, more fun or quiet zones. Customers, who were speaking about quiet zones, unfortunately, would like to avoid small children or drunk/loud people traveling, due to their behavior. People are waiting for different types of discounts – student, senior, etc. Having media libraries at various points of the journey could satisfy the desire of customers to read, educate, and entertain themselves. Additionally, consumers are hoping for more comfort, not only in business class, but in economy class, too.

When comparing online direct channels, the majority of compared airlines had a limited offer of ancillary services. When booking the lowest fare, the traveler is not offered that many options to buy ancillaries. Three airlines –“Air Berlin”, “Norwegian” and “airBaltic” are particularly transparent and customer-oriented. From the author’s point of view, other carriers could rethink their ancillary services strategy in similar terms to match the expectations of generation Y consumers.

## 6 References

- Amadeus. 2015. Our company. [Online] 2015.  
[http://www.amadeus.com/web/amadeus/en\\_FI-FI/Amadeus-Home/About-us/Our-company/1319477564126-Page-AMAD\\_DetailPpal](http://www.amadeus.com/web/amadeus/en_FI-FI/Amadeus-Home/About-us/Our-company/1319477564126-Page-AMAD_DetailPpal).
- Benckendorff, Pierre J., Sheldon, Pauline J. and Fesenmaier, Daniel R. 2014. *Tourism Information Technology*. s.l. : CABI, 2014.
- Bryman and Bell. 2007. *Business research methods. Second edition*. s.l. : Oxford, 2007.
- Churchill, David. How suppliers are targeting the Gen-Y traveller. [Online]  
<http://buyingbusinesstravel.com/feature/0922153-how-suppliers-are-targeting-gen-y-traveller>.
- Fallon, Nicole. 2014. Marketing to Millennials: How to Capture Gen Y Consumers. [Online] 2014. <http://www.businessnewsdaily.com/6602-selling-to-generation-y.html>.
- Gibson, Ryan. Generation Y. [Online] <http://www.generationy.com/definition/>.
- . 2013. Generation Y characteristics. [Online] 2013.  
<http://www.generationy.com/characteristics/>.
- . 2013. Generation Y stereotypes. [Online] 2013.  
<http://www.generationy.com/stereotypes/>.
- Malooly, Brittany. 2014. How Much are Airlines Making from Ancillary Revenue? [Online] 2014. <http://petergreenberg.com/2014/11/17/ancillary-revenue-changing-airline-industry-game/>.
- Parment, Anders. 2011. *Generation Y in Consumer and Labour Markets*. s.l. : Routledge, 2011.
- Saunders, Lewis, Thornhill. 2009. *Research Methods for Business Students. Fifth Edition*. s.l. : Pearson Education Limited, 2009.
- Schroer, William J. 2004. Generations X,Y, Z and the Others - Cont'd. *The Social Librarian*. [Online] 2004.  
<http://www.socialmarketing.org/newsletter/features/generation3.htm>.
- . 2004. *Generations X,Y, Z and the Others - Cont'd*. 2004.
- Sorensen and Lucas. 2014. *Ancillary Revenue Yearbook*. s.l. : CarTrawler, 2014.
- Sorensen, Jay. 2014. *Top 10 Things You Need To Know About Ancillary Revenue and Airlines*. s.l. : IdeaWorks, 2014.

Tan, Linda, Hasselt, Willem van and Collison, Tim. 2014. *The Pursuit Of Happiness*. s.l. : ZenithOptimedia, 2014.

Trochim, William M.K. Research Methods Knowledge Base. [Online]  
<http://www.socialresearchmethods.net/kb/relandval.php>.

Tulgan, Bruce. 2009. *Not Everyone Gets A Trophy: How to Manage Generation Y*. s.l. : Jossey-Bass, 2009.

Wouw, Niall van de. Airline Cargo Management. *Generation Y and workspace 3.0*.  
[Online] [http://www.airlinecargomanagement.com/feature/generation-y-and-technology-in-the-workplace?session\\_id=744p1qeeb5t29a0m2ep2fndvd0](http://www.airlinecargomanagement.com/feature/generation-y-and-technology-in-the-workplace?session_id=744p1qeeb5t29a0m2ep2fndvd0).

.

# 7 Appendices

## Airlines' Ancillary Services: Generation Y perspective

This survey is conducted as part of a Bachelor's thesis for HAAGA-HELIA University of Applied Sciences. It aims at identifying and measuring the habits, experiences and expectations of Finnish leisure travelers, mostly Generation Y representatives (20-35 years) in terms of purchasing airlines' ancillary services. The research is conducted by HAAGA-HELIA students and commissioned by Amadeus Finland Oy.

Answering the survey will only take around 5-10 minutes of your time. All the replies will be kept anonymous. The results of the research will be later published on [www.theseus.fi](http://www.theseus.fi). Your reply is highly valued!

Ancillary services are considered as all additional services a passenger is able to purchase from the airline on top of his/her flight ticket. Depending on the ticket type, cabin class, air carrier and frequent flyer tier level, these services might already be included. Common ancillary services would be e.g. a seat with extra leg room, lounge access, meals, baggage or in-flight entertainment and Wi-Fi.

Vladans Marcenko  
Hospitality Management  
HAAGA-HELIA Porvoo Campus  
[vladans.marcenko@myy.haaga-helia.fi](mailto:vladans.marcenko@myy.haaga-helia.fi)

### 1. Gender \*

- Male  Female

### 2. Age \*

- Below 20  20-35  36-45  45-60  Above 60

### 3. How often do you fly per year? \*

- Less than 1  1-3 times  4-10 times  10-15  More than 15

### 4. How do you prefer to book your flight? \*

- Travel agencies  
 Via the airline's mobile applications  
 Via the direct channels ( airlines' website )  
 Call to airlines' office  
 Online-travel agencies  
 Metasearch ( momondo.fi, flysaver.fi etc. )  
 Other, what?

### 5. Which criterion is most important for you during flight booking? \*

- Comfort
- Price
- Time of flight
- Other

**6. Are you familiar with ancillary services provided by airlines? \***

- Yes
- No, why?

**7. If yes, are they important for you? \***

- Yes
- No, why?

**8. Do you feel you are actively being offered the option of booking ancillary services by airlines' website or mobile application? \***

- Yes
- No
- Hard to say

**9. Would you like to have something changed in how the ancillary services are being offered? If yes, what specifically?**

**10. What ancillary services make sense to pay for? \***

- Lounge access
- Advance seat selection
- Extra legroom
- Changing or cancelling my ticket
- Priority check in
- Priority security
- Priority boarding

- Wi-Fi on board
- Entertainment on-board
- Meals
- Baggage
- Sports equipment
- Pre-order in-flight shopping
- Insurance
- Other, please specify

**11. How important are they for you? \***

	Not important at all	Rarely important	Neutral	Important frequently	Important all the time	
Lounge access	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Lounge access
Advance seat selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Advance seat selection
Extra legroom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extra legroom
Changing or cancelling my ticket	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Changing or cancelling my ticket
Priority check in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Priority check in
Priority security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Priority security
Priority boarding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Priority boarding
Wi-Fi on board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Wi-Fi on board
Entertainment on board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Entertainment on board
Meals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Meals
Baggage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Baggage
Sports equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sports equipment
Pre-order in-flight shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Pre-order in-flight shopping

**12. In your opinion, what kind of ancillary services are most important for people aged 20-35 years?**

**13. What kinds of other additional service do you expect from airlines in the nearest future?**

14. What do you think of following statements? \*

	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	
Ancillary services make flying easier and more enjoyable.	<input type="radio"/>	Ancillary services make flying easier and more enjoyable.				
Ancillary services allows airlines to provide customers a personalized service.	<input type="radio"/>	Ancillary services allows airlines to provide customers a personalized service.				
Personalization in the airline industry is step forward	<input type="radio"/>	Personalization in the airline industry is step forward				
Airlines offer enough ancillary services for travelers	<input type="radio"/>	Airlines offer enough ancillary services for travelers				
Ancillary services are easy to book/order	<input type="radio"/>	Ancillary services are easy to book/order				
I look forward to see how amount and variety of ancillary services will be improved	<input type="radio"/>	I look forward to see how amount and variety of ancillary services will be improved				

15. Did we miss something? Do you have any additional thoughts or suggestions regarding the ancillary services?

Thank you very much for taking the time to participate - we appreciate your effort!