Competitiveness of domestic airlines in Australia: The effect of experience quality, brand image and perceived value on behavioural intentions

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Abstract

Air travel has contributed significantly to economic growth, tourism, world trade and international investment over the years. In addition, airlines have played an important part in bringing families together, growing friendships, allowing businesses to go over and across borders and transport goods in a timely manner. The landmark changes in the economic environment have led to ever-stronger competition in the airline industry. Low-cost carriers (LCCs) have entered the market and established themselves by penetrating significant parts of that market. This has led to dramatic changes in the competitive landscape and, in this new setting, it is imperative to take a market-oriented approach. However, little research has been conducted on factors associated with achieving competitiveness in full service carriers (FSCs) and low cost carriers (LCCs), particularly in the context of Australian domestic airlines. The aims of this study therefore were to gain a better understanding of passenger travel preferences, travel patterns and the demographic characteristics of FSC and LCC passengers in Australia, and the impacts of their experience quality, brand image and perceived values on behavioural intention. Comparisons were made between the two groups of airlines (FSCs and LCCs) in regard to these aspects. In addition, this study examined the factors influencing passengers' behavioural intention, as perceived by both airline management and passengers in the context of Australia's domestic airline industry.

A research framework was developed based on an extensive and critical review of the relevant literature. This conceptual framework aimed to investigate the relationships between key constructs. In order to test the conceptual framework, a mixed methods approach involving a sequential design was used, comprised of a qualitative (Part 1) and a quantitative study (Part 2). Part 1 included semi-structured interviews with eight informants to seek deeper insights into airline management perceptions of the factors contributing positively to airline passengers' future behaviour. Part 2 involved a questionnaire-based survey of 316 passengers who had travelled domestically within Australia in the previous 12 months. This was designed to examine and compare the extent to which the factors of experience quality, brand image and perceived value had an impact on the behavioural intention of FSC and LCC customers.

The findings from the qualitative stage identified cost/price, products, innovation, technology, service and brand image as the main factors that airline management

considered important in terms of getting future patronage from customers. Findings from the quantitative stage showed that there were statistically significant differences in passengers' demographics between the two groups (FSCs and LCCs) on their travel preferences and travel choices. It was also found that there were statistically significant differences of experience quality, brand image and perceived value between FSC and LCC passengers. The findings also indicated that experience quality, brand image and perceived value had a positive effect on customers' behavioural intentions for both FSCs and LCCs.

Based on the findings, suggestions for refined strategies have been made. It is recommended that airline marketers focus on achieving the goals that make customers purchase, by being distinctive. In addition, in order to ensure that consumers keep buying a particular brand, airlines need to stand out from their competitors so that buyers can easily identify them. The next strategy recommendation for airline marketers is to adopt a passenger-centric approach, putting passengers at the centre of future solutions, so that their evolving needs, desires, and values are used to guide enhancements to existing core service/product functionality. It is also advised that offering low fares only is not sufficient, low cost needs to be augmented by good service levels. Lastly, it was recommended that airlines keep in mind what made them successful in the first place (service for FSCs and low fares for a LCCs) and that they continue building on this in the long-term.

FSC customers voiced their willingness to repurchase and recommend airlines for the following reasons: peace of mind, positive experiences, sharing experiences with others, trust, safety, helpful staff, a smooth check in process, good image, and peer influence. LCC customers were willing to repurchase and recommend airlines to others based on such factors as: enjoyment, relaxation, sharing experiences with others, a colourful logo, kind and knowledgeable staff, a smooth check in process, and value for money.

Several limitations were identified and acknowledged in this study. The data collected from an online platform for Part 2 may not represent the vast geographical region of Australia. The interviews were conducted only with the managers of Jetstar/Qantas and their views may not represent the management of other airlines.

Further research could be conducted with more representative data using random stratified sampling techniques for the survey, and input from Virgin and Tiger management. A longitudinal research design could be conducted to verify behavioural intentions against *actual* future behaviours.

Declaration

I, Shikha Jogoo Luchmun, declare that the DBA thesis entitled *"Competitiveness of domestic airlines in Australia: The effect of experience quality, brand image, and perceived value on behavioural intentions"* is no more than 65,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references, and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Shikha Jogoo Luchmun   Melbourne, 21 March 2018

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Abbreviations

ABS – Australian Bureau Statistics

CAGR - Compound Average Growth Rate

DJ – Double Jeopardy

DOP – Duplication of Purchase

FSC – Full Service Carrier

IATA - International Air Transport Association

LCC – Low Cost Carrier

MECT – Means End Chain Theory

NPS – Net Promoter Score

PWC – Pricewaterhouse Coopers

SERVQUAL - Service Quality

SPSS - Statistical Program for Social Science

VUHRC - Victoria University Human Resources Ethics Committee

WoM – Word of Mouth

WTTC - World Travel and Tourism Council

CHAPTER 1

INTRODUCTION

1.0 Overview

Air travel is considered to be one of the largest and fastest growing global service industries. Its contribution to economic growth, tourism, world trade and international investment has been quite significant (WTTC, 2013). Over the years, airlines have played an important part in bringing families together, growing friendships, allowing businesses to go over and across borders, and in transporting goods in a timely manner. Demand for air travel has experienced consistent growth over the years. The International Air Transport Association (IATA) expects 7.2 billion passengers to travel in 2035, a near doubling of the 3.8 billion air travellers of 2016 (IATA, 2016). The prediction is based on a 3.7% annual compound average growth rate (CAGR), as noted in the release of the latest IATA 20-year air passenger forecast (IATA, 2016). While operators in the Australian domestic airline industry have been subject to turbulent trading conditions, industry revenue is still expected to rise at an annualised 0.4% over the next five years, to $14.2 billion in 2018, which includes an anticipated growth of 2.2% in the current year (IATA, 2016).

In addition, IATA also predicted that the most promising growth of air travel would be experienced in the Asia/Pacific region due to its increase in trade and investment as well as a rise in domestic prosperity (IATA, 2013b, 2016). This region is expected to be the source of more than half the number of new passengers over the next 20 years. China will displace the United States of America (US) as the world's largest aviation market (defined by traffic to, from and within the country) around 2024. India will displace the United Kingdom (UK) for third place in 2025, while Indonesia will enter the top ten at the expense of Italy. Growth will also be driven increasingly within developing markets. Over the past decade, the developing world's share of total passenger traffic has risen from 24% to nearly 40%, and this trend is set to continue.

IATA (2016) further indicated that Australia had recently seen an increase in inbound tourist numbers from nearby Asian nations. One of the reasons for this increase was competition from the large numbers of full service carriers (FSCs) and low cost carriers (LCCs) in the area, allowing for more affordable and competitive air tickets. This

eventually means an increase in international tourists coming into Australia, which in turn, results in an increase in domestic trips taken as part of their overall trip. There has also been an increase in the number of Australians taking domestic trips either for business or leisure purposes. This has resulted in an increase in the number of passengers travelling within Australia and hence, the level of competition has become fiercer in the domestic sector. A Pricewaterhouse Coopers (PWC) report in 2014 confirmed that the global airline industry is set to face more aggressive competition in the coming years, heightened by the expansion of the LCC business model (PWC, 2014).

The same PWC report (PWC, 2014) further noted that as competition is on the rise, appropriate strategies need to be constantly reviewed and developed. This would eventually help drive efficiencies to better navigate the competitive landscape in the airline industry. As the trends shows more and more people are keen to travel by air due to cheap and more affordable flight tickets, the challenge nowadays is not only to ensure that the ticket price is kept low, but also to deal with the high level of competition through better strategies while still remaining competitive in the market.

1.1 Background of the study

A report by IBISWorld (2016) shows that the domestic airline industry in Australia has grown very slowly over the past five years, on the back of intense price-based competition between major operators Qantas and Virgin Australia. The contributing factors responsible for this competition are mostly excess capacity, a decline in demand from mining firms and high fuel costs in the early part of the period. According to a report by PWC (2015), currently the airline industry is significantly hampered by slim profit margins, forcing carriers to continuously focus on both cost reduction and revenue growth through better customer retention strategies. However, gaining a balance between cutting cost and attracting and retaining customers, which are two opposing strategies, can be quite difficult to achieve. Hence, finding the right balance is crucial.

The PWC report also predicts that industry revenue will grow by an annualised 0.4% over the next five years, to $14.2 billion in 2018, which includes an anticipated growth of 2.2% in the current year. These numbers represent a very positive sign for the domestic airline industry in Australia. Hence, the unique and complex nature of this

industry means that airlines must continue to focus on top-line growth, because their limited profitability depends almost solely on revenue gains, while increasing productivity in order to shore up and perhaps even increase profit margins. The way individual commercial airlines react to and navigate several trends playing out across the globe will determine carrier performance in the coming years. This is based on how well they understand passengers' needs by identifying key variables and are able to effectively segment the market and then target the profitable segments. The next chapter (Chapter 2) includes a thorough review of the airline industry and its challenges.

As already indicated, airlines can be either classified as a LCC or a FSC. These airline types are different and tend to focus on different strategic areas of the business. LCCs are mainly concerned with cost cutting, whereas FSCs are mainly service focused. Jetstar and Tiger Airways are the two LCCs currently serving the domestic market in Australia. Qantas is the only FSC serving the domestic market. Virgin, the other direct competitor in the domestic market, cannot be classified as either a LCC or a FSC. This airline is a self-proclaimed 'New world carrier'. Simply put, they sit somewhere between a LCC and a FSC. In fact, Virgin spent several years operating as a LCC but then decided to improve their services – essentially a business model that offers the 'guest' the choice of purchasing a ticket with aspects of the 'no frills' approach of LCCs, or paying a little more to receive services more in line with FSCs. The latter was designed to compete more effectively with Qantas in the business travel market and Virgin introduced business class on some of its domestic routes (e.g. between Melbourne and Perth). Offering business class travel in domestic sectors is definitely not in line with the LCC business model under which both Jetstar and Tiger operate. For the purpose of this study, Virgin is considered in direct competition with Qantas and thus will be classified as a FSC.

As noted, Qantas, Virgin, Jetstar and Tiger are the four airlines that service the current domestic airline market in Australia. As part of their business model, Jetstar and Tiger aim at offering lower prices as reflective of the limited value-added services that accompany the LCC model in an effort to drive down costs. Qantas and Virgin focus mainly on the high-end consumer market, which is generally looking for a higher level of service or more flexibility.

A downside these airlines may face with a strict focus on either price or service, is that product offerings become uniform and thus, airlines cannot achieve competitiveness. Hence, this creates the need to investigate factors that may assist domestic airlines in Australia to gain competitive advantage in the market.

In order to contextualise this focus, an understanding of how competition works is essential for this study. Michael Porter (1979) developed a competitive theory framework that explains the different competitive forces affecting an industry. His framework of five forces describes the attractiveness of a market and explains where a particular industry fits. These forces surround an organisation and are responsible for serving its customers effectively and efficiently in order to assist the company in achieving profitability. One of these forces relates to the bargaining power of customers, which obviously has a strong focus on the customer perspective and forms part of this study.

According to Dwyer and Kim (2003), this force is considered the most important competitive force that drives demand. Dwyer and Kim (2003) developed an integrated model for competitiveness that explicitly recognises demand conditions as an important determinant of achieving competitiveness. They further discussed the context of competitiveness, exploring how customer awareness and perceptions of different options, and their perceptions of the extent to which the company's product offerings will meet their needs, becomes critical to achieving competitiveness.

The foregoing discussion suggests that due to rising levels of competition, the airline industry needs to develop a stronger focus on its passengers and not only rely on price (LCC) or on service (FSC). Price and service are both supply-side factors of competition and are considered not sufficient for achieving competitiveness (Popesku & Pavlovic, 2015).

Gray (1970) and Plog (1974) have also noted that a product/service may be competitive for one group but not for another group (e.g. LCC versus FSC or business travellers versus leisure travellers). This statement is particularly important as each customer is an individual and it can be argued that their needs and wants may differ from others. It is important to understand the motivation of customers.

There is a widely used distinction between push and pull motivational factors (Crompton, 1979). 'Pull' factors can be regarded as attributes that fulfil a customer's motives while 'push' factors are forces arising from within the individual and from the individual's social context. These are real motivational forces and determine 'competitiveness' from the customers' viewpoint (Josiam, Smeaton & Clements, 1999). This study focuses on the 'pull' factors that airlines need to develop to be able to attract and retain customers.

In more recent research on competitiveness, Popesku and Pavlovic (2015) stated that the nature of demand for an industry's product is regarded as having an important influence on company competitiveness. Demand factors include the tourist experience and tour operators' perceptions. Popesku and Pavlovic (2015) defined demand factors as awareness, perception and preferences. Their study further suggested that a focus on supply-side determinants gives an incomplete picture of competitiveness and hence it is important to focus on customers.

The above discussion shows that a focus on customers is important in order for airlines to stay competitive. Superior demand-side synergies may also motivate a company to gain competitive advantage. This can be done by diversifying across businesses that serve a common set of customers, even if they are unrelated in terms of the resources they employ. It has been found that in that context, demand-side factors may even dominate supply-side factors (Nayyar, 1993; Tanriverdi & Lee, 2008).

The indicators of demand factors, which were initially covered by the integrated model of competitiveness of Kim and Dwyer (2003), included service quality, brand image and perceived value, amongst others. In this study, service quality is replaced by experience quality because experience quality comes directly from customers, whereas service quality comes from the company. Experience quality is a perceived judgment about the excellence or superiority of the customer experience (Lemke, Clark & Wilson, 2011) and customer experience can be defined as experience of service perceptions through each touchpoint with the firm (Swinyard, 1993).

In this context, the present study looks at how both FSCs and LCCs can effectively segment the market by examining the competitiveness indicators, as identified by Kim and Dwyer's (2003) (e.g. experience quality, brand image and perceived value). The study also investigates the impact of these indicators on customers' future behavioural intentions in the context of Australia's domestic airline market. The results from measuring the customers' behavioural intentions will help indicate whether airlines can successfully navigating the competitive landscape to remain profitable.

1.2 Problem identification

Through a review of airline and marketing related literature, the following research gaps were identified:

1. <u>An absence of airline-based research in Australia that looks at both FSC and LCC within the same study.</u>

It was found that research on the Australian airline industry is still quite young and limited compared with research carried out in other parts of the world, such as in the US, Europe and South East Asia (Edwards, 2011; Forsyth, 2003; Jiang, 2013; Lin & Huang, 2015; Prideaux & Whyte 2014; Srisaeng, Baxter & Wild, 2014). The vast majority of studies that have looked at airlines from a marketing point of view, have originated from the US (e.g. Horan, 2002; Stieghorst, 2002; Shifrin, 2002; Karp, 2002; Cho, Windle & Dresner, 2017), Europe (e.g. Murphy, 2002; Hales-Dutton, 2003; Learmount, 2002; Mason, 2000; Koklic, Kukar-Kinney & Vegelj, 2017; Ferrer-Rossell & Coenders, 2017; Calisir, Basak & Calisir, 2016; Tsafarakis, Kokotas & Pantouvakis, 2017) and Asia/South East Asia (Cheung, 2004; Wong, 2005; Lu & Tsai, 2004; Choon, 2008; Jiang & Zhang, 2016; Lu, 2017; Chow, 2014; Rajaguru, 2016; Suki, 2014; Yang, Hseih & Yang, 2012; Kim & Lee 2011; Leong, Hew, Lee & Ooi, 2015). Amongst numerous other studies in the US, Horan's (2002) focused on the hub model for LCCs, Stieghorst (2002) assessed the degree to which the original LCC model has been modified over the years, Shifrin (2002) focused on Jetblue and its success, and Karp (2002) wrote about Southwest launching transcontinental BWI-LAX flights. Cho, Windle and Dresner (2017) examined how a passenger's operational exposure and value of time moderates the relationship between airline quality and passenger choice. On the European side, Murphy (2002), Hales-Dutton (2003), and Learmount (2002) all focused on investigating the success of Ryanair and the pitfalls that must be avoided. Mason

(2000) looked at the ways of marketing LCCs to make them viable amongst business travellers. Koklic, Kukar-Kinney and Vegelj (2017) investigated the antecedents of customer satisfaction with LCCs and FSCs in Europe, while Ferrer-Rossell and Coenders (2017) looked at airline types and tourist expenditure between FSCs and LCCs in Spain. Calisir et al. (2016) looked at key drivers of passenger loyalty on flights between Frankfurt and Istanbul and Tsafarakis, Kokotas and Pantouvakis (2017) used a multiple criteria approach to measure passenger satisfaction and service quality improvement. Focussed on the Asian/ South East Asian side, Cheung (2004) looked at the sustainability of LCCs in Hong Kong, Wong (2005) wrote on the development of LCCs in Asia in general, and Lu and Tsai (2004) looked at the effect of providing larger seating space in LCCs in Taiwan. Choon (2008) looked at service quality in LCCs in Asia, Jiang and Zhang (2016) investigated service quality, satisfaction and loyalty in China's airline market, and Lu (2017) looked at segmentation of passengers using FSC and LCC in Taiwan. Chow (2014) looked at customer satisfaction and service quality in the Chinese airline industry, Rajaguru (2016) looked at the role of value for money and service quality on behavioural intentions between FSC and LCC customers in Singapore and Malaysia, and Suki (2014) looked at passenger satisfaction with airline service quality in Malaysia. Yang, Hseih and Yang (2012) looked at assessing how service quality, airline image and customer value affect the intentions of passengers regarding LCCs. Kim and Lee (2011) looked at customer satisfaction using LCCs and Leong, Hew, Lee and Ooi (2015) assessed the relationships between SERVPERF, satisfaction and loyalty amongst FSC and LCC customers.

To the best of the researcher's knowledge, to date there has been no study conducted focusing on achieving competitiveness of both FSCs and LCCs in the Australian domestic market.

2. <u>An absence of studies on consumer behaviour in relation to demographic profiles, travel preferences and travel choices across two consumer groups: FSC and LCC passengers.</u>

A review of relevant literature indicates that consumption behaviour for vacations and travel is different and distinct from daily consumer buying behaviour at home (Butler, 1991; Timothy & Butler, 1995). Travellers generally perceive their experience as more hedonic and novel, while everyday purchases are generally more utilitarian (Christiansen & Snepenger, 2002; Timothy & Butler, 1995). Therefore, exploring

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travellers' behaviour requires different research approaches compared to studies focused on ordinary consumer behaviour (Oh, Cheng, Lehto & O'Leary, 2004). Accordingly, marketers need to gain a better understanding of consumption behaviour (Kent, Shock & Snow, 1983).

Some studies have indicated the importance of understanding consumer behaviour, which includes: the role of demographic profiles with a propensity for shopping (Oh et al., 2004); the role of age, gender and trip typology as predictor variables for consumer behaviour (Oh et al., 2004); the role of demographic versus socio-psychological factors in explaining cross-border shopping (Dmitrovic & Vida, 2007); a comparison of nationalities to understand different consumer behaviour and preferences (Rosenbaum & Spears, 2005; Wong & Law, 2003); differences in demographics across three consumption groups (Kusdibayo, 2015); and the role of demographics in food consumption (Wijaya, King, Morrison & Nguyen, 2017). Despite the importance of understanding consumption behaviour, a limited number of studies have explored consumption behaviour in the airline context.

This study sought to identify consumer behaviour in relation to passengers' demographic characteristics, travel preferences and travel patterns across FSCs and LCCs. This has not yet been fully addressed in the Australia domestic airline context. Profiling customers by demographics, travel preferences and travel behaviour factors across FSC and LCC consumer groups will enable airline marketers to develop effective marketing programs for customers.

3. <u>An absence of studies that have examined the concept of experience quality among FSC and LCC customers in the Australian domestic airline sector.</u>

Dwyer and Kim (2003) stated that service quality is an important element to focus on in order to stay competitive. Other studies (Otto & Ritchie, 1996; Hudson, 1998; González, Comesaña & Brea, 2007) have shown that there is a relationship between service quality and future behavioural intentions. However, although, the SERVQUAL model has been extensively used for measuring service quality across industries, it does not fully address the specific characteristics of the airline industry, which is mostly made up of intangibles as opposed to tangibles. Parasuraman, Zeithaml and Berry (1985) found that service quality only looks at the functional side, such as colour, style or packaging, and unfortunately does not take into consideration the consumers'

emotional or hedonic inclinations. Wirtz, Mattila and Tan (2000), Zins (2002), Duman and Mattila (2005), and Lin, Morais, Kerstetter & Hou, (2007) have also stated that in order to achieve customer satisfaction, it is important to research affective variables instead of only focusing on cognitive components. Various researchers (Ko & Pastore, 2005; Ko, Zhang, Cattani & Pastore, 2011; Moon, Kim, Jae Ko, Connaughton & Hak Lee, 2011) started to modify the original concept of service quality, instead of just utilising the same general category of service quality in diverse sectors, to create a new concept called 'experience quality'. In order to put this into context, experience quality is defined as a perceived judgment about the excellence or superiority of the customer experience (Lemke, Clark & Wilson, 2011) and customer experience can be defined as experience of service perceptions through each touchpoint with the firm (Swinyard, 1993). Anastasopoulos, (1992), Cole and Scott, (2004), and Lam and Hsu (2006), also supported the importance of this concept. This was based on the rationale that experience quality provides a better understanding of various consumption experiences during the service process, which takes into consideration the customers' emotional responses to fulfil their psychological desires. However, amongst the rich and wide literature, there have only been a few studies (Kao, Huang & Wu, 2008; Chen & Chen, 2010) focused on experience quality. Authors such as Otto and Ritchie (1996), Chan and Baum (2007), and Chen and Chen (2010) have looked at several elements that determine the experience quality of customers. Their studies were however, limited to heritage tourism in Taiwan (Chen & Chen 2010; Kao et al. 2008), hotels in Canada (Otto & Ritchie, 1996), tourist attractions in Malaysia (Chan & Baum, 2007), food encounters in Indonesia (Wijaya et al., 2017), and shopping tourism in Indonesia (Kusdibyo, 2015).

To the best of the researcher's knowledge, there has been no study that has investigated experience quality in the airline industry generally and in the Australian domestic airline market in particular. Therefore, this study aims at closing this research gap by examining the differences of experience quality among FSC and LCC users in the domestic Australian market. As previously mentioned, LCCs and FSCs are actually competing with one another whilst sharing customers. This study will hopefully assist airline marketers to have a better understanding of the experience quality of both customer groups in order to develop effective strategies.

4. <u>An absence of studies that have examined the perception of brand image of FSC and LCC customers in the Australian domestic airline sector.</u>

Brand image is another construct that can be used to achieve competitiveness as per Dwyer and Kim's (2003) integrated model of competitiveness. The creation of a strong brand image is crucial in any industry but, most specifically, in the airline industry, due to the trust and safety aspects involved. Brand image is considered very important in assisting customers to choose which airline they travel with; a strong brand can sit highly in the customer's mind. Previous studies (Cervera-Taulet, Amparo, Schlesinger, Ma. Walesska, Yagüe-Guillen & María Jesús, 2013; Wittmer, Andreas, Rowley & Edward, 2014; Chen & Tseng, 2010; Al-Refaie, Bata, Etweiwi & Jalham, 2014; Hussain, Al Nasser & Hussain, 2015; Calisir et al., 2016) have only looked at brand image from a FSC perspective. Cervera-Taulet et al. (2013) have looked at brand personality, which is the emotional side of brand image, in the context of FSCs in Spain. Wittmer et al. (2014) have looked at how customer purchasable supplementary services can have a negative effect on an airline's brand image in Europe. Chen and Tseng (2010) have explored the concept of brand equity in their study conducted amongst FSC passengers in Taiwan and Hussain et al. (2015) have investigated the linkages among service quality, service provider image, customer expectations, perceived value, customer satisfaction and brand loyalty in a Dubai-based airline. Calisir et al. (2016) have analysed the effects of factors such as image, satisfaction, price, and service quality on passenger loyalty toward FSCs at Ataturk International Airport in Turkey.

To the best of the researcher's knowledge, there has been no research investigating and differentiating between the passenger brand images of two domestic airline models (LCC and FSC). It was anticipated that such a study would bring about some interesting results due to the differing business models of LCCs and FSCs and the fact that their brand images as perceived by their respective customers may not necessarily be the same. This study sought to close this gap by comparing the perception of airline brand image held by both LCC and FSC passengers. It was expected that the findings would assist airline marketers with their branding strategies by understanding how domestic airline consumers perceive the brand image of airlines.

5. <u>An absence of studies that have examined the perception of value of FSC and LCC customers in the Australian domestic airline sector.</u>

Woodruff (1997) argued that perceived value can be an important aspect that leads to competitive advantage. A few studies have looked at perceived value in airlines. This includes Song, Kong and Chen (2008), which focused on airlines in Hong Kong and explained why satisfaction and perceived service value are important to a destination by empirically measuring the impact of these two factors on visitors' repurchase intentions. Lubbe and Louw (2010) conducted a study in South Africa and looked at how consumers' mobile readiness is directly related to their perception of the value of receiving information or making airline bookings on their mobile devices. Lee and Wu (2011) looked at the relationship between perceived value and behavioural intentions for international passengers who had different experiences of purchasing airline tickets from 30 different airline service websites in Taiwan. Likewise, Kuo and Jou's (2014) study in Taipei Songshan Airport, Taoyuan International Airport, and Kaohsiung International Airport looked at the impact that perceived value has on both satisfaction and behavioural intention. Along the same lines, in their study on inflight service performance and passenger loyalty, Han, Hyun and Kim (2014) looked at how perceived value affects satisfaction and behavioural intentions positively amongst Chinese and Korean customers. Forgas, Moliner, Sánchez and Palau (2010) conducted a study in El Prat (Barcelona) Airport, amongst users of airlines operating flights between Barcelona and London. This involved looking at two traditional airline companies, Iberia and British Airways, and one LCC, easyJet, on direct Barcelona–London flights.

To the best of the researcher's knowledge, there has been no study conducted in Australia that has looked at perceived value from both LCC and FSC domestic customers' points of view.

6. <u>An absence of studies that have examined the effect of experience quality, brand image and perceived value on behavioural intentions across FSC and LCC customers in the Australian domestic airline sector.</u>

Previous studies conducted in different sectors have all tested the relationships of service quality, brand image and perceived value on behavioural intentions and found some positive results. This includes: destination tourism in the Caribbean Islands (Dann,

1996); tour companies in Norway (Andreassen & Lindestad, 1998); festival tourism in the US (Cole & Illum, 2006); theme parks in Taiwan (Kao et al., 2008); heritage tourism (Chen & Chen, 2010); food encounters in Indonesia (Wijaya et al., 2017); and shopping tourism in Indonesia (Kusdibyo, 2015) However, there has been no research conducted so far to investigate these relationships in the context of the airline industry, most specifically in the domestic airline industry in Australia. There has also been no previous study of those relationships among two different passenger groups (FSC and LCC passengers) within the same study. This research will help bridge this gap.

7. <u>An absence of studies that have examined airline management perceptions of factors that contribute positively to customers' behaviour and compared them to the actual factors that customers confirm will contribute positively to their future purchase behavior within the same study.</u>

There are a number of previous studies that have looked at factors that affect customer behavioural, all from the customers' perspectives (Dann, 1996; Andreassen & Lindestad, 1998; Cole & Illum, 2006; Kao et al., 2008; Chen & Chen, 2010; Wijaya et al., 2017 and Kusdibyo, 2015). In addition, there are also a few studies in the airline industry where management perspectives were sought for different matters ranging from safety management systems at the airport terminal (Kurt and Gerede, 2017), to internal quality service for building a safety culture in LCCs (Wahyuni, Ika Sari, Fernando and Yudi, 2016), to disruptive innovation in the airline industy in Brazil (de Almeida Pereira, Garcia Imbrizi, Demite Goncalves de Freitas and Aparecido Alvarenga, 2015), to developing an eco label for the airline industry to function as a potential driver for behavioural change (Baumeister and Onkila, 2017), to corporate social responsibility (CSR) practices amongst LCCs between mainland Europe and the UK (Coles, Fenclova and Dinan, 2014), to investigating factors that help to attain environmentally sustainability and green services at Air Asia (Abdullah, Mohammad-Azfar, Boon-Cheong Chew, Hamid and Syaiful-Rizal, 2017), to the analysis of the major controversy which occurred between national aviation authorities during their work on the European harmonization of the aircraft technicians' competence (Haas, 2008), to the safety culture of an aircraft maintenance organisation (Atak and Kingma, 2011) and to the spatial distribution and potential for competing and complementary activity between airport pairs including regional and London airports (Davidson, Ryley and Snelgrove, 2010). However, to the best of the researcher's knowledge, there is a

lack of studies that looked at factors that affect customers' behavioural intentions both from a customer and management perspective within the same study and compare those with the actual factors from the customers' perspectives. This is considered important as comparing the findings may assist in the identification of any knowledge gaps which will then assist airline management to develop more appropriate strategies with the aim of encouraging positive behavioural intentions from customers.

1.3 A summary of identified gaps in the literature

Based on the above review of the literature, the following research gaps have been identified:

1. There has been no study that has investigated the difference in the demographic profiles, travel preferences and travel choices across two consumer groups: FSC and LCC passengers in Australia.

2. There has been no study that has investigated the difference of experience quality, brand image and perceived value across LCC and FSC customers in the Australian domestic airline sector within the same study. This is important as competition is on the rise and as FSCs and LCCs are sharing customers, it is essential to investigate these three demand factors to understand competitiveness. This investigation will bring a deeper insight into customer needs for each airline type and effectively segment and target the profitable markets.

3. There has also been no study conducted that has investigated the difference in the effect of experience quality, brand image and perceived value on behavioural intentions across FSC and LCC customers in the Australian domestic airline sector. The results will allow marketers to understand the market better and stay profitable.

4. There has also been no study that has looked at the difference in management perceptions of factors that contribute positively to customers' behaviour compared to the actual factors that customers confirm will contribute positively to their future purchase behaviour.

1.4 Research questions

Based on the problem identification and research gaps in the literature, the following research questions needed to be addressed:

1. To what extent are the demographic profiles, travel preferences and choices of passengers different and similar across FSCs and LCCs?

2. To what extent are experience quality, brand image, perceived value and behavioural intentions different across FSC and LCC passengers?

3. Is there any difference in the effect of experience quality, brand image, and perceived value on behavioural intentions between FSC and LCC passengers?

4. Is there any difference in the perceptions of factors that impact positively and favourably on customers' behavioural intentions between FSC and LCC customers and domestic airline management?

1.5 Aims of the study

The general aim of this study was to gain a better understanding of customer usage behaviour for domestic FSCs and LCCs by examining the effect of each demand factor (i.e. experience quality, brand image and perceived value) on behavioural intentions.

1.6 Study objectives

The specific objectives of the study were as follows:

1. Identify the similarities of, and differences in, the demographic profiles, travel preferences and travel choices of passengers between domestic FSCs and LCCs in Australia.

2. Determine the differences in experience quality, brand image and perceived value across LCC and FSC domestic passengers in Australia.

3. Determine the impacts of passengers' experience quality, brand image, and perceived value on their behavioural intentions, and examine the differences of these impacts between domestic FSCs and LCCs.

4. Compare the perceptions of factors leading to future positive behavioural intentions between airline management and airline passengers.

5. Assist airline management in appreciating and understanding the behaviour differences between the two customer groups to support them in developing effective branding strategies.

1.7 Projected significance of the thesis

This research is expected to make a number of contributions to both theory and practice.

1.7.1 Contribution to knowledge (academic contribution)

This study is significant as it contributes insights into the body of knowledge relating to factors that affect domestic passengers' future behavioural intentions across two consumer groups. This study makes important contributions to this knowledge in three ways:

1. This study offers a holistic research model, providing a deeper understanding of the effect of passengers' experience quality, brand image and perceived value on their future behavioural intentions across two consumer groups (FSCs and LCCs) within the same study. This represents an area of research that has not been fully explored in previous studies. The documentation of similarities and differences in the constructs under investigation also offers a valuable foundation for marketing strategy development, by addressing the needs of the two different consumer groups.

2. This study expands our knowledge of domestic passengers' behaviours by profiling demographic characteristics, preferences, and travel patterns across two consumer groups (FSCs and LCCs). The identification of these behavioural characteristics should provide deeper knowledge of passengers' specific needs and wants across the two domestic airline types.

3. Finally, much of the airline research has been undertaken in the US, Europe and Asia. Therefore, the results of this study will enrich our knowledge of the differences (if any) in the experience quality, brand image, perceived value and behavioural intentions of domestic airline passengers in Australia, where competition is prevalent.

1.7.2 Statement of significance (practical contribution)

This study provides practical contributions to the domestic airline industry as follows:

1. Firstly, the findings relating to the differences (if any) between experience quality, brand image, perceived value and behavioural intentions across FSC and LCC customers can be used by airline marketers to better understand and appreciate the two consumer groups' needs. This will then assist them in designing more effective and targeted marketing strategies specifically catered for each consumer group.

2. Secondly, the results of this study provide first-hand information on the differences in each passenger groups' demographics, travel preferences, travel patterns and future visit intentions. This information might be useful for airline marketers to identify profitable segments to improve passenger attractions, retention and recommendations.

3. Finally, given the fact that many airlines are struggling to achieve competitiveness, the results of this study are expected to provide valuable insights for airline management, helping them to design appropriate branding strategies focused on demand-side factors.

1.8 Thesis structure

This thesis comprises eight chapters. Chapter One has outlined competition in the domestic airline context, the need to overcome competition through better customer understanding, and identified the current gaps in the existing literature. It has also presented the research questions, objectives of the study and the significance of this thesis. Specifically, this chapter has included a background of the study in terms of competition in the domestic airline industry in Australia, LCCs and FSCs, and justifying the use of demand factors to navigate the competitive landscape.

Chapter Two reviews the airline industry (Section 2.0) and its challenges (Section 2.1). It provides an explanation of the differences between the two airline models (FSCs and LCCs), an overview of the domestic airline industry in Australia (Section 2.2), competition (Section 2.3), and the current competitive environment (Section 2.4).

Chapter Three presents a review of the literature related to the key concepts or demand factors under investigation in this study: experience quality, brand image, perceived value and behavioural intention. Section 3.2 describes experience quality from a broader perspective and how this has impacted other industries, before finally narrowing down to focus on the airline industry. It also looks at the difference between the concepts of service economy and experience economy, whilst also looking at the difference in experience quality between FSC and LCC customers in terms of their future behavioural intentions. Brand image is discussed further in Section 3.3, with the complexities of brand image examined, as well as its effect on the behavioural intentions among FSC and LCC customers. Section 3.4 discusses the perceived value of FSCs and LCCs from customer perspectives. Section 3.5 addresses the future

behavioural intention of customers in terms of their intent to both repeat purchase and recommend to others through word of mouth (WoM) referrals. These are most frequently identified as consumer outcomes in the existing literature.

Chapter Four discusses the conceptual framework derived from the literature review discussed in Chapters Three. The conceptual framework is provided in Section 4.1 and comprises the three demand factors of experience quality, brand image and perceived value, as well as the effect of each on behavioural intentions for both FSC and LCC customers. Section 4.2 justifies the framework by explaining the relationships between brand image, experience quality, perceived value and behaviour intention. Section 4.3 develops the hypotheses.

Chapter Five explains the research methodology implemented in this thesis in order to answer the research questions (defined in Section 1.4) and achieve the study's objectives. Section 5.1 provides the rationale for the use of a mixed method approach. Section 5.2 and Section 5.3 review the use of the qualitative research approach and the quantitative research approach, respectively.

Chapter Six focuses on the analysis of the data for the qualitative part of the study with Section 6.1 describing the profiles of the respondents, and Section 6.2 presenting the interview findings.

Chapter Seven presents the results of the quantitative analysis undertaken to test the hypotheses. Section 7.1 discusses the statistical tools used to explore the direct effects of independent variables on consumer outcomes. Section 7.2 presents the demographic characteristics of the participants and Section 7.3 presents the results of the T-tests. Section 7.4 presents the results of the linear regression and Section 7.5 provides a summary of the hypotheses testing.

Finally, Chapter Eight summarises the overall findings of the thesis. A summary of the research key findings is given in Section 8.1 and Section 8.2. The theoretical and practical contributions of the study are discussed in Section 8.3, as well as the implications for the airline industry. The limitations of this study are discussed in Section 8.4 and directions for future research are proposed in Section 8.5. Finally, Section 8.6 provides the conclusion to this thesis.

1.9 Chapter summary

This chapter has provided an introduction to this thesis, including an overview and background of the study, and an understanding of competition in the domestic airline sector. The research gaps that led to a statement of the research questions and objectives have been identified. The significance of this study was also briefly discussed. An elaboration of the complex nature of the airline industry is provided in the next chapter.

CHAPTER 2
THE AIRLINE INDUSTRY

2.0 Introduction

This chapter's main purpose is to review the extant literature on the airline industry that is relevant to this study. In particular, it relates to the challenges, the understanding of the two airline types (FSC and LCC), the level of competition in the Australian domestic airline market, and the competitive forces applied in the airline industry. It begins by exploring the importance of the complex nature and challenges that are prevalent in the airline industry. This is followed by a discussion of, and differentiation between, FSCs and LCCs and the level of competition in the Australian domestic airline industry.

The next section presents an overview of the challenges faced by the airline industry.

2.1 Challenges in the airline industry

According to a report by PWC (2017), currently the airline industry is significantly hampered by slim profit margins, forcing carriers to continuously focus on both cost reduction and revenue growth through better customer retention strategies. However, gaining a balance between cutting cost and attracting and retaining customers, which are two opposing strategies, can be quite difficult to achieve. Hence, finding the right balance is crucial.

The PWC report went further, stating that in the commercial aviation sector, just about every player in the value chain (airports, airplane manufacturers, jet engine makers, travel agents, and service companies) turns a tiny profit due to the complex nature of the business. This is manifested in part by the significant degree of regulation (which minimises consolidation), and the vulnerability of airlines to exogenous events that happen with great regularity, such as security concerns, volcanic eruptions, and infectious diseases (PWC, 2017). Since all these factors are outside the control of the airlines, it renders the airline industry quite helpless and apt to resort to recovery measures that drive costs even higher. On the other hand, ongoing price pressure is also a factor. The airline industry is one of the few sectors that have seen prices fall for decades. Since the 1950s, airline yield, which is defined as the average fare paid by a passenger per kilometre, has consistently dropped (PWC, 2017).

The unique and complex nature of this industry means that airlines must continue to focus on top-line growth, because their limited profitability depends almost solely on revenue gains, while increasing productivity in order to shore up and perhaps even increase profit margins. The way individual commercial airlines react to and navigate several trends playing out across the globe will determine carrier performance in the coming years. This is based on how well they understand passengers' needs and are able to effectively segment the market and then target the profitable segments.

As this study constantly refers to FSC and LCC customers, it is important to understand the two different airline models. A table summarising the main differences between a LCC and a FSC is included in Appendix A. The focus of this study is solely on Australia and the next section looks at the domestic airline market in this country.

2.2 Domestic airlines in Australia

A report by IBISWorld (2016) shows that the domestic airline industry in Australia has grown very slowly over the past five years, on the back of intense price-based competition between major operators Qantas and Virgin Australia. The contributing factors responsible for this competition are mostly excess capacity, a decline in demand from mining firms and high fuel costs in the early part of the period.

However, in contrast, low airfares and rising discretionary income have caused passenger volumes to increase steadily over the past five years. Hence, the upside is that more and more people are travelling. It should be noted that the depreciation of the Australian dollar over the past five years is largely responsible for this increase. This resulted in a reduction of local demand for international travel in favour of domestic travel, while there was still an increase in international visitors coming into Australia. These international passengers also travelled quite extensively within Australia as part of their trip. This can be a very profitable target group for the Australian domestic airlines and is great for the market. If this trend continues, the domestic airline industry will certainly benefit, but only if they are able to adapt to the constantly changing environment and gain an in-depth understanding of customer needs. This will allow them to develop appropriate strategies to target the profitable segments and hence remain competitive.

The PWC report also predicts that industry revenue will grow by an annualised 0.4%

over the next five years, to \$14.2 billion in 2018, which includes an anticipated growth of 2.2% in the current year. These numbers represent a very positive sign for the domestic airline industry in Australia.

2.3 Competition in the Australian domestic airline industry

In order to explain the level of competition in the Australian domestic market (IBISWorld, 2017), it is important to touch on a few factors. These are: market share concentration, cost structure benchmarks, industry globalisation, barriers to entry, basis of competition, internal competition and external competition.

Market share concentration

A report by IBISWorld (2017) has detailed how the Australian domestic airline industry exhibits a high level of concentration as two major companies dominate it: Qantas Airways (owning Jetstar) and Virgin Australia (owning Tiger Airways).

Cost structure benchmarks

The domestic airlines industry exhibits a largely static cost structure, with similar fixed costs for Virgin Australia and Qantas (IBISWorld, 2017). Smaller industry operators generally have slightly lower costs than larger players, as many small operators lease aircraft and other core operating assets, therefore reducing depreciation costs. In contrast, Qantas and Virgin own the majority of their planes, as economies of scale allow them to make bulk purchases from aircraft manufacturers.

Industry globalisation

The domestic airlines industry displays a low level of globalisation and this trend is increasing because of the industry's negligible international trade (IBISWorld, 2017). The latter report further noted that the level of foreign ownership in the industry is moderate, despite Virgin's acquisition of Tiger Airways in 2013 reducing the number of foreign operators. This is because many foreign airlines have investments in the industry's two major players, Qantas and Virgin, although foreign ownership in Qantas is limited by the Federal Government to 49%. In addition, federal and state governments tightly control international airlines' access to domestic routes.

Barriers to entry

The 2017 IBISWorld report also noted that barriers to entry in the industry are high and that this has been steady over the past five years. This is due to several factors,

including the dominance of existing players, the need to meet significant regulatory requirements and high initial sunken capital costs.

Basis of competition

Porter (1979) developed a competitive theory framework to explain the competitive forces that affect an industry. His framework is built on five forces that make up the attractiveness of a market and was designed to help us better understand where a particular industry fits and which competitive force is most significant. Each of these forces is discussed below.

Bargaining power of buyers - buyers have the power to demand a lower price or higher product quality from industry producers when their bargaining power is strong. Lower prices mean lower revenues for the producer, while higher quality products usually raise production costs. Both scenarios result in lower profits for producers.

Bargaining power of suppliers - strong bargaining power allows suppliers to sell higher priced or low quality raw materials to their buyers. This directly affects the buying firms' profits because the company has to pay more for materials.

Threat of new entrants - this force determines how easy (or not) it is to enter a particular industry. If an industry is profitable and there are few barriers to entry, rivalry soon intensifies. When more organisations compete for the same market share, profits start to fall. It is essential for existing organisations to create high barriers to entry to deter new entrants.

Threat of substitutes - this force is especially threatening when buyers can easily find substitute products with attractive prices or better quality and when buyers can switch from one product or service to another with little cost.

Rivalry among existing competitors - this force is the major determinant of how competitive and profitable an industry is. In a competitive industry, firms have to compete aggressively for a market share, which results in low profits.

For the purpose of this study, the bargaining power of customers is considered the most important factor for explaining the basis of competition. In line with the studies of Kim

and Dwyer (2003), Popesku and Pavlovic (2015), Gray (1970), Plog (1974), Nayyar (1993), and Tanriverdi and Lee (2008), which have shown the importance of focusing on the customer side of competition, competition will be looked at solely from a customer's point of view (i.e. from the demand side). The researcher believes that the customer holds the key to driving the most important forces to achieve competitiveness. Knowledge of customers' needs and wants is important in any industry, enabling the development of appropriate strategies in response to those needs. This will, in turn, help achieve competitive advantage, especially when most airlines share customers.

Internal competition

In addition to the above, the IBISWorld report (2017) stated that the Australian domestic airline industry is classified as highly competitive and that the majority of competition comes as airlines fight for market share. The report further stated that the strongest competition in the industry is predominantly between low-cost discount airlines, such as Jetstar and Tiger, where competition is largely based on price. This is because the target market, domestic leisure travellers, is highly price-sensitive. The report also states that the higher price end of the market is much less competitive (i.e. between Qantas and Virgin). However, as it was previously noted that all the airlines are actually now sharing customers, internal competition cannot be described as only being between a LCC and another LCC, but also between a LCC and a FSC.

External competition

Substitute modes of transport, such as those by road, rail or sea, can also affect the industry (IBISWorld, 2017). However, due to Australia's large size and low population density, air travel is almost a necessity, particularly because of the large distances between Australia's capital cities and regional centres. The extent of Australia's landmass and the distance to travel were two of the main reasons for the birth of commercial aviation in Australia.

2.4 The current situation

The airline industry is currently undergoing one of the major transitions in its history (Doganis, 2006). Landmark changes in the market environment have led to ever-stronger competition (Alamdari & Mason, 2006; Mason, 2005). LCCs have entered the market and established themselves by penetrating significant parts of that market. This has already led to dramatic changes in the competitive landscape. While the industry used to be regulated and dominated by governmental players, it is now shaped by the

competitive offensives of other companies. In this new setting, a market-oriented approach to product optimisation is important. Traditionally, airlines segment their customers into business and economy passengers and, as mentioned previously, align their product strategy with flexibility for business passengers and price for economy passengers. The highly competitive situation and higher market transparency has induced a change in market power constellations in favour of customers who are now more conscious of their needs, are more knowledgeable and want more choices. Furthermore, the internet, as an information and distribution channel with minor information and transaction costs, has intensified these changes in customer preferences and behaviours (Alamdari & Mason, 2006; Lindstadt & Fauser, 2004).

Addressing customer preferences is important for LCCs. LCC managers need current information about preferences in different customer segments in order to target these segments more effectively when it comes to bundling product and service offerings that complement the standardised flight product. Such measures may help the carriers to overcome a dubious trend towards commodification of air travel and thus foster customer retention to ensure long-term profitability.

While LCCs initially targeted the leisure segment, there is evidence of an increasing number of business travellers flying with these airlines. Several studies indicate that the traffic mix of economy, business and first-class passengers has changed over the last 10 years. Under these circumstances, knowing customer preferences and predicting their choice decisions becomes an ever more important consideration for the management and marketing policies of airline companies.

The highly competitive environment leads to customer behavioural changes. In the past, the airline industry has relied on a combination of high-paying business travellers and price-sensitive economy passengers. Since the 'old days', the proportion of economy passengers has risen, while the average fare of these passengers has fallen by a third (Swan, 2002). Business travellers are tending to choose tickets based on price. A survey of short-haul business travellers found 40% of this market to be price elastic and to make extensive use of LCC tickets (Mason, 2002). This market change has had an impact on leisure travellers' behaviours. The market entry of LCCs has added new segments of price-sensitive passengers to the market, causing an increase in the popularity of 'short breaks' in the last few years. The number of holiday packages is decreasing because LCCs offer leisure travellers the possibility of traveling at more

attractive times or more flexibly and of organising their holidays by themselves (Mason, 2002).

As already indicated, these effects are amplified by the rise of the internet, which tore down the barriers to competitive ticket price information. Distribution costs have also decreased due to the lower number of intermediary agents in the transaction processes and lower search and transaction costs. Customers can directly influence the price because they can access the fares of dozens of airlines, for any destination, with all routes and times of departure through such sites as Webjet.

Today, proportionally more travellers than in the past choose economy-class products (Mason, 2002). Increasing, price sensitivity has led to reduced average yields for airlines and to excess capacity in the market and these factors have intensified competition. As previously mentioned, FSCs and LCCs often aim to reach the same consumer segments, meaning that LCCs and FSCs are sharing customers. FSCs were obliged to revise their business model by adapting to the low-pricing strategies of LCCs, which obtained a significant cost advantage. However, the cost-reducing measures of network carriers are ineffective for handling the needs of both traditionally differentiated segments. As a consequence, business customers buy products that do not satisfy their quality expectations and leisure travellers receive over-engineered offerings that surpass their quality expectations, but do not fulfil their price expectations (Lindstadt & Fauser, 2004). Given the inherent cost structure of network carriers, they should strive to better serve those customers who are not focusing on price alone but seek tailored product offerings.

The foregoing discussion suggests that airline companies are faced with major changes in their business environment, as well as significant changes in customer behaviours. The class flown seems to be no longer an appropriate indicator for identifying discriminately heterogeneous customer segments. Traditional segmentation of passengers in business and leisure is becoming obsolete because the preference spectra within both classes are becoming wider (Alamdari & Mason, 2006). Hence, it is important to better understand airline customer behaviours to enable better strategy development for remaining competitive in the market.

2.5 Chapter summary
Competition in the Australian domestic airline industry is fierce and aggressive at the

moment. The main players in the market are Qantas and Virgin as FSCs and Jetstar and Tiger as LCCs. However, research indicates that passengers do not really differentiate between a LCC and a FSC when they travel. They expect the same service/products across any airline, regardless of the airline type and the level of expectations from more knowledgeable travellers are increasing. Further, one LCC is not only competing with another LCC, it is also competing with FSCs. Hence, it is important to understand the needs and wants of both LCC and FSC customers. This will enable better strategy development so the airlines can retain existing customers, and attract new ones, thus adapting their respective businesses and remaining competitive in the market.

CHAPTER 3
LITERATURE REVIEW

3.0 Introduction

This chapter focuses on consumer demographics and the demand factors of experience quality, brand image, perceived value and behavioural intentions. The review aims to provide a foundation for achieving research objectives and develop a comprehensive conceptual model. The first section of this chapter begins with a review of studies on the demographics, travel preferences and choices of consumer across different groups, followed by a review of the experience quality, brand image and perceived value on behavioural intentions across FSC and LCC customers. This review of the literature assists in the development of the conceptual framework proposed in Chapter 4.

3.1 Demographics, travel preferences, travel choices across different consumer groups

Demographic factors are one of the important aspects of consumer behaviour (Jang and Wu, 2006; Jang and Cai, 2002). Generally, these factors are age, gender, education, occupation, economic status and relationship status. Previous studies by Jang and Cai (2002) and Jang and Wu (2006) indicated that the most significant differences exist in education and income levels, which may lead to discrepancies. A customer with a relatively higher level of income will have more buying power and might be able to spend more money in their purchase decision. There were also studies that examine the comparison of different nationalities to understand consumer behaviours and preferences (Rosenbaum and Spears, 2005; Wong and Law, 2003) across different consumer groups. Further, a study by Kusdibyo (2015) indicated that, beside a few similarities, there were more differences in some demographic characteristics, travel patterns and shopping preferences across consumer groups. More specifically, in terms of demographics, significant differences were found in age, education levels, occupation and annual income. Similarly, a recent study conducted by Wijaya et al. (2017) showed that the participants, with respect to their differences of: age, country of residence, educational attainment, occupation, travel purpose, frequency and length of visit, travel party, preconceptions about local food, and past dining experiences – had significant distinct levels of dining expectations. Hence, demographics and socio-demographic factors are understood to be of significant importance in understanding consumer

behaviour. The following section will discuss the important of experience quality in the context of experience economy.

3.2 Experience economy versus service economy

In terms of experience economy, authors such as Wirtz et al., (2000), Zins, (2002), Duman and Mattila, (2005) and Lin et al., (2007) have all confirmed that in order to achieve customer satisfaction, it is important to also research the affective variables instead of only focusing on the cognitive components. The service economy only focus on cognitive components whereas the experience economy looks at the affective variables. It was argued that some of the fastest growing sectors of the global economy are related to the consumption of experiences (Pine and Gilmore 1999; Richards 2001) and that in the emerging Experience Economy, consumers seek unique experiences beyond merely consuming products and services (Service Economy). Hence, in this context, either focusing on price or product/service only is not sufficient and upgrading the product (the aircraft) can be expensive and that is why a focus on experience quality is adopted. Further, as this study focus on demand factors, the focus should be on the customers and not the company and hence, experience quality helps to achieve this focus (see 'Focus of evaluation' in the table below). The table 1 below helps to clarify the difference between service and experience quality.

Table 1: Difference between service quality and experience quality

Framework	Service quality	Experience quality
Measurement	Objective	Subjective
Evaluative model	Attribute-based	Holistic
Focus of evaluation	Company/Service provider/ Service environment (External)	Self (Internal)
Scope	Specific	General
Nature of benefits	Functional/ Utilitarian	Experiential/ Hedonic/ Symbolic

Source: Otto and Ritchie (1995)

Otto and Ritchie (1995*)* further argued that there are other sectors that also have a clear functional component to them such as accommodation and transportation services where experiential benefits will remain a critical part of the process evaluation. As airlines are part of transportation services, it can be assumed that this comparative table can also be used to apply in the airline industry. In addition, Pine and Gilmore (1999; Gilmore and Pine 2002a, 2002b) further proposed experience economy as an emerging paradigm for enhancing business performance across a wide range of industries. Hence, as part of the focus on experience economy, various researchers (Ko and Pastore, 2005; Ko et al., 2011; Moon et al., 2011) modified the original concept of service quality, instead of just utilising the same general category of service quality in diverse sectors and created the concept of 'experience quality'.

3.2.1 Experience quality

Anastasopoulos, (1992), Cole and Scott, (2004) and Lam and Hsu (2006), also supported the importance of this concept based on the rationale that experience quality provides a better understanding of the various consumption experiences during the service process which takes into consideration the customers' emotional responses to fulfil their psychological desires. Crompton and Love (1995) initially defined experience quality as involving not only the attributes provided by a supplier (as this can be classified as being service quality), but also the attributes brought to the opportunity by the consumer. This further justifies the strong focus that this current study has on consumers (experience quality) as opposed to the company (service quality). And in terms of the domestic airline industry, getting feedback about those experiences is essential for managers, helping them measure the quality of those experiences and develop appropriate strategies to manage them.

In order to measure the construct of experience quality, Otto and Ritchie (1996) came up with four internal features: hedonics, peace of mind, involvement and recognition. Cole and Scott (2004), who focused their study on zoos, employed three factors (entertainment, education, and community) to test the experience quality of visitors. Similarly, Kao et al. (2008) measured experiential quality using four sub-dimensions: immersion, surprise, participation and fun. For this study, the constructs developed by Otto and Ritchie (1996) were adopted or adapted as the internal features were better suited to the airline industry.

Previous research indicates that experience quality factors are not 'soft' elusive abstracts but rather specific dimensions that can readily be measured to better understand behavioural intentions (Otto and Ritchie, 1996, Cole and Scott, 2004, Kao et al. 2008). Indeed, if industry managers use only service quality or attribute-based measures in their satisfaction evaluations, they may be forcing people to evaluate their services on more functional and utilitarian dimensions than is appropriate or even relevant. From the perspective of marketing strategy, advertising 'experiential' benefits is not new to either product or services marketing. A clear understanding of the customer specific experience as it relates to service will assist the company in developing more effective segmentation and targeting strategies, a point that is not supported in previous research.

In order to better understand consumer behaviour, measurement of experiential quality in previous studies incorporates significant constructs, such as customers' perceived value, satisfaction and behavioural intentions (Cole & Illum, 2006; Kao et al., 2008; Athanassopoulos, 2000; Baker & Crompton, 2000; Chen, 2008; Chen & Tsai, 2007; Cronin et al., 2000; Petrick & Backman, 2002; Rust & Oliver, 1994; Zeithaml, Berry, & Parasuraman, 1996). It was further noted that quality is a good predictor of behavioural intentions (Petrick, 2004) and, as such, the same would be verified in the airline industry.

3.2.2 Experience quality and behavioural intentions

Many authors have shown that experience quality and service quality have positive effects on future behavioural intentions. Cole and Scott (2004) found that experience quality has both direct and indirect relationships with revisit intentions. Cole and Illum (2006) also tested the relationships between service quality, experience quality, overall satisfaction and behavioural intentions among visitors to rural heritage festivals and found that visitor experiential quality directly contributes to visitors' overall satisfaction and behavioural intentions. Another study conducted by Kao et al. (2008) tested the relationship between elements of experiential quality, satisfaction, and behavioural intentions in the context of theme park visitors. They found that experience quality was an important predictor of behavioural intention. These common findings indicate that experience quality impacts positively on behavioural intentions.

Jou and Kuo (2014) investigated the relationship between service quality and passenger behavioural intentions in the cross-strait direct flight between Taiwan and Shanghai and found that service quality impacts positively on behavioural intentions. Similarly, Wu and Li (2015) examined the interrelationships among the service quality dimensions, satisfaction, emotions, and behavioural intentions as perceived by visitors to museums in Macau and found that service quality has a positive effect on behavioural intentions. Jin, Lee and Lee (2015), and Lee, Lee and Jou (2015) also found that quality has a positive effect on behavioural intentions for water park patrons and exhibition visitors, respectively. Rajaguru (2016) also conducted a study that extended the literature by investigating the salience of service quality in achieving customer satisfaction and behavioural intention in the low cost and traditional full service airline context. It was found that even though the service quality interaction with the airline type did not influence customer satisfaction, the effects were significant for behavioural intentions.

However, Chen (2008) and Chen and Chen (2010) produced differing and contrasting results. Chen (2008) conducted a study in Koashiung International Airport in Taiwan to investigate the relationships between service quality, perceived value, satisfaction and behavioural intentions for air passengers. This study showed, that unless it leads to an increase in perceived value, service quality is not guaranteed to lead to a customer's overall satisfaction and behavioural intentions. Chen and Chen (2010) found that the effect of experience quality on behavioural intentions is insignificant. In light of experience quality rather than service quality in heritage tourism, as per the study by Chen and Chen (2010), their results were consistent with past studies by Cronin et al. (2000) and Petrick (2004), except for the insignificance of the direct path experience quality/behavioural intentions. The results further imply that the importance of experience quality on behavioural intentions is only recognised via the mediating effects of perceived value and satisfaction in heritage tourism contexts.

Regardless of the differing results, there is a consensus amongst past studies about managerial implications. The authors agreed that managers need to go back to their customers to try and understand their experiential needs and only then will they be able to develop better suited and appropriate strategies, focusing on problem areas and targeting segments directly. As FSCs and LCCs share customers, it becomes important

from an airline perspective to determine any significant difference in the experience quality of both passenger groups.

3.2.3 LCC passengers versus FSC passengers

In a market where LCCs and FSCs share customers, it is important to provide airline managers with more detailed direction whilst at the same time, appreciating the differences (if any) between LCC customers and FSC customers. This type of comparative study is very common in the tourism industry. One such example is the study by Jin, Lee and Lee (2015), which examined how customers' perceptions of the quality of experiences influence perceived value, water park image, customer satisfaction and behavioral intentions for first-time and repeat customers of a water park. They found that the impacts on customer satisfaction of experience quality and water park image significantly differed between first-time and repeat customers. Hence, knowledge of this difference becomes crucial in helping management to devise appropriate and more targeted strategies for each group of customers.

Similarly, Jou and Kuo (2014) looked at the relationship between service quality and passenger behavioural intentions in the cross-strait direct flight (Taiwan–Shanghai) of two groups in two different regions. Their results revealed that service quality in one of the regions has more impact on behavioural intention than service quality in the other region. In practice, this means that a-decision maker should have a stronger reaction to losses than gains. Hence, it was recommended that airlines should ensure that their services meet passenger expectations, and more effective marketing strategies and customer services can reduce a sense of loss and positively affect customer future behavioural intentions.

Mikulić and Prebežac (2011) carried out a study of passengers from Lufthansa, Croatia Airlines and Germanwings, examining the determinants of passenger loyalty among users of FSCs and LCCs. They found that weekly flight frequencies exhibit a strong and significant effect on FSC passengers, but only a weak, insignificant effect on LCC passengers. Another difference was in terms of the flight experience, with food and beverage services strongly impacting on the experiences of FSC passengers, but not on LCC passengers. The findings from their data analysis also point to a significant difference regarding perceptions of service reliability. LCC passengers seemed to be

much more concerned about airline safety than on-time performance, whereas for FSC passengers it was the other way around.

Chen and Chiou (2010) studied the passengers of Spring Airlines, the first LCC in China, and found differences between the ways FSCs and LCCs were viewed by passengers. Service perception was the most significant influence on the intentions of passengers to use FSCs, but exhibited less of an effect on the intentions to fly with LCCs. Conversely, service value exerts the greatest effect on intentions to fly with LCCs.

Calisir et al., (2016) investigated the effects of factors such as image, satisfaction, price, and service quality on passenger loyalty toward FSCs and LCCs and found that service quality is a strong determinant of satisfaction. They acknowledged that a lack of differentiating between FSC and LCC customers was a limitation of their study and that group differences between FSCs and LCCs should be analysed in further studies.

While considerable research has revealed important differences between FSC and LCC passengers in terms of their views and perceptions of service quality, it has not provided insights on experience quality. It has also failed to recognise the underlying reasons for the differences in the two models of domestic air travel in Australia. In this context, brand image is discussed at length in the next section.

3.3 Brand image

Aaker (1991) defined brand image as a set of brand association that are anything linked in memory to a brand, usually in some meaningful way. Keller (1993) described brand image as the set of associations linked to the brand that consumers hold in their memory. It can be argued that the associations that a customer holds in their memory can be largely based on their previous brand usage. These associations can either be positive or negative, leading to either brand purchase or brand non-purchase. This study aims to use brand image as a basis for segmenting the market by investigating the difference between perceptions of brand image from both FSC and LCC consumer viewpoints. The findings will hopefully assist domestic airline marketers in understanding the perception of brand image from both consumer groups.

3.3.1 Complexities of brand image

Due to the lack of consensus on the absolute definition of 'brand image', as well as the inconsistency in its measurement for the past 50 years (Dobni, 1990; Bullmore, 1984; Lassar, 1995), marketing authors find it difficult to agree on this construct. Gronroos (1984), argued that a service firm cannot hide behind brand names or distributors, no matter how big and powerful they are. She further argued that, in most cases, consumers will eventually be able to see the firm and its resources for what they are and what they stand for, during the buyer-seller interaction. Therefore, offering and maintaining a favourable image is of utmost importance. The expectations of consumers are influenced by their views of the company (i.e. by the brand image of the company itself). Even though Keller (1993) and Gronroos (1984) may not agree in their views on brand image, they did agree that brand image is something that comes from the consumer, based on their individual perceptions.

However, not all authors share these views. For example, Scammon and Semenik (1983) argued that brand image is manageable at a company level. They further stated that brand image is created by the marketer alone and that the consumer does not have any control over it. This means that the customer only plays a passive role in the process of brand image creation.

Bullmore (1984) agreed with both Keller (1993) and Gronroos (1984) in stating that brand image creation is dependent upon the individual psyche alone. He refuted Scammon and Semenik's (1983) assumption that the image belongs to the brand. Bullmore (1984) explained that the mind both contains and creates the image, and that it is mediated or stimulated by the consumer's past and existing experiences.

Airline brand image is considered a significant determinant of airline choice. And as Dowling (1994) and Ehrenberg (1969) argued, it is important to create a favourable brand image and aim to become the bigger brand. This was later confirmed by Lin, Wang, Chiou, & Chung (2007), who found that the stronger the brand image, the higher the product quality recognised by consumers and hence, the stronger the consumer repurchase intention. Hence, the bigger the brand, the more impact it will have on a consumers' mind and eventually, their future repurchase intention. In marketing context, aiming to be the bigger brand is also referred to as the double jeopardy (DJ) effect.

3.3.2 The double jeopardy effect

DJ patterns have been consistently observed in repeat purchase markets for both behaviour and attitudinal responses (Ehrenberg et al., 1990; McPhee, 1963). DJ refers to the phenomenon where brands with fewer customers (lower penetration) also have lower average purchase frequency (i.e. those customers also buy the brand less often). The DJ pattern is also present for other repeat-purchase statistics. Knowledge of this norm allows managers to correctly assess the repeat-purchase statistics for their brand and to spot deviations.

The DJ effect means that a leading brand has a better chance in the market if they have a high purchase frequency rate, as well as a larger number of buyers, as opposed to smaller brands (Ehrenberg et al., 1990). Therefore, small brands suffer in two ways, with a low number of consumers and a low purchase frequency rate. One example is Jetstar and Qantas. Jetstar is a wholly-owned subsidiary of Qantas and as such it can be assumed that as it is linked to a very strong national brand, it stands a better chance in the domestic market. Furthermore, it can also be argued that in the past, there were only a few limited brands in the market, which meant that loyalty towards a particular brand was quite high. Now, however, due to a variety of options and choices, people share their loyalty amongst a few brands. This is called creating a repertoire of brands. In the Australian domestic market, the main players are Jetstar, Virgin, Tiger and Qantas. But it can be argued that there is no sole loyalty to only one particular airline; on the contrary, customers purchase from a number of different brands. This study attempts to verify this effect in the domestic airline industry in Australia. It is also important to note that some brands share their customers more than other brands do. This stems from the concept of duplication of purchase law.

3.3.3 Duplication of purchase law

DOP concerns how brands share customers. It states that sharing is in line with each brand's penetration. Brands share their customers with major (high penetration) brands and far less with minor brands (Ehrenberg, 1988). A deviation from this pattern is an indication of a market partition and knowledge of this pattern allows managers to correctly interpret market structure.

Based on previous discussion, it can be summarised that a successful branding or brand management process comprises one of two perspectives: controlled by management responsible for developing brand vision, identity, and value; or by consumers, who are responsible for forming associations, images, actions, and attitudes toward a given brand in an interrelated sequential process between brand managers and consumers (McEnally & de Chernatony, 1999). Ehrenberg et al. (1990) noted that a bigger brand is generally more successful and competitive due to the DJ effect. This was investigated as part of this study. The concept of duplication of purchase law was also tested.

3.3.4 Brand image and behavioural intentions

Dobni and Zinkhan (1990) explained that brand image is a critical concept in consumer behaviour research because it affects individual, subjective perceptions, value for consumers, satisfaction and behavioural intention. Several studies (Andreassen & Lindestad, 1998; Bloemer & De Ruyter, 1998) have looked at brand image as impacting positively on behavioural intentions. Andreassen and Lindestad (1998), for example, reported that the image of tour companies significantly influences behavioural intentions in that particular service context, and Bloemer and De Ruyter (1998) also found that departmental image can influence future behavioural intentions.

Park, Robertson and Wu (2006) looked at how perceived price, airline service quality, perceived value, passenger satisfaction and airline image determine passenger future behavioural intentions. Their analysis showed that airline image has a significant positive effect on passenger satisfaction and behavioural intentions. Similarly, Chen and Tseng (2010) explored customer-based airline brand equity in Taiwan. They proposed an airline brand equity model from the customer perspective and to operationalise the airline brand equity with four dimensions of brand awareness, perceived quality, brand image and brand loyalty. They adopted the causal path of cognitive-affective-conative stages, based on Konecnik and Gartner's (2007) study. They found that the affective stage, which includes perceived quality and brand image, represents a customer's evaluations of the purchase experience and the association related to the brand, with the airline's tangible and intangible attributes based upon quality perception. Another study conducted in Malaysia by Ariffin and Yahaya (2013), showed some very similar results, finding a strong positive relationship between airport image and passenger delight and future behaviour.

More recently, other studies (Al-Refaie et al., 2014; Hussain et al., 2015; Calisir et al., 2016) have found similar results, noting that brand image positively effects satisfaction and behavioural intentions. Al-Refaie et al. (2014) conducted a study at a Jordanian Airport and found that image has a positive effect on satisfaction and behavioural intention. Similarly, Hussain et al. (2015) found that brand image has a positive significant impact on customer satisfaction in a Dubai-based airline. Likewise, Calisir et al. (2016) found that brand image had a positive effect on satisfaction and behavioural intentions for passengers at Ataturk International Airport in Turkey. The ongoing trend is that brand image impacts positively on behavioural intentions.

Singh (2015) examined the interrelationships among the extracted constructs of service quality, perceived image, perceived value, passenger satisfaction and their influence on passengers' future behavioural intentions in the domestic aviation sector market in India. The findings of his study, however, indicated that only passenger satisfaction was found to have a direct influence on their future behavioural intentions and not brand image. He argued that brand image does not have a direct effect on behavioural intentions.

The above discussion indicates that a wide array of academic research has been conducted in the airline industry on brand image and that most researchers agree that brand image has a positive effect on behavioural intentions, with the exception of Singh (2015). The aim of the present study is to verify the effect of brand image on the behavioural intentions of LCC and FSC passengers in the context of the Australian domestic airline sector.

3.3.5 LCC passengers versus FSC passengers
As discussed previously, there was no clear demarcation between LCC and FSC in terms of the effect of brand image on behavioural intentions. The studies discussed looked at the effect of brand image on satisfaction and loyalty but not behavioural intentions across FSCs and LCCs. Calisir et al. (2016) found that image is explained by satisfaction but they did mention that they did not undertake to investigate on behavioural intentions and that was one of the limitations of their study and needed to be addressed in further studies.

In addition, Lu (2017) looked at LCCs and FSCs in Taiwan and found that brand image is perceived as most important for FSC passengers who travel to visit friends and relatives. As mentioned earlier, Mikulić and Prebežac (2011) carried out a study looking at passengers from Lufthansa, Croatia Airlines and Germanwings, examining the determinants of passenger loyalty among users of FSCs and LCCs. Their findings revealed that the image of airlines strongly impacts customer loyalty for both passenger segments (FSC and LCC).

While considerable research revealed important differences between FSC and LCC passengers in terms of their views on brand image, these studies failed to recognise the underlying reasons for the differences, especially for a specific sector, such as domestic air travel in Australia. While there was some clear demarcation between FSC and LCC customers, most studies looked at international passengers only. The researcher believes that it is crucial to focus on this niche market while at the same time recognising and appreciating the differences between FSC and LCC passengers in the current domestic air travel in Australia. Thus, the current study examines the differing perceptions of FSC and LCC customers in terms of brand image, examining any difference in the effect of brand image on behavioural intentions between the two consumer groups.

In addition to experience quality and brand image, the third construct on the demand side to be discussed in this study is perceived value. Oh (1999) confirmed the importance of perceived value by stating that perceived value of a product or service should be considered simultaneously with service quality and brand image when predicting future behavioural intention.

3.4 Perceived value

The concept of value has become a fundamental issue to be addressed in every marketing activity (Holbrook, 1994, 1999). Slater (1997) observed that the creation of value must be the reason for the firm's existence and certainly for its success. Organisations are increasingly recognising that value is a key factor in strategic management (Mizik & Jacobson, 2003; Spiteri & Dion, 2004). As these words indicate, the creation of customer value has become a strategic imperative in building and sustaining competitive advantage (Wang et al., 2004), which is one of the focuses of

this study. Furthermore, Khalifa (2004) established that profits are also strongly linked to the value that is created for customers.

However, despite this wide interest in this subject, the concept of value has not been clearly defined. According to Khalifa (2004), the concept has become one of the most overused and misused in the social sciences in general and in management literature in particular. Various definitions of 'perceived value' have been put forward in the marketing literature, including those of Holbrook (1999), Woodruff (1997), and Zeithaml (1988). Of these, one of the more commonly cited definitions is that supplied by Zeithaml (1988), who defined value as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. This view posits perceived value as a uni-dimensional construct that can be measured simply by asking respondents to rate the value that they received in making their purchases.

3.4.1 Complexities of perceived value

Not all researchers agree with Zeithaml's (1988) definition of value. Some authors have suggested that this conceptualisation of value (as simply a trade-off between benefit and sacrifice) represents a narrow approach to the concept. These authors have further argued that perceived value is a multi-dimensional construct in which a variety of notions are embedded, such as perceived price, quality, benefits, and sacrifice (Babin et al., 1994; Holbrook, 1994, 1999; DeSarbo & Sinha, 1998; Mathwick et al., 2001, 2002; Sweeney & Soutar, 2001). Hence it can be deduced that perceived value is not just about give and take; it is much more than that. It needs to also take into consideration other factors such as price and quality, among others.

There is also a lack of agreement among scholars with respect to the conceptualisation and measurement of perceived value. This could be a consequence of its somewhat nebulous nature, which has variously been described as complex (Lapierre, 2000), multi-faceted (Babin et al. 1994), dynamic (Parasuraman & Grewal, 2000; Woodruff & Gardial, 1996), and subjective (Zeithaml, 1988).

The above discussion gives a clear indication of the complexity that is inherent in this area of research. However, even though there are differing views and a lack of consensus, it can still be argued that Zeithaml's initial (1988) notion of 'give' and 'get' is by far the most broadly accepted idea of perceived value until now. Zeithaml (1988) also defined perceived value as the overall assessment of the usefulness of a product or

service based on customers' perceptions of what they receive compared with what they give. Hence, for the purpose of this study, Zeithaml's initial (1988) notion of 'give' and 'get' will be used to define perceived value. In addition to applying the definition of perceived value as a give and take notion, the concept of how important perceived value is was supported by authors such as Bolton and Drew (1991), Parasuraman and Grewal (2000) and Sweeney and Soutar (2001).

As well as the notion of Zeithaml's (1988) give and take, it is important to note that hedonic aspects of the consumption experience are generally accepted as essential elements for conceptualising perceived value (Holbrook, 1996; Babin & Attaway, 2000; Sweeney & Soutar, 2001). As such, Oh (2000) argued that perceived value is the outcome of a customer comparing perceived quality and perceived sacrifice, such as price paid and time spent during the consumption process, and the values can be classified as being both functional and emotional (tangible and intangible). However, the fundamental sense of added value can be argued to be an emotional one. Nonetheless, this can be disputed, as emotional feelings have to be backed up by rational aspects, as well as such functional values and that success comes from striking a balance: having both functional and emotional values (Bendixen, Bukasa & Abratt, 2004; Bergstrom, 2000; Doyle & Stern, 2006; Lynch & de Chernatony, 2004; Mudambi, Doyle & Wong, 1997; Andersen & Kumar, 2006; Leek & Christodoulides, 2012). de Chernatony et al. (2000) further argued that you cannot just have functional values without emotions. Bergstrom (2000) agreed with this view, stating that a company cannot develop sustainable competitive advantage based only on functional values and appeal, such as price, performance and quality. As such, it can be deduced that, if a company is solely focusing on competing with the lowest price, it will eventually be overthrown by another competitor offering an even lower price (Bergstrom, 2000). This may only give way to a price war, which is not desirable in any industry.

For the purpose of this study, perceived value was viewed in terms of perceived benefits (which includes emotional value) and also in terms of perceived costs (which includes monetary value). This decision was influenced by the study of Forgas et al. (2010), in which perceived value was divided into perceived benefits and perceived cost. Items used in their study were either adopted or adapted for this study. The next section

focuses on the relationship between value and behavioural intentions, especially for FSC and LCC customers.

3.4.2 Perceived value and behavioural intentions

Park et al. (2006) found that perceived value has a direct effect on passengers' future behavioural intentions. Chen (2008) also investigated the structural relationship between service quality, perceived value, satisfaction and behavioural intention for air passengers in Taiwan and found that perceived value had a significant direct and positive effect on satisfaction and behavioural intentions. Similarly, Chen and Chen's (2010) study in heritage tourism also found that perceived value has a positive and direct influence on behavioural intentions. And to carry on the trend, Forgas et al. (2010), who conducted a study amongst users of airlines operating flights between Barcelona and London, found that emotional value is the element that generates positive behavioural intentions. Lee and Wu (2011) also found a positive relationship between perceived value and behavioural intentions in their study in Taiwan.

Kuo and Jou's (2014) study in Taipei Songshan Airport, Taoyuan International Airport, and Kaohsiung International Airport showed some similar results, finding that perceived value impacts positively on both satisfaction and behavioural intention. Along the same lines, in their study on inflight service performance and passenger loyalty, Han et al. (2014) also found that perceived value affects satisfaction and behavioural intentions positively amongst both Chinese and Korean customers. Based on the discussion, it can be deduced that perceived value has a significant and positive effect on behavioral intentions in different industry settings, including the airline industry.

The literature review indicated that a substantial number of research studies have been conducted in the airline industry on perceived value, but none have focused on both LCCs and FSCs in the context of Australia. The next section reviews relevant studies of how the perception of value differs across users of FSCs and LCCs.

3.4.3 LCC passengers versus FSC passengers

As previously mentioned, in a market where LCCs and FSCs are sharing customers, it is important to provide airline managers with more detailed direction whilst at the same time appreciating the differences (if any) between LCC customers and FSC customers.

As such, looking at how perceived value differs between LCC and FSC customers is important.

Forgas et al. (2010) conducted a study involving two traditional airline companies, Iberia and British Airways, and one LCC (easyJet) on direct Barcelona–London flights. The results showed that in the LCC, the quality of service and the monetary price were key influencers of passenger satisfaction, while in the FSCs, the professionalism of the personnel played a more important role.

In addition, Han et al. (2014) found that perceived value affects satisfaction positively amongst two consumer groups: Chinese and Korean customers. They proposed a model and examined the association between among essential variables to gain a better understanding of passenger loyalty. It was found that there were differing results for the different groups in terms of the items of value perception. A study by Rajaguru (2016) supported the price sensitivity theory, confirming that LCC consumers are sensitive about value for money. This confirms that LCCs could perform well on low price assurance schemes. However, FSCs should optimise price on the basis of value for money and service quality, in order to compete with the emerging LCCs. Thus, it is important for LCCs to assess consumer price sensitiveness and assure all time low price to achieve competitiveness.

Lu's (2017) study looked at how LCCs had altered Taiwanese young adults' choice of airlines by offering affordable prices for air travel. It also found that higher educated people are more likely to use LCCs as they might be more aware of the business model of this type of airline. Lu (2017) also found that there were significant differences in terms of trip characteristics, perceptions of the need for ancillary services, and valuations of the importance of factors determining airline choices between two groups of Taiwanese passengers. Mikulić and Prebežac's (2011) study showed that ticket prices have a strong effect on overall price perceptions. However, whereas ticket prices are the most influential indicator among LCC passengers, among FSC passengers it is discounting/rewarding within loyalty programs that is germane. In this regard, the recent rise of loyalty programs in the LCC sector may also be seen as a strategy to tie-in FSC passengers who have used LCCs.

Based on the above findings, it can be deduced that perceived value has been found to have a positive effect on behavioural intentions.

3.5 Behavioural intentions

Behavioural intention refers to a person's intention to engage in a particular way in the future. Ajzen and Fishbein (1980) noted that behavioural intention can be defined as the degree to which a person has formulated conscious plans to perform or not to perform some specified future behaviour. Oliver (1997) further defined behavioural intention as a stated likelihood to engage in a behaviour. One of the most influential and widely researched models in consumer behaviour literature is Fishbein's behavioural intention model. It has been found to predict positive consumption behaviour in a variety of areas ranging from family planning decisions (Davidson & Jaccard, 1975; Wilson, Mathews & Harvey, 1975) to toothpaste preferences (Wilson, Mathews & Harvey, 1975).

Many authors (Godin & Kok, 1996; Webb & Sheeran, 2006; Schwarzer, 2008) have used behavioural intention as a reliable way to test for repeat business. Some have even shown that behavioural intention can be used to test a person's efforts to reach a certain goal and it has since become a variable to influence customer behaviour. Oliver (1999) explained that it is associated with repeating a purchase based on previous experience. He also explained that attitude is a strong indicator of a customer's repurchase intention, as well as whether they would recommend others to use the same product/ service again. Finally, he argued that repurchase intention and the willingness to recommend to others is a good measure of behavioural intentions.

Although behavioural intention has been found to be predictive of behavioural criteria, evidence to support its construct validity has been very limited (Miniard & Cohen, 1979, 1981; Warsaw, 1980). It been employed primarily to provide explanations about why people do or do not perform a particular behaviour and to suggest strategies for changing that behaviour (Ajzen & Fishbein, 1980; Lutz, 1975). It was further mentioned (Burnkrant & Page, 1982) that as the model is primarily exploratory, its construct validity must be supported before a researcher can be confident that it reflects reality.

Although it can be seen that whilst there are still arguments about the level of correlation between behavioural intention and actual behavior, it is generally agreed that

behavioural intention is a reasonable variable for predicting future behaviour (Ouellette & Wood, 1998). In addition, Ajzen and Fishbein (1980) contended that behaviour can be predicted from intentions that correspond directly to that behaviour (in terms of action, target, context, and time). Ouellette and Wood (1998) further agreed that behaviour is guided by intentions. It is hence concluded that behavioural intention provides high attitudinal probability of the subsequent behaviours (Baker & Crompton, 2000; Fishbein & Manfredo, 1992).

According to Kuo and Jou (2014), understanding customer behavioural intention is advantageous to airline managers in order to assist them in developing appropriate marketing strategies to strengthen company–customer relations. In other words, it is an antecedent of long-term validity (e.g. profitability and competitive advantage). While this study looks at intention to repurchase, as well as intentions to recommend to others, the aim is to feature FSCs and LCCs in the repertoire market of customers in order for domestic airlines in Australia to remain competitive in the market. Behavioural intention in this study, is measured by repurchase intention and recommend intention (Oliver, 1999).

3.5.1 Repurchase intention

Maintaining customer intention to repurchase is another important concern of service providers. Kivela, Inbakaran and Reece (1999) explained that repurchase is a consequence of satisfaction, in that consumers will make a decision to return to the original service provider if they were previously satisfied with the company. Repurchase is a benefit to service providers, which arises when a customer remains with a company instead of switching to a competitor (Stauss & Schoeler, 2004). Mattila (2001) suggested that repeat purchase by a customer from the same service provider is vital for success in today's competitive business environment. It can be deduced that repeat purchase is at the end of the continuum. In other words, based on the experiences they go through during a trip (either with a FSC or LCC), and the perception of image and value created, a domestic airline customer will decide whether or not to come back and use that same carrier. Repurchase is thought to improve profitability, principally by reducing the costs incurred in acquiring new customers (Keaveney, 1995), which can be costlier than retaining existing ones. A recent study by Hyun, Kim and O'Keefe (2014) on passengers using LCCs in South Korea, and more specifically on websites and an

automated call distribution (ACD) systems in call centres, found that both are considered important customer relationship technologies. The authors further stated that companies need to focus on preventing or minimising brand switching behaviour.

Another recent study conducted on airline passengers in Taiwan by Kuo and Jou (2014), found that attention should be paid to the service quality of important attributes in one particular region more than another, and strategies should ensure that the service quality of those important attributes meet passenger expectations. Once again, it is essential that managers are aware of what is causing dissatisfaction with their business and be able to address this issue as a matter of urgency to prevent existing customers taking their business to competitors.

3.5.2 Recommend intention

The formation of expectations and thus the feelings of satisfaction for a new customer are, to some extent, determined by the WoM referrals of current customers (Blodgett, 1993). Research shows that the majority of unsatisfied customers participate in negative WoM communication instead of written complaints (Richins, 1985). This may mean that there are lots of unhappy passengers and only a fraction of them will choose to complain, the rest will simply choose to spread negative feedback to all their peers. Some studies have even demonstrated that unhappy customers tell, on average, 10-20 people about their negative service experience (Lovelock & Gummesson, 2004; Tax, Brown & Chandrashekaran, 1998). Nowadays, with the use of social media and other online forums, word spreads very fast and people who are voicing their opinions may not even be known or related to the customer. According to Barnes, King and Breen (2004), the consequences of negative WoM referrals include both loss of 'an almost customer' and 'lost earnings'. In an attempt to find the number of customers who spread negative WoM, Keaveney (1995) found as many as 75 percent of customers engaged in 'negative voice' after they become dissatisfied with a company. Therefore, managing WoM is important to maximise customer retention (Liu, 2006).

WoM referral acts as an independent source of information that carries particular weight in decisions made by consumers (Zeithaml & Bitner, 2000). The importance of WoM in service settings is also reflected in the statement of Grace and O'Cass (2001), that WoM referral is the most cost-effective and powerful form of advertising. Negative WoM referral also increases the perceived risks faced by new customers (Michel, 2001).

Substantial empirical examinations have been undertaken in regard to negative WoM referral, both in service failure situations as well as in satisfactory service experiences (Alexander, 2002). Grace and O'Cass (2001) suggested that service providers should increase positive WoM and decrease negative WoM referral for improved profitability.

In addition to repurchase intent, WoM referral is also associated with customer loyalty and frequency of purchase (Eisingerich & Bell, 2007, Parasuraman et al., 1991). Hence, it is expected that positive WoM will help airlines increase the frequency of purchase from their customers.

The WoM act of unsatisfied customers can also involve more than just negative referrals. For example, it could be accompanied by third party complaints (Colgate & Lang, 2001), reduced loyalty (Stauss, 2002; Zemke, 1994), lowered repurchase intentions (Nadiri and Hussain, 2005), and increased switching intentions (Keaveney, 1995). It can therefore be concluded that intention to recommend is one way to ensure that existing customers will spread positive feedback and influence others to purchase.

3.6 Chapter summary

This chapter has reviewed the existing literature in the context of domestic airlines in Australia. This review incorporated passenger demographics and travel trends as well as constructs of experience quality, brand image, perceived value and behavioural intentions.

The literature review has identified a number of gaps in existing studies. It explored the concept of domestic travel in Australia in terms of passenger demographics, travel preferences and travel choice, and examined the demand factors required to achieve competitiveness in the market. The next chapter focuses on the development of the theoretical conceptual framework and hypotheses.

CHAPTER 4
CONCEPTUAL FRAMEWORK

4.0 Introduction

The literature review presented in Chapter Three examined the main constructs of experience quality, brand image and perceived value and their impacts on behavioural intentions. This chapter focuses on the development of the conceptual framework and the discussion of the means end chain theory (MECT) that underpins this study and was used as the theoretical foundation of the conceptual model. It also includes the proposed hypotheses, tested to achieve the objectives of this research (see Section 1.7).

A conceptual framework was developed and is discussed in Section 4.1. A justification for this framework is presented in Section 4.2, detailing the theory underpinning the conceptual framework in the context of this study. The hypotheses are presented in Section 4.3.

4.1 Conceptual framework development

The framework of this study was conceptualised based on the objectives of the study and the literature review. The current study deals with the nature of experience quality, perceived value and brand image, and their impacts on behavioural intentions. In addition, comparisons of demographics, travel preference and travel patterns were made across two consumer groups (FSC and LCC) in the context of the Australian domestic airline sector. Further, management perspectives on factors that cause positive customers' behavioural intentions are also included.

The literature review revealed significant differences in customer demographics in terms of their education and income levels (Jang & Cai, 2002; Jang & Wu, 2006), which may have led to discrepancies. A recent study by Kusdibyo (2015) found more differences than similarities in some demographic characteristics, patterns and preferences across three consumer groups. Those significant differences were found in age, education levels, occupation and annual income. Another recent study by Wijaya et al. (2017) showed that the participants, with respect to their differences of: age, country of residence, educational attainment and occupation, had significant distinct levels of dining expectations.

The literature review also indicated that quality (experience quality and service quality) has a significant and positive effect on behavioural intentions (Cole & Scott, 2004; Cole & Illum, 2006; Park et al., 2006; Kao et al., 2008; Jou & Kuo, 2014; Wu & Li, 2015; Jin, Lee & Lee, 2015; Lee, Lee & Jou, 2015; Rajaguru 2016). In terms of investigating the effect of quality on behavioural intentions, a number of researchers also found that there can be significant differences in the effect of quality on behavioural intentions between two consumer groups (Jin, Lee & Lee, 2015; Jou & Kuo, 2014; Ali, Dey & Filieri, 2014; Mikulić & Prebežac, 2011; Chen & Chiou, 2010; Calisir et al., 2016).

It was also found that brand image has a significant and positive effect on behavioural intentions (Dobni & Zinkhan, 1990; Andreassen & Lindestad, 1998; Bloemer & De Ruyter, 1998; Park et al., 2006; Konecnik & Gartner, 2007; Chen & Tseng, 2010; Ariffin & Yahaya, 2013; Al-Refaie et al., 2014; Hussain et al., 2015; Singh, 2015; Calisir et al., 2016). In addition, a few studies found that the effect of brand image on behavioural intentions can differ between two consumer groups (Mikulić & Prebežac, 2011; Lu, 2017).

With regards to perceived value and behavioural intentions, a number of authors found that perceived value has a significant and positive effect on behavioural intentions (Park et al., 2006; Chen, 2008; Chen & Chen, 2010; Forgas et al., 2010; Lee & Wu, 2011; Kuo & Jou, 2014) and this effect differs between two consumer groups (Forgas et al., 2010; Mikulić & Prebežac, 2011; Han et al., 2014; Rajaguru, 2016; Lu, 2017).

Based on the objectives of study and literature review, a conceptual framework was proposed for this study and is depicted in Figure 1 below. The proposed research model shows the interconnection between components, which is indicated by arrows displaying the direction of expected relationships. The model is divided into two; firstly focused on management perspectives of factors that cause customers to repurchase and recommend and secondly, the model also looks at passengers travelling domestically within Australia and is made up of four major domestic airlines: Qantas and Virgin (classified as FSC) and Jetstar and Tiger (classified as LCC). The model was used to investigate the effect of experience quality, brand image and perceived value on the behavioural intentions of domestic travellers.

Compare factors

Identify possible gaps
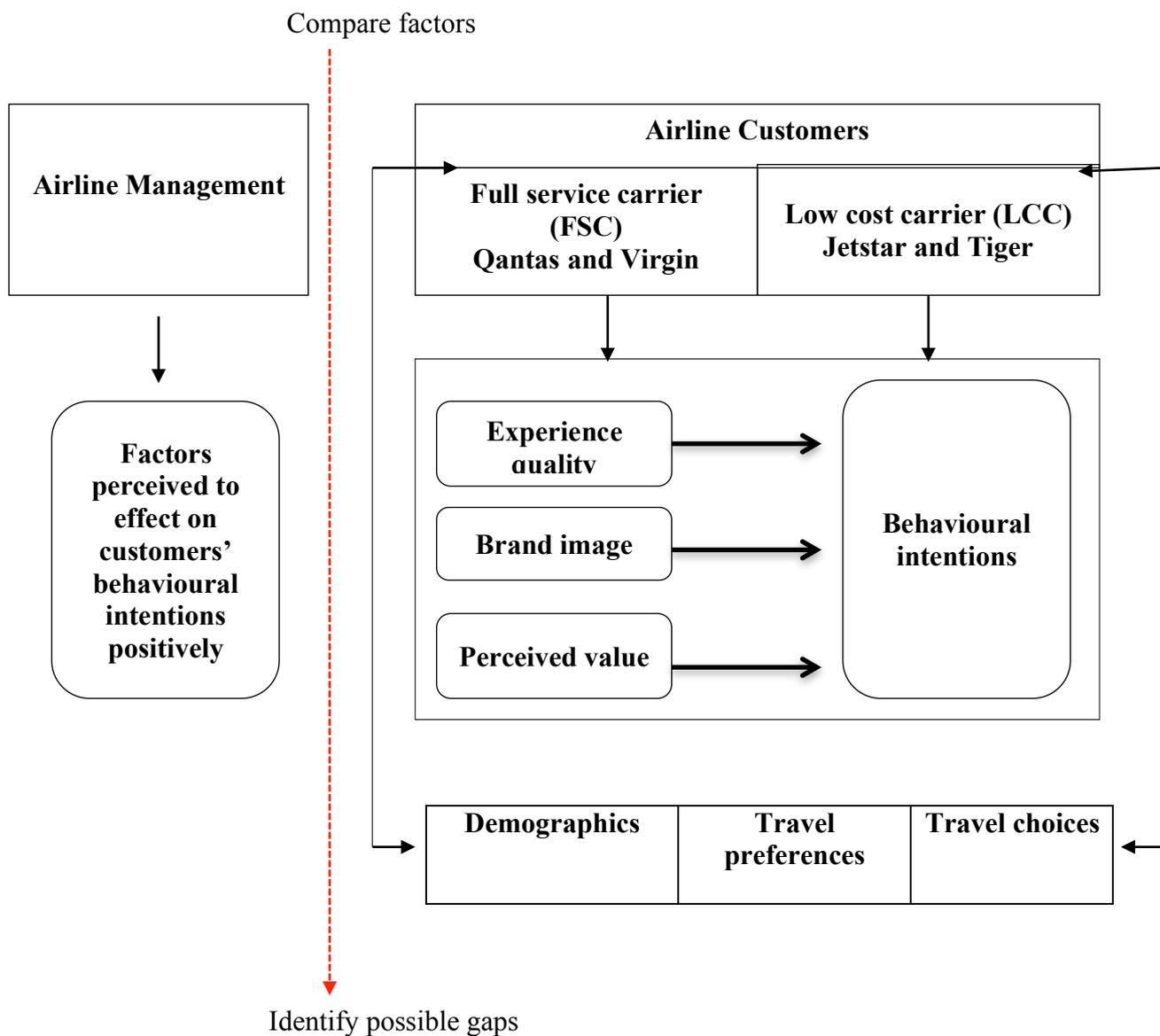
Figure 2: **Competitiveness of airlines**

The research model indicates that for the airline customer section, the independent variables are experience quality, brand image and perceived value, whilst the dependent variable is behavioural intentions. Examining these variables would provide a better understanding of how passengers' current experience quality, their perceptions of brand image and value would impact on their behavioural intentions for future travel. These relationships would be tested separately on FSC and LCC passengers to verify whether there were any significant differences between these two consumer groups. This will then be compared with the factors that management believed results in re patronage from their customers. This comparison will help in the identification of any gap. In

addition, this study also examined the differences in demographics, travel preferences and choices between FSC and LCC customers, as indicated in the model shown above.

4.2 Theoretical foundation of the framework

This section presents a discussion on the theory that serves as a theoretical foundation for this study. As Sekaran and Bougies (2010) argued, providing a thorough explanation of a theoretical framework is valuable, helping identify possible connections between construct dimensions and anticipated implications within the conceptual model. MCET sufficiently represents the possible interrelationships between the constructs of experience quality, brand image and perceived value on behavioural intentions in this study. The subsequent section provides a more detailed understanding of this theory.

Means end chain theory (MCET)

MECT has assisted researchers in explaining the 'how' and the 'why' of consumer choice (Klenosky, 2002). It was originally developed to understand explicit relationships between consumers' personal values and their purchase behaviour, by explaining the linkages between an individual's values and his/her purchasing behaviour. MECT focuses on connections between consequences, referred to as the 'end', which are triggered by the product attributes, and personal values, referred to as the 'means' (Gutman, 1982). MECT is very useful for explaining consumer preferences and choice behaviours because it provides a cognitive framework for uncovering individuals' deeply held and intangible motivations. It also allows researchers to link these underlying factors to specific product choices. The figure below illustrates the four common levels in a consumer's means-end: attributes, functional consequences, psychosocial consequences and values.
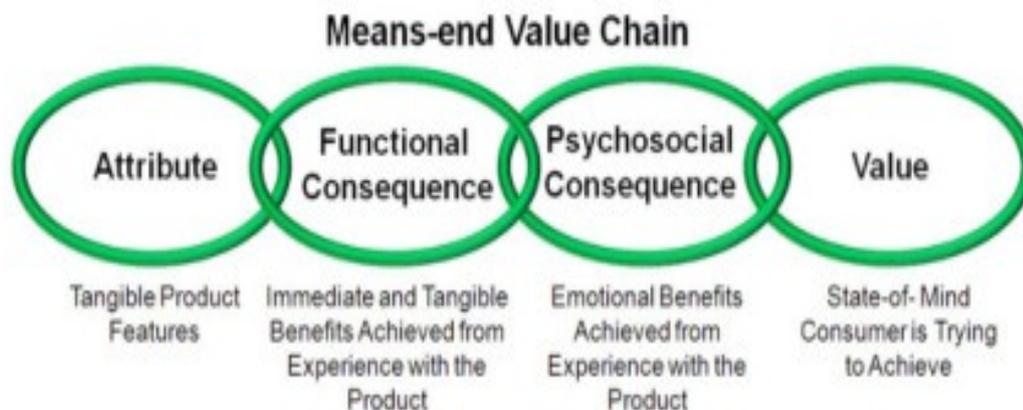
Means-end Value Chain

Figure 3: Means-end chain

The current study deals with the nature of experience quality, value, image and customer behavioral intention, as well as the relationships of experience quality, value, image on behavioural intention in the context of the domestic airline industry in Australia. 'Means-end theory', considered a principle theory, can explain these relationships and part of the conceptual framework, since the model has been useful for verifying relationships among quality, value and behavior, as well as illuminating the fundamental relationship between consumer and products/service (Olson and Reynolds, 1983). Previous literature showed that the central thesis of the means-end theory is that people are goal oriented and use products' diverse attributes as means for assuming the ends or outcomes (Gutman, 1982; Zeithaml, 1988; Gardial et al., 1994). More specifically, previous research demonstrated that the value of a service or product for a customer is the result of a decision from considering which services and products contribute to the customer's achieving desired goals or ends. For example, passengers travelling with a specific airline may gain special feelings causing them to repeat purchase or recommend others, due to the attractiveness of certain services or facilities. To the extent that special value is a highly desirable end, the evaluation of the airline products/ services is likely to develop as a positive among passengers. Consequently, the means-end model provides a meaningful method to categorize the fundamental pattern of relationships by which features or attributes of products increase personal relevance to, or meaning for, consumers.

Prior studies identified that the means-end theory encompasses three main constituents: quality, value and purchase/ behavior (Dodds and Monroe, 1985; Zeithaml, 1988; Klenosky et al., 1993). In the leisure/tourism industry, for example, Klenosky et al. (1993), through interviews with skiers, employed the means-end chain to explain choices for skiing destinations and tested for explanations and comprehension of skiers' choices for destinations. The factors considered ranged from visible attributes of products to invisible benefits, needs and personal values. In addition, Tam (2004) developed three models to verify the relationships among service quality, perceived value and customers' satisfaction on behavioral intention on the basis of the frame-work of the means-end model in the context of the hospitality industry. Despite the

means-end model's becoming a constituent of theory for predicting and comprehending customers' behavior in various industries, assessing the value of the means-end chain as a device to evaluate consumers' behavior for diverse interests and products is difficult. Particularly, a diversity of factors can significantly influence re purchase decisions and numerous possible elements link to people's decisions for choosing a particular airline. The importance of the present study lies not only in its contributions to the conceptualizations of quality, value and behavior but also in its expansions and implications for the airline industry.

Furthermore, this theory was also used to explain the framework in a study by Jin, Lee and Lee (2015), in the context of water park patrons. They tested the effect of experience quality on perceived value, brand image, satisfaction and behavioural intentions and compared results between new and repeat visitors. A number of other studies have also identified MECT as encompassing three main constituents: quality, value and purchase/behaviour (Dodds & Monroe, 1985; Zeithaml, 1988; Klenosky et al., 1999, Tam, 2004).

The theory centres on the premise that products and services have meaning for consumers and that these meanings are considered in purchase decision situations (Klenosky, 2002). This indicates a more in-depth relationship between the consumer and the products or the services that he or she chooses (Reynolds & Gutman, 1988). However, it is not the product's attributes that have meaning for consumers; rather it is the consequences or benefits of using or consuming the products that are important, or have personal relevance to the consumer. In turn, these consequences and/or benefits obtain their importance from the personal values they help reinforce through an individual's purchase and eventually from their consumption behaviour. It is this sequence (from attributes to values) that represents the 'means-end chain' (Klenosky, 2002). Hence, if an individual is satisfied with their purchase and consumption, they will eventually repurchase. This triggers a loop effect that feeds back into them choosing that same carrier again in the future. It is important for marketers to understand how the quality of customers' experiences, perceptions of image and value helps them to achieve their desired state of mind, which, in turn, eventually has a positive effect on their future purchase behaviour. This may assist airline marketers in developing marketing and branding strategies.

In regard to brand, Nedungadi and Hutchinson (1985) found significant differences between brands with respect to judged prototypicality or simply what is typical of brand awareness and recall. They found that contrary to the trend for ordinary object categories (Rosch, 1973), the prototypicality of brands appears to be significantly related to personal preference. Awareness of a product or the ability to bring it to mind has often been considered an important determinant of choice. Practitioners and consumer researchers alike have been interested in indicators of memorability, since brand recall may play an important role in determining whether a product is considered for purchase at all. The notion of the evoked set (Howard & Sheth, 1969; Campbell, 1969; Narayana & Markin, 1975), posits that a set of brands or products are retrieved by consumers and considered for purchase. Various standard measures, such as aided and unaided brand name recall and top-of-mind awareness, rest on the assumption that the ability of the consumer to remember a brand or product will strongly affect the probability of it being considered for purchase.

The foregoing discussion explains why MECT was considered appropriate as a theoretical foundation for this study, as it provides a deep understanding of how consumers use choice criteria in terms of their experiences, perceptions of brand image and value, have on the purchase decision process. It is also very important to acknowledge that, as the focus of this study has always been from a demand side, hence, it becomes important to understand customer behaviour in airline choice. The means-end model provides a meaningful method to categorise the fundamental pattern of relationships through which features and attributes of products/ services, or in this case experiences, increase personal relevance to, or meaning for consumers.

4.3 Hypotheses development

Within this study, experience quality, brand image and perceived value serve as independent variables and behavioural intentions as the dependent variable. The effect of these three variables on behavioural intentions is investigated. The hypotheses in this study were developed from the reviewed literature and the conceptual framework .

4.3.1 Demographics, travel preferences and choices across consumer groups

The literature review highlighted that significant differences exist in customer demographics in terms of education and income levels (Jang and Cai, 2002 and Jang and Wu, 2006), in terms of age, education levels, occupation and annual income

(Kusdibayo, 2015) and in terms of age, country of residence, educational attainment, occupation, travel purpose, frequency and length of visit, travel party, preconceptions about local food, and past dining experiences (Wiyaja et al., 2017). A number of studies have attempted to understand passenger behaviours in the airline context but none have really differentiated between the consumer groups of FSC and LCC passengers. In relation to this study, it was anticipated that FSC and LCC passengers would have different travel preferences and travel choice and these would be significantly related to demographics. As a consequence, the following hypotheses were developed.

H1a: There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on preferred airline.

H1b: There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on airline choice.

4.3.2 The relationship between experience quality and behavioural intentions

Although there were some conflicting results (Chen, 2008; Chen & Chen, 2010) on the relationship between experience quality and behavioural intentions, most authors found that quality (experience quality and service quality) has a significant and positive effect on behavioural intentions (Cole & Scott 2004; Cole & Illum, 2006; Park et al., 2006; Kao et al., 2008; Jou & Kuo, 2014; Wu & Li, 2015; Jin, Lee & Lee, 2015; Lee, Lee & Jou, 2015; Rajaguru, 2016). In regards to investigating the effect of quality (service and experience) on behavioural intentions between two consumer groups, most authors also found that there is a significant difference (Jin, Lee & Lee, 2015; Jou & Kuo, 2014; Ali et al., 2014, Mikulić & Prebežac, 2011; Chen & Chiou, 2010; Calisir et al., 2016). It was found that experience quality differs between different groups. It was therefore assumed that these relationships exist in the Australian domestic airline context, and the following hypotheses were developed:

H2a: There are statistically significant differences of experience quality between FSC and LCC passengers.
H2b: Experience quality has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.
H2c: The effect of experience quality differs across FSC and LCC passengers.

4.3.3 The relationship between brand image and behavioural intentions

Based on the literature review, most authors found that brand image has a significant and positive effect on behavioural intentions (Dobni & Zinkhan, 1990; Andreassen & Lindestad, 1998; Bloemer & De Ruyter, 1998; Park et al., 2006; Konecnik & Gartner, 2007; Chen & Tseng, 2010; Ariffin & Yahaya, 2013; Al-Refaie et al., 2014; Hussain et al., 2015; Singh, 2015; Calisir et al., 2016). Some studies also found that the effect of brand image on behavioural intentions differs between two consumer groups (Mikulić & Prebežac, 2011; Lu, 2017). In the context of this study, the following hypotheses were developed:

H3a: There are statistically significant differences in brand image between FSC and LCC passengers.

H3b: Brand image has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.

H3c: The effect of brand image differs across FSC and LCC passengers.

4.3.4 The relationship between perceived value and behavioural intentions

Perceived value has a significant and positive effect on behavioural intentions (Park et al., 2006; Chen, 2008; Chen & Chen, 2010; Forgas et al., 2010; Lee & Wu, 2011; Kuo & Jou, 2014) and this effect differs between two consumer groups (Forgas et al., 2010; Mikulić & Prebežac, 2011; Han et al., 2014; Rajaguru, 2016; Lu, 2017). It was also found that perceived value differs across different groups. In the context of this study, the following hypotheses were developed:

H4a: There are statistically significant differences in perceived values between two group, FSC and LCC passengers.

H4b: Perceived value has a positive effect on behavioural intentions of both FSC and LCC passengers.

H4c: The effect of perceived value differs across FSC and LCC passengers.

4.4 Chapter summary

This chapter has focused on the development of the theoretical conceptual framework, designed to examine the extent to which the demand factors of experience quality, brand image and perceived value impact on behavioural intentions. MECT was used as the theoretical foundation for this study and has been discussed in the context of the

Australia domestic airlines context. A number of hypotheses were developed. Testing these will be discussed in Chapter Six.

The following chapter focuses on the methodology. This also includes a description of demographic considerations for the selection of respondents, and the process of interview and questionnaire preparation.

CHAPTER 5
METHODOLOGY

5.0 Introduction

This chapter is devoted to the methodological approach and the design of the empirical research undertaken in this study. It is focused on the objectives of the research and providing answers to the eleven research hypotheses presented in Chapter Four. The discussion in this chapter is divided into four sections. The first section provides a description of the research paradigm that underpins the research process, including the rationale behind the selection of the paradigm. The second and third sections, respectively, illustrate in more detail the planning and implementation of the qualitative and quantitative studies. The last section presents the ethical considerations taken into account as part of the accountability of the research.

5.1 Methodological rationale and strategy

5.1.1 The research paradigm

According to Guba and Lincoln (1994), a paradigm can be understood as a set of important beliefs and principles that influence how researchers behave and how they build those behaviours. Having a good understanding of this is essential as it helps the researcher to be consistent during the entire research process. Veal (2011) further argued that the research paradigm needs to be reflected in the structure, implementation, and reporting process of the research.

There are two major paradigms in social behavioural sciences: positivism/post-positivism and constructive/interpretative (Tashakkori & Teddlie, 1998). The positivism/post-positivism paradigm underpins quantitative methods, which attempt to generate results using mathematical calculations that can be applied to a wider population than the sample used (Creswell, 2003). The constructive/interpretive paradigm on the other hand, underpins qualitative methods, which rely on people providing their own explanations of different situations or behaviours (Veal, 2011). Unlike the scholars of the positivism/post-positivism group, researchers within the constructive/interpretive paradigm seek an in-depth understanding of the phenomenon under examination using relatively few samples or cases (Neuman, 2006).

Scholars of the two different schools of thought have had long and ongoing debates on the use of each research paradigm (Onwuegbuzie & Leech, 2005). For quantitative

researchers, qualitative study is viewed as too context-specific, the samples selected as unrepresentative, and the claims about the work as unwarranted. On the other hand, qualitative researchers consider quantitative study as reductionist in terms of the sampling and result generalisations and, more importantly, for failing to capture the meanings that research subjects attach to actual lives and circumstances (Brannen, 2005). In fact, each paradigm has distinct strengths and weaknesses. As such, Onwuegbuzie and Leech (2005) argued that rather than focusing on the differences between the two and criticising them, researchers could utilise the strengths of both paradigms in their research to gain a better understanding of the social phenomena.

In order to attempt to bridge the positivism/post-positivism and constructive/ interpretive scholar groups, Howe (1988) introduced the pragmatism paradigm. In this paradigm, the quantitative and qualitative approaches are seen as compatible and are combined into a single study. The pragmatism paradigm ascribes to the philosophy that research questions, which are set forth at the early stage of the research, should become the fundamental element and drive the choice of research method(s) used to understand the problem (Johnson & Onwuegbuzie, 2004). As such, addressing research objectives and answering research questions should be the ultimate goal of any research. In other words, the research question is more important than either the method or the paradigm that underpins the method (Tashakkori & Teddlie, 1998, 2003). Many scholars have since recognised that social phenomena and research problems addressed in social and behavioural sciences are increasingly complex and linked to multiple bodies of knowledge that belong to different disciplines (Greene & Caracelli, 1997; Jabareen, 2009; Tashakkori & Teddlie, 2003). This complexity is also reflected in the airline field.

Given the exploratory nature of this study, it is essential to firstly gain an in-depth understanding of what domestic airline management think about industry competition, the extent to which each demand factor contributes to the company's competitive advantage, and the measures/strategies that are being developed and put into practice to ensure that customers continue to repurchase and recommend the airline to others. It is also essential to seek feedback from travelling passengers. Collecting data from both airline management and customers allows for comparison and the identification of any perception gaps that may exist between two groups. For this reason, selecting either the positivism/post-positivism or the constructive/interpretive paradigm was not considered

sufficient to address the examined problems of this current research. This study, therefore, adopted a pragmatism paradigm using a mixed methods approach for the entire research design process.

5.1.2 Mixed methods research design

Mixed methods research simply means adopting a research strategy employing more than one type of research method (Brannen, 2005). Creswell (2003) defined mixed methods research as a research design with philosophical assumptions as well as methods of inquiry. He further explained that as a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process and that as a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone.

Whilst it is acknowledged that all methods have limitations and biases, Greene and Caracelli (1997) contended that using multiple methods can help in understanding the important complexities of the social phenomena more completely. It is further argued that better inferences are accomplished when the complementary strengths of the qualitative and quantitative approaches balance the weaknesses of each (Onwuegbuzie & Leech, 2005). The major strength of the quantitative approach lies in its reliability and validity for generalisation, yet, it is not able to gain an in-depth understanding of the studied phenomenon. However, the use of a qualitative approach, based on personal interpretation, prior to the quantitative study, can help to reduce such limitations (Creswell, 2003). This argument confirms that using multiple approaches provides complementary benefits, thus strengthening the significance of a study (Greene & Caracelli, 1997). The qualitative study in this current research would help inform and complement the quantitative study.

The research literature has shown the potential advantages of utilising mixed methods research design. First, a mixed methods approach is superior for conducting academic studies since various research questions in one study can be addressed more effectively using both quantitative and qualitative approaches. Second, mixed methods research

often helps researchers generate and refine the research inquiry. Further, it increases the opportunity for the researchers to interpret and explain the findings from different perspectives (Tashakkori & Teddlie, 2003). In line with the arguments of Tashakkori and Teddlie (2003), Denzin and Lincoln (2011) stated that having both qualitative and quantitative data offers researchers a good opportunity to enhance the credibility of their findings by confirming meaning and providing a general picture of trends or relationships.

As already indicated, by using a mixed methods approach, the strengths of qualitative and quantitative approaches can compensate for the weaknesses of each (Plano Clark, Huddleston-Casas, Churchill, O'Neil Green & Garrett, 2008). Qualitative research is useful for discovering and understanding the phenomenon while supplying rich validity. However, it is based on personal perspectives and has limited generalisability (Babbie, 2004). In contrast, quantitative research can use broader-based large samples to generate data, but it has poor validity (Brewer & Hunter, 2006). Recognising the limitations of a single-method design, a mixed methods approach thus minimises the limitations of each method and maximises their advantages. Additionally, scholars may express their inductive and deductive thinking both verbally and numerically using this approach (Creswell & Clark, 2007).

Based on the above discussions, this study employed a mixed methods approach design to gain richer, meaningful data, and yield more comprehensive results. This would assist in understanding domestic airline management views on the demand factors investigated as part of this study, as well as their thoughts on factors that might result in customers repurchasing and/or recommending the carrier to others. In addition, there was a need to understand how experience quality, perceptions of brand image and perceived value effect the future behavioural intentions of both FSC and LCC passengers. Collecting data from both management and customers allowed for a comparison of perceived factors that might create positive and favourable behavioural intentions. The qualitative approach was employed through in-depth interviews with domestic airline management. This was combined with a quantitative approach using a customer questionnaire survey designed to fully investigate the phenomenon of competitiveness among Australian domestic airline carriers in the context of demand factors.

5.1.3 The process of mixed methods research

When it comes to executing mixed methods, Morse (2003) suggested that the researcher select either a simultaneous or sequential research design. The simultaneous mixed methods research design means qualitative and quantitative approaches are conducted at the same time, whereas the sequential research design refers to utilising either the qualitative approach first followed by the quantitative approach, or vice versa. Considering the need to first understand the airline industry better by gaining feedback from airline management on each demand factor and the factors they thought might influence future behavioural intentions, this study applied a sequential mixed methods research design. This was conducted within two separate data collection phases, as follows:

1. Phase 1 – Qualitative stage – In-depth interviews
2. Phase 2 – Quantitative stage - Survey

It was expected that the in-depth interviews, conducted in Phase 1, would reveal how airline management were coping with the level of competition in the market in regards to the variables (experience quality and brand image) being studied and what strategies they were using to ensure that customers came back to them to repurchase. For this study, it was expected that the data obtained from the interviews would better inform, complement and allow for comparison with the data collected from the customer survey. It was important to close any existing and possible gap(s) that might exist between management views and actual feedback from the customers in terms of ways to gain repeat patronage. This would ensure a more comprehensive understanding of the factors on which the airlines need to focus for each consumer group and, hence, assist in achieving competitiveness in the airline industry.

5.2 Phase 1: Qualitative research approach

Strauss and Corbin (1990) stated that employing qualitative research is beneficial as it enables researchers to explain the attitudes, beliefs, and experiences of the research subjects in a more thorough manner. An in-depth interview approach was chosen as a means of obtaining the qualitative data from the participants of this study.

In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation (Boyce & Neale, 2006). In-depth interviews are also a useful way of getting detailed information about either someone's thoughts/behaviours on a particular issue, or to explore new issues in-depth.

There were also other reasons for deciding to conduct in-depth interviews for this study. Firstly, from the interviewee side, this method encourages more free expression relating to thoughts and feelings than is possible in a structured questionnaire (Kim, Eves & Scarles, 2009). From the researcher's viewpoint, in-depth interviews allow the researcher to probe deeper into the way the respondents talk about the internal competitive strategies being used.

The process for conducting in-depth interviews follows the same general process as followed in any other research. The first step is the planning stage, where stakeholders and the information required are identified, whilst, at the same time, making sure that the research follows the appropriate ethical standards in this case, those of Victoria University). The second step is to develop instruments, such as an interview protocol and discussion guide. This is then followed by sampling. The last stages involve the actual collection and analysis of data, and dissemination of the results.

5.2.1 Interview guidelines development

An interview discussion guide was developed for the in-depth interviews (see Appendix C). In this study, the use of this guideline enabled the researcher to focus on each interview following the same process, while still ensuring the flexibility to explore additional, relevant topics that might appear during the interview (Jennings, 2010b). It became a supplementary point of reference, alongside the field notes, during the transcription and the data analysis stage.

Based on the relevant concepts examined in the proposed conceptual framework, 11 questions were formulated. Creswell (2003, 2004, 2009) stated that an interview should last between 30 and 60 minutes. Assuming that responding to each question would require five minutes, an acceptable number of questions lies between six and 15. Hence, 11 questions were deemed to be appropriate. Each question was designed to get a better understanding of the way domestic airlines are currently operating in the highly

competitive market. The strategic focus of the interviews was on how well they were coping with the level of competition, the strategies being developed to face competition, the importance of brand image and experience quality as part of their strategies, and the means employed to ensure positive future behavioural intentions from their customers. It is important to note that perceived value was not included in the interview. This decision was based on Zeithaml's (1988) definition of perceived value, which is a notion of 'give' and 'get'. Zeithaml (1988) defined perceived value as the overall assessment of the usefulness of a product or service based on the customers' perceptions of what they receive compared with what they give. Hence, perceptions of value can only come directly from the customers.

The in-depth interview was organised into four parts as follows.

- **Part A** contained two questions aimed at exploring the level of competition in the industry, how the airline is actually coping, what strategies are being developed to ensure that they remain competitive, how they measured which strategy is working or is not, how would they assess their position in the market and some examples that would justify that assessment.

- **Part B** comprised five questions to uncover the thoughts and feelings of the interviewees about the brand image of the airline. This involved discovering the level of importance of brand image in the company, the emphasis that is put upon it, whether or not they thought brand image is crucial for competition, what brand image they thought would come to customers' minds about their company, whether or not being associated with a stronger brand is actually working to their advantage, and the future steps in maintaining or building on their brand image.

- **Part C** consisted of two questions, seeking understanding of the interviewees' thoughts and feelings about service quality as a main construct to help achieve competitiveness. The concept of experience quality was introduced at this stage and verification as to how this is understood and interpreted.

- **Part D** aimed to understand what is used to measure customer feedback and the interviewees' perceptions on achieving and maintaining satisfaction and future behavioural intentions as part of their future strategy. The interviewees were asked to comment on what they thought were important factors for gaining

positive feedback from their customers in order to increase customer repurchase behaviour and provide positive referrals.

5.2.2 Sampling and justification

In qualitative studies, a non-probability or non-random sampling method is often chosen when selecting the sample (Jennings, 2010b). In this thesis, the approach adopted for sampling the informants was a purposive sampling technique. According to Cooper and Schindler (2008), a purposive sampling is a non-probability sampling technique where a researcher selects sample members to conform to some criteria. In a more specific way, Tashakkori and Teddlie (1998) defined purposive sampling as the selection of individuals/groups based on specific questions/purposes of the research in lieu of random sampling and on the basis of information available about these individuals/groups. In accordance with this, Maykut and Morehouse (1994) emphasised that qualitative sampling includes people (or settings) selected for the goal of gaining a deeper understanding of some phenomenon experienced, or perceived by a selected group of people. Thus, a purposive sampling technique was chosen and applied for choosing interview participants for this study.

Three criteria were used to recruit the participants. First, they had to be employed either as a manager or a senior staff member in an Australian domestic airline (Qantas, Virgin, Jetstar or Tiger). Second, they had to be from a marketing, branding or customer strategy background. Lastly, the participant had to show a willingness to participate in the interview and thus, to be contacted further by the researcher. In compliance with human research ethics regulations, respondent participation in the in-depth interview was voluntary. Only those who were willing to participate were asked to proceed with the interview. The researcher was then able to contact them for the purpose of scheduling a subsequent interview at their own convenience.

Whilst quantitative studies have more strict criteria for obtaining statistically valid samples of the population, the sample size for a qualitative study is not so exact (Ruhanen-Hunter, 2006). Most often, the size of a sample is determined by the research objectives and research questions sought (Patton, 2001). Further, Patton (2001) asserted that there are no rules for sample size in qualitative inquiry as there is no attempt to make generalisations for the population as is the case with quantitative research.

Generalisations are made about a theory rather than about a population. In other words, if generalisations are required, they are made in relation to what the researcher needs to find out, what will be useful, what will have credibility and what can be done within the available resources or data.

The sample size used in qualitative research methods is often smaller than that used in quantitative methods. This is because qualitative research methods are often concerned with garnering an in-depth understanding of a phenomenon or are focused on meaning (and heterogeneities in meaning). These are often centred on the 'how' and 'why' of a particular issue, process, situation, sub-culture, scene or set of social interactions.

For this study, a sample size of eight was decided, based on Creswell's (1998) argument that the sample size can be anything between five and 25, and Zikmund's (2000) belief that the sample size should be between eight and 12.

5.2.3 Data collection procedures

The interviews were conducted in English and an information sheet about the study was given to each interview participant as part of the research protocols. By verbally agreeing to participate in the interview, participants provided their authorisation. The interview guidelines were used to ensure the consistency of the questions delivered to all participants (see Appendix C). Each interview was completed within 30 to 50 minutes and was digitally recorded. All interviews were conducted in meeting rooms at Jetstar Head Office in Australia and were completed over a two-week period at the end of November/beginning of December 2016.

The eight interviews involved seven females and one male – all from marketing, branding and customer strategy departments at Jetstar/ Qantas. The ratio of males to females was problematic and is acknowledged in the limitations of this study (discussed further in Chapter Eight).

One of the challenges encountered during this research phase was that there were considerable difficulties in getting authorisations from the other domestic airlines (Virgin and Tiger) to have their management staff interviewed. It was therefore decided to continue with interviewing management/senior staff at Jetstar/Qantas. Jetstar is a

wholly-owned subsidiary of Qantas and both airlines were discussed during the interviews with the purpose of understanding the industry better before attempting to conduct the second research phase of this study.

5.2.4 Ethical considerations

Ethical issues must be considered whenever a research project is associated with the collection of data involving human participants (Veal, 2011). Such considerations aim to ensure that the research causes no harm to participants. An ethics application to conduct this research was submitted to the Victoria University Human Research Ethics Committee (VUHREC), gaining an ethics application number of HRE16-101. Ethical approval for this research was granted by the VUHREC on 21 November 2016, prior to the commencement of data collection (see Appendix B).

As already indicated, at the beginning of the data collection, each participant was provided with an information sheet about the research, including a clear outline of the research process, and the names of parties responsible for the research project. In addition, participants were offered the opportunity to withdraw from the research at any time without any penalty. This provision was stated in the participant information sheet (see Appendix C for the interview and Appendix D for the survey). By agreeing to be interviewed and surveyed, participants agreed voluntarily to participate in the study. This verbal consent served as a guarantee of their privacy and safety.

Permission was sought from participants to record the interviews. The recordings were transcribed by the researcher without using administrative support, thus reducing the chance of confidential information being supplied to a third party. The researcher ensured all participants that the information they provided would be treated as confidential and that they would remain anonymous.

Given the purpose of the research was primarily to examine the experience quality, perception of brand image and value, and future behavioural intentions of domestic airline passengers in Australia, the possibility of causing discomfort to participants was not considered significant. Thus, the risk of harm was minimal. The data were stored in accordance with the Ethics Policies and Procedures at Victoria University.

5.2.5 Qualitative data analysis procedure

There are numerous methods for analysing qualitative data, ranging from ethnography, grounded theory, phenomenology, historical research, not to mention, content analysis. According to Hsieh and Shannon (2005), content analysis is a method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns. The main goal in employing content analysis is to gain knowledge, new insights, and understanding of the phenomenon under study through valid inferences from text data to the context of the study (Elo & Kyngäs, 2008). The textual data can include verbal, print, or electronic forms, generated from narrative responses (travel diaries, open-ended survey questions, interviews, focus groups, and observations), or print media (articles, books, or manuals) (Hsieh & Shannon, 2005; Stepchenkova, Kirilenko, & Morrison, 2009). Krippendorff (1980) pointed out that one key strength of utilising content analysis is that it allows the researcher to make replicable and valid inferences from data to their context, with the aim of providing knowledge, new insights, a representation of facts and a practical guide to action.

Stepchenkova et al. (2009) explained that there are two general classes of epistemologies of content analysis in social science: quantitative and qualitative. Quantitative content analysis refers to methods that are capable of providing statistical inferences from text populations. This involves deductive reasoning. It is used when the structure of analysis is operationalised on the basis of previous knowledge with the aim of testing a theory (Elo & Kyngäs, 2008). The main idea of this type of content analysis is that many words of text can be classified into much fewer categories (Weber, 1990). On the other hand, qualitative content analysis relates to non-statistical and exploratory methods that encompass inductive reasoning, where there is not enough knowledge gained about the phenomenon being studied (Elo & Kyngäs, 2008). Qualitative content analysis, in contrast to quantitative, goes beyond merely counting words to examining language intensely. Large amounts of text can be classified into an efficient number of categories that represent similar meaning. The categories emerging can indicate either explicit communication or inferred communication of the problems being studied (Weber, 1990).

Many researchers consider content analysis as a flexible method for analysing text data (Hsieh & Shannon, 2005). However, Weber (2001) drew attention to the fact that the specific type of content analysis approach selected by a researcher depends upon the problems being investigated, the purpose of the research, and the theoretical foundation used. This poses a challenge since there is no simple right way of doing the analysis. Instead, researchers have to judge what variations are most appropriate for their particular problems (Weber, 1990).

In this thesis, content analysis was undertaken based on the textual data derived from the transcripts of the in-depth interviews with the eight managers/senior staff members at Jetstar/Qantas. As previously mentioned, the interview questions were developed based on the concepts that were examined in the proposed framework. Thus, the interviews aimed to understand the domestic airline competitive environment, the strategies currently being employed, brand image and service/experience quality and how to gain positive future behavioural intentions from their customers. However, the interpretation of what the participants expressed in the interviews went beyond the examined concepts. Since the interviewees were free to share what they thought and felt about the issues being discussed, it was anticipated that new themes would be identified and used to inform the second phase of this study.

In terms of data analysis methods, there has been a growing interest amongst researchers to use computer programs, such as NVivo and ATLAS.ti, for analysing qualitative data. John and Johnson (2000) and Lu and Shulman (2008) contended that using qualitative data analysis software (QDAS) would assist researchers in various ways. This includes: improving the ability to deal with large amounts of data; reducing the amount of time needed for handling tasks manually; increasing the flexibility in handing data; offering a more rigorous analysis of data; and providing a more visible audit trail in data analysis. However, despite the various QDAS available and the arguments presented for its use, the researcher decided to examine the qualitative data manually. This decision was taken with reference to the studies of Bong (2002) and Davis and Meyer (2009), in which they questioned whether the use of computer aided analysis necessarily assists in-depth understanding of the open-ended responses of the participants. In fact, although the whole qualitative data analysis was found to be an arduous and time-consuming process, doing manual analysis allowed a closer

examination of the data and a more rigorous identification of patterns and emerging themes. Note cards, and pencil and paper outlines were used intensively by the researcher to assist the manual analysis of the data. Accordingly, richer interpretation of the data was produced.

This study adopted Glaser and Strauss' (1967) constant comparison analysis method to analyse the interview data. To perform this analysis, the systematic procedures as suggested by Miles and Huberman (1994) and Leech and Onwuegbuzie (2007) were applied. The figure below outlines the steps accomplished in analysing the qualitative data.
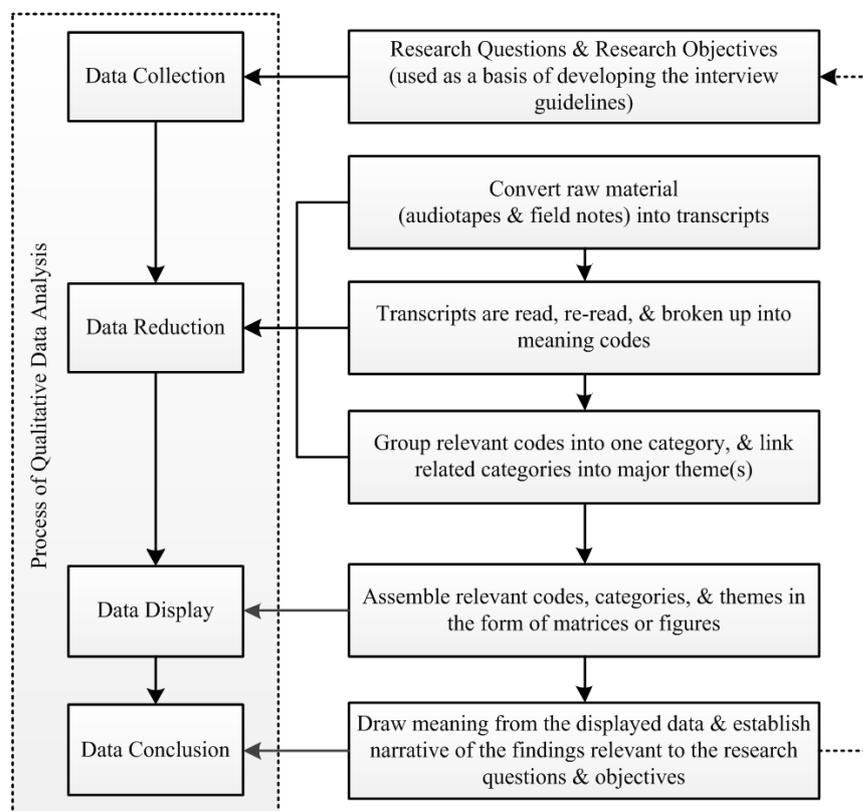
Adapted from Leech and Onwuegbuzie, 2007; Miles and Huberman, 1994

Figure 4: Qualitative data analysis process

First, the data was collected through the semi-structured interviews to better understand the underlying constructs being tested in this study and how they apply to the airline industry (later used to inform the quantitative research). Second, the data reduction phase began, converting interview results from audiotapes to verbatim transcripts. The less relevant responses were then excluded from further analyses. According to DeCuir-

Gunby, Marshall and McCulloch (2011), qualitative data need to be reduced and transformed to make them more readily accessible, understandable, and to draw out various themes and patterns. As part of the data reduction process, the interview transcripts were read, re-read, and broken down into distinct meaning units on a sentence-by-sentence basis through simple coding. Each relevant transcript was read meticulously to identify smaller meaningful words or phrases that were relevant to the research and to label each chunk with a descriptive title or a code (see Appendices J(i), K(i), L(i) and M(i)).

Each new chunk of data was then compared with previous codes, so similar chunks were labelled with the same code. Applying Glaser and Strauss' (1967) inductive coding approach, the emergent codes were assigned based on what appeared on the data and were treated as raw data that captured the ideas conveyed by the respondents.

Following this, similar codes were collated and organised into larger and more encompassing categories (see Appendices J(iii), K(iii), L(iii) and M(iii)). According to Strauss and Corbin (1990), category names can come from the pool of concepts that researchers already have from their disciplinary and professional reading, or borrowed from the technical literature, or are the words and phrases used by informants themselves. The categorisation process continued as the size of the higher-order data categories were increased by grouping the lower-order themes that were emerging. This process of grouping ensured that the themes in each category were distinct from one another (see Appendices J(iv), K(iv), L(iv) and M(iv)). Data were continually refined until saturation was reached or no more new categories or concepts could be extracted from the data.

The third step was displaying the data. This was seen as the process in which relevant data were presented to provide an organised assembly of information to allow a conclusion to be made. Berg (2007) explained that the qualitative data can be displayed in the form of tables, tally sheets of themes, or summaries. In this study, the identified themes were drawn into the form of a figure.

The final step of the qualitative data analysis process was drawing conclusions. It began with deciding what things mean, noting regularities, patterns, explanations, possible

configurations, causal flows and propositions. This step involved the activity of drawing meaning from displayed data and establishing the narrative of the findings relevant to addressing the problems or questions being investigated. In this study, analysis of the interview findings was undertaken in a narrative way. Discussion as to how the findings have accorded with the research objectives and research questions is presented in Chapter Six.

Once the report about the interview findings was written, the next stage after the in-depth interview was to verify and further refine the survey questionnaire based on the findings of the interviews. It is important to make sure that factors stemming from the interview are also included in the survey to allow for better comparison. As this study focused on assisting domestic airlines in Australia to achieve competitiveness by looking at demand-side factors, it was essential to seek feedback on those factors directly from passengers.

5.3 Phase 2: Quantitative research approach

According to Neuman (2006), the quantitative approach is the most suitable approach for observing the big picture of a specific social theme. Veal (2011) noted that survey is a dominant data collection method in the academic discipline of marketing. Survey is also a functional way to gain an overall explanation of a specific issue within a group (Fowler, 1995) and the use of a questionnaire as the major instrument of data collection in a survey is generally accepted. The quantitative research approach in this study was therefore conducted using a questionnaire-based survey.

The development of each question in the survey questionnaire plays an important part in the quantitative study. Cooksey (2007) contended that researchers who utilise a quantitative study must extensively review the relevant literature to guide the research instrument design and development. In addition, as asserted by Tashakkori and Teddlie (1998), the questions set at the beginning of the research act as an important guide for developing the questionnaire.

This study deployed a survey method for collecting quantitative data because of its numerous advantages. Besides its ability to gather a large number of responses at a relatively low cost, the survey method provides a fast, efficient and accurate means of assessing information about a population (Hair, Bush, & Ortinau, 2006b; Zikmund &

Babin, 2010; Zikmund, Ward, Lowe, Winzar & Babin, 2011). In addition, the survey method enables the collection of data for advanced statistical analysis (Zikmund et al., 2011).

Survey questionnaires can be administered via telephone, personal interview, mall intercepts, mail surveys and, increasingly, via online platforms (Malhotra, 2011; Zikmund et al., 2011; McDaniel & Gates, 2012). Considering that this research required a large, nationally derived sample (Australia being a vast country), an online approach was chosen because of its ease of administration and distribution. Thus, the current research used an online survey tool, whereby the internet is used for distributing the questionnaires (McDaniel & Gates, 2012).

In addition to the advantages of using questionnaire surveys listed above, the major advantages of their use (McDaniel & Gates, 2012) include:

1.   They enable the researcher to broadcast the surveys to thousands of potential participants simultaneously.
2.   They are more time efficient for participants than telephone interviews.
3.   They can be completed at the respondents' convenience.

However, despite the advantages, online surveys also have some drawbacks. The most common objection about using an online survey is that internet users are not representative of the population as a whole (Evans & Mathur, 2005), as not everybody has access to the internet. However, it can be argued that, firstly, 83 per cent of Australian households have access to the internet and, secondly, three out of four Australian internet users shop online (ABS, 2014). In addition, the two most popular types of online purchases were travel and accommodation (ABS, 2014). Indeed, the top three online shopping categories in Australia by total spend were airline tickets, travel accommodation and online travel agents (Visa, 2009).

Furthermore, recent studies have also found that the online survey mode elicits higher data quality in terms of item responses to both closed- and open-ended questions (Shin, Johnson, & Rao, 2012; Messer, Edwards, & Dillman, 2011). Grandjean, Nelson and Taylor (2009), for example, conducted a survey using two survey modes: online and paper-based. The results indicate that an estimate derived from a probability-based

internet-panel survey is likely to be as accurate as that obtained from a well-designed mail survey.

Another recent empirical study indicates that data generated by online survey and paper-based survey produce insignificant differences with respect to factor structures, factor loadings and variances of the factors (Martins, 2010). This is an indication that online surveys can produce data considered equivalent to that collected via paper-based surveys. Furthermore, online surveys are convenient and accessible to a large number of households because more people have access to the internet through personal computers than in the past (Case & Yang, 2009).

5.3.1 Survey instrument development

The first draft of the survey questionnaire was constructed based on the comprehensive literature review, as discussed in Chapter Three. This encompassed demographics, travel preferences, travel patterns, experience quality, brand image, perceived value and future behavioural intentions. Relevant items and scales from past studies were also adapted in this process. As advised by Veal (2011), before designing the questionnaire, it is important that the researcher seeks as much input as possible from previous research on the related topic.

The previously conducted in-depth interview helped in refining the instrument further, making it more specific to the particular industry of interest for this study. Important factors that came out of the interviews but were lacking in the items derived from the literature review, were therefore also included. The inclusion of these factors would allow for better comparison between both management views and passenger feedback. After the pilot test, the final questionnaire was uploaded into the survey software of Qualtrics, a professional market research firm used to source respondents via their online panel. More information about Qualtrics is provided later in Section 5.3.4.

Details of the measurement scale items of the constructs are explained and discussed in the following sub-sections.

5.3.1.1 Demographic questions

A range of demographic questions were developed for this study to explore the characteristics of the study sample. This included questions about the respondents' gender, age, occupation, wages and marital status, as well as those looking to identify

any travel patterns and trends (e.g. how many times within the past year they had travelled with different domestic carriers and for what purpose, and their most preferred airline etc.). A set of seven questions was developed for this purpose (see Appendix D).

The questions were adapted from the studies of Boshoff (1997), Maxham and Netemeyer (2002), Patterson and Smith (2001), and Wirtz and Mattila (2004), with modifications to fit the context of this study.

5.3.1.2 Measuring experience quality

Despite the numerous studies on experience quality in the tourism sector, as yet, this concept has not been explored in the airline industry. Hence, the measurement items were taken from studies in other industries and adapted to fit the specifics of the airline industry. The present study used experience quality items developed by Otto and Ritchie (1996), which appeared to best fit the airline industry, with a few adjustments made. The experience quality scales used in the current study consisted of 17 items and are presented in a table in Appendix E.

5.3.1.3 Measuring brand image

There has been extensive research on brand image in the airline industry. The present study used a mixture of brand image items developed by Konecnik and Gartner (2007), Yasin, Noor and Mohamad (2007), and Chen and Tseng (2010). This combination provided a better reflection of customers' perceptions of different airline brand images. Adjustments in terms of wording on some items were made. The brand image scales used in the current study consisted of 19 items and are presented in Appendix E.

5.3.1.4 Measuring perceived value

As previously discussed, this study considered perceived value in terms of perceived cost (monetary value) and perceived benefits (non-monetary value). This provided a balanced view of the perceived value construct. This study used a mixture of perceived value items developed by Forgas et al. (2010), and Kim and Lee (2011), perceived benefits items from Forgas et al. (2010), and Mikuli and Prebežac (2011). This combination provided a better reflection of the value perception of airline passengers when using either a LCC or a FSC. Adjustments in terms of wording on some items were needed to fit the airline context. The perceived value scales used in the current study consisted of 25 items and are presented in Appendix E.

5.3.1.5 Measuring behavioural intention

Behavioural intentions embrace desirable behaviours that customers expect and will show in the future (Lee, Petrick & Crompton, 2007). Hutchinson, Lai & Wang (2009) noted that the two most often used variables of this construct are intention to revisit or repurchase and WoM recommendation or intention to recommend. The behavioural intention items used in this present study were adopted from DeWitt and Brady (2003), Boshoff (1997), Maxham and Netemeyer (2003), Swanson and Kelley (2001a), Mattila (2001) and Swanson and Kelley (2001b), as illustrated in Appendix E.

5.3.2 Measurement scales

As already indicated, the table summarising the items to measure brand image, experience quality, perceived value and the future behavioural intentions of users of different domestic airlines within Australia, is included Appendix E. These items were developed based on the relevant literature as discussed in Chapter Three.

According to Breffle, Morey, and Thacher (2011), individuals have different preferences when responding to each question delivered in a survey. A good research instrument should be able to explore such differences, and one means to address this is by assigning certain scales, such as Likert scales, so that respondents can choose a response category that suits their preferences. On this basis, a five-point Likert scale was used for experience quality, perceived value and behavioural intentions, ranging from 1 (strongly disagree) to 5 (strongly agree). For brand image, the items were measured using a five-point Likert scale, ranging from 1 (not important at all) to 5 (extremely important).

A five-point Likert scale was used because it was considered better than three, seven, nine or 11-point scales. Although having more scales is considered better, there is a diminishing return after around 11 points. In addition, a few researchers have reported higher reliabilities for five-point scales (Jenkins & Taber, 1977; Lissitz & Green, 1975; McKelvie, 1978; Remmers & Ewart, 1941). The literature also suggests that a five-point scale appears to be less confusing and thus increases response rates (Babakus & Mangold, 1992).

Thus, for the purpose of this study, it was assumed that having a five-point scale represented a good balance between having enough points of discrimination without

having to maintain too many response options. A list of possible questions and how they were modified is provided in Appendix F.

5.3.3 The development of the questionnaire

This section discusses the questionnaire development employed in the quantitative data collection component of the study. The discussion contains three parts: questionnaire structure; the questionnaire pre-testing process; and the pilot test.

5.3.3.1 Questionnaire structure

The questionnaire contained seven main parts as outlined below (see Appendix D).

- **Part A** consisted of six closed-ended category questions pertaining to travellers' past travel, pattern profiles (domestic airline identification, purpose of trip and frequency), airline preference and most recent travel information. Category questions are designed to help the researcher identify and classify the respondents (Saunders, Lewis & Thornhill, 2012). As travellers had to recall their most recent domestic trip within Australia, this section was important as it would help the researcher identify the domestic airline for each respondent. The questionnaire answers would then be based on that specific carrier. In the event that the respondent had undertaken more than one trip with either the same or a different domestic airline, they were asked to recall the most recent and base their answers only on that specific trip.

- **Part B** was broken down into 17 questions. It investigated the domestic travellers' actual experience quality during their most recent trip. This section included closed-ended questions, measured on a five-point Likert scale. On the scale, the level of importance ranged from 1 (strongly disagree) to 5 (strongly agree).

- **Part C** contained 19 questions aimed at discovering the visitors' perceptions of brand image associated with the most recent domestic airline they had travelled with. It included single words, as well as an association of words that travellers relate to the domestic airline. Respondents were also asked what they considered to be important prior to choosing and travelling with that particular carrier. A five-point Likert scale, from 1 (not important at all) to 5 (extremely important), was used to measure the items for this construct.

- **Part D** contained 24 questions related to the travellers' perceptions of value following their experience on their most recent trip. Perceived value was divided into perceived benefits (non-monetary aspects) and perceived costs (monetary costs). Closed-ended questions were used with a five-point Likert scale on the level of importance, ranging from 1 (strongly disagree) to 5 (strongly agree).

- **Part E** contained four questions related to the travellers' future behavioural intentions. This included repeat purchase (travel again) and also recommendations (to tell friends and family). Here again, all questions for this construct were closed-ended and measured using the same scale as Part D.

- **Part F** contained four questions, with two open questions on the perceptions of images of both LCCs and FSCs, and two questions on the most memorable experiences with both LCCs and FSCs.

- **Part G** contained demographic questions on gender, age, occupation, marital status, income, place of birth and postcode.

5.3.3.2 Pre-test

It was important to pre-test the questionnaire before finalising the survey questions. Participants in the pre-test were able to provide feedback, queries and requests on matters that the researcher might have missed or not considered. These range from grammatical errors, duplicate items for different constructs, ambiguities, difficulty in understanding certain words/questions, ease of understanding, among others.

Cooper and Schindler (2008) stated that in order to establish an effective pre-test study, a sample size of 20-50 participants is adequate to provide feedback and identify the potential weaknesses associated with a questionnaire. Hence, for this study, the researcher invited 30 people to participate in the pre-test. The questionnaires were distributed to 15 industry experts (staff from Jetstar/Qantas) and 15 non-industry experts (peers, family and friends). Both groups of industry experts and non-experts had travelled domestically within the past 12 months. Non-industry people were included in the pre-test to enhance the variability of responses from another group outside the industry. Considering that the questionnaire assessed expectations related to a recent trip within domestic Australia within the past 12 months, the selected participants were considered able to provide the required information. They were asked to provide constructive feedback regarding the quality of the questionnaire in terms of clarity of content and the wording used in each question. The pre-test was performed in late

November 2016 to ensure that the questions in the survey were refined to fit the target audience. Ultimately, all 30 respondents participated in the pilot study, giving a response rate of 100%. Below are some of the feedback items provided by the participants:

1. There were instances where the same items were being measured/included in different constructs, such as 'safety' being measured in both 'brand image' and 'experience quality'.
2. Some technical words may be common to someone in the industry but not necessarily to a passenger. For example, the word 'disruption' could be substituted with 'delay or cancelation'.
3. Different words were used to say the same thing, such as staff, personnel and employees.
4. Some grammatical and typo mistakes were identified in the questionnaire.

Based on the pre-test feedback, appropriate changes were made. A pilot test was then conducted to make sure that the items were valid and reliable to test the constructs being measured.

5.3.3.3 Pilot test

It is important to do a pilot test of the final survey before administration to the target population. According to Neuman (2006), this will ensure that a good research design is produced. One of the main advantages of a pilot is that it provides crucial information and feedback from the perspective of participants as to the applicability of the questionnaire before it is used in the final survey (Sekaran, 2003). Cooper and Schindler (2008) also stated that in order to establish an effective pilot study, a sample size of 20-50 participants is adequate to provide feedback and identify potential weaknesses associated with a questionnaire. Hence, the same 30 people who did the pre-test were invited to participate in the pilot test. The 30 completed pilot study questionnaire responses were then analysed in terms of reliability and validity. The results are presented later in this chapter.

5.3.4 Population and sampling

The target population surveyed for this study were people aged 18 and above who had travelled with a domestic airline in Australia in the twelve-month period prior to the study. This period of time was chosen as any travel beyond that time might not have been easy to recall. In order to collect the data, Qualtrics, was used.

Qualtrics is an online survey software tool and solution, which helps find the target demographic, launch the study, and monitor the project. The decision to use Qualtrics was mainly due to the fact that the researcher did not have a current database of potential respondents to invite to participate in the survey. Consideration was given initially to conducting the survey face to face with domestic travellers at the baggage claim area at a domestic airport in Australia. However, there were some access difficulties. Due to heightened security concerns lately, the airport authorities did not grant permission to utilise the airport premises to conduct the survey. Hence, the researcher decided to use an online survey method, the advantages of which have already been discussed in Section 5.3.

Qualtrics is a generalised survey service permitting the creation of survey instruments, distribution of the surveys and analysis. It is available for use by faculty, staff, and students and is approved by most universities for confidential data collection and storage. Many well-established airlines have used Qualtrics, namely Emirates, Southwest, JetBlue, American Airlines and United. It is also the preferred tool for carrying out surveys because it meets stringent information security requirements not found in most free online survey tools. Further, it has important quality control features, such as preventing multiple submissions from a single survey participant. In addition, the team at Qualtrics can assist in helping to find the right participants in a short amount of time. The dedicated Qualtrics project manager helps to find the right target audience, launch the survey and oversee the project to make sure that it is running smoothly. In addition, by having a log-in and access to the account, the researcher can take control and monitor the progress of the survey at any time. The system also allows for data to be extrapolated to carry out any other data analysis as necessary. A recent study by Xue, Hine, Marks, Phillips and Zhao (2015) using Qualtrics in China was successful in proving that it is a reliable tool.

In terms of the sample size, a number of rules have been suggested for determining this in quantitative research. Hair, Anderson, Tatham and Black (2006a), for example, suggested that sample size should be based on a set of factors, including the number of constructs involved, item communalities and estimation techniques. In addition, the normality of data and missing data affect decisions on sample size. Several authors have proposed methods for determining sample size based on fit index, including the comparative fit index (Bentler, 1990), the root mean square error of approximation (Steiger &Lind, 1980), McDonald's fit index (McDonald, 1989) and the Steiger gamma index (Steiger, 1989).

Different methods for determining a sample size have resulted in various opinions on its adequacy. Some believe that sample sizes can be between 50 and 150 cases (Anderson & Gerbing, 1988), others have suggested that a sample size of at least 400 or 500 is needed (Tanaka, 1984; Harlow, 1985). Hair et al. (2006a) maintained that a sample size between 150 to 400 cases is required. In determining sample size for research activities, Krejcie and Morgan (1970) indicated that as the population increases, the sample size increases at a diminishing rate and remains relatively constant at 384 cases, which means that a sample size of 384 and below is considered acceptable.

Importantly, Hair et al. (2006a) advised that the sample size issue should go beyond being able to estimate a model with a high fit index. The sample size, just as with any other statistical inference, must be adequate to represent the population of interest. Considering the diverse approaches to determining the sample size, and following Krejcie and Morgan's (1970) recommendation, a minimum sample size of 300 was deemed sufficient for this research.

For the purpose of this study, a quota convenience sampling technique was used. This involves dividing the population into homogeneous sub-groups and then proportionally taking samples from each of those sub-groups. This seemed an appropriate sampling technique as the domestic airline market in Australia includes four airlines: Qantas, Virgin, Jetstar and Tiger. Hence, having a proportional part within the population is necessary.

For the financial year 2015-2016, Qantas transported 20,078,000 passengers domestically in Australia, Virgin transported 16,759,108, Tiger 4,037,412 and Jetstar

13,267,017. The following steps were used to determine the sample quota for each airline:

1. Define the population: Based on the figures above, the domestic traveller population is divided into FSC passengers and LCC passengers, with the former accounting for 36,837,108 and the latter accounting for 17,304,429.

2. Choose the relevant quota: Qantas and Virgin represent the quota for the FSCs, while Jetstar and Tiger represent the quota for LCCs.

3. Choose the sample size: A sample size of 300 passengers was used with half from FSCs and the other half from LCCs.

4. Calculate a proportional quota: Of the 36,837,108 FSC users, 54.5% are Qantas and 45.5% are Virgin users, while of the 17,304,429 LCC users, 76.7% are Jetstar and 23.3% are Tiger users. To ensure that the number of units selected for the sample from each quota was proportionate, the desired sample size (n) was divided by the proportion of units of each quota. The numbers of customers required in the sample were calculated as 82 from Qantas, 68 from Virgin, 115 from Jetstar and 35 from Tiger.

5.3.5 Data collection process
The survey procedures were carried out as follows:

1. Respondents were invited to participate in the survey through the online survey tool, Qualtrics.

2. Greetings and scanning questions were posed to potential respondents. The scanning questions covered whether she/he had undertaken any domestic travel within Australia in the past 12 months and whether or not they were 18 years old or above.

3. When potential respondents answered 'yes' to the two scanning questions, the survey was made available for them to complete.

Data collection was carried out from 24 May to 1 June 2017. A total of 300 completed questionnaires were required, but 316 completed questionnaires were provided by Qualtrics and were used for the analysis.

5.3.5.1 Analytical methods

The choice of analysis methods in research is important. Several steps were carried out in the current study to process the data for analysis. This began with the preliminary data analysis, followed by a descriptive analysis, and a t-test before finally testing the hypotheses using linear regression. The various methods of analysis for this study are summarised in the figure below.

The statistical techniques were conducted with the software package SPSS version 24 (Statistical Package for the Social Sciences).

Preliminary data analysis	To address practical issues of reliability, validity, normality test, data clearing and outliers.
Descriptive analysis	To explain samples of subjects in terms of variables or a combination of variables being examined.
Chi-square test	To test to what extent demographics, travel patterns, travel preference are different across different airlines and between FSC and LCC customers. To test hypotheses H1a and H1b.
T-test	To test whether there is a significant difference between FSC and LCC passengers for each construct being tested. To test hypotheses H2a, H3a and H4a.
Regression	To explore the relationship between one continuous dependent variable (behavioural intentions) and a number of independent variables (experience quality, brand image and perceived value). To test hypotheses H2b, H2c, H3b, H3c, H4b and H4c.

Figure 5: Analytical methods

5.3.5.2 Preliminary data analysis

Following the completion of an online questionnaire-based survey, the researcher needs to ensure that the collected data is ready before running the analysis. Neuman (2006) suggested that three steps are required to deal with the data: coding data, entering data, and cleaning data.

Data Coding and Entering

Data coding means systematically re organising raw data into a format that is easy to analyse using statistic software on the computer (Neuman, 2006), by assigning certain numbers to variable attributes either before the survey (pre-coding), or after the survey (post-coding). Saunders et al. (2012) pointed out that each variable for each case in a data set should have a code that is recorded. In this study, the coding procedure was performed by pre-coding all question items with numerical values prior to the fieldwork (see Appendix D). This was followed by entering all responses to establish a data file in the SPSS software version 24.0.

According to Neuman (2006), accuracy in both coding and entering data is crucial as it can affect the validity of the measures and cause misleading results. Saunders et al. (2012) described three main ways to check data for errors by looking for: illegitimate codes, that is, any numbers than are not correctly allocated; illogical relationships, which refer to the consistency of a respondent's answers between related questions; and the consistency between the rules in filter questions and the subsequent questions.

Data Cleaning

For the purpose of cleaning the data, there are three types of analyses that can be done: screening for missing values; assessing the normality of data; and checking the outliers.

Checking for missing value

However, for the study, no test for missing values was undertaken. This was due to the fact that the online survey questionnaire had a forced answer clause included, meaning the person filling out the survey could not move to the next question without having answered the previous one. According to Malhotra (2011), there are various reasons for missing data amongst the results, including the fact that the data were not required from the respondent due to a skip generated by a filter question in a survey. As this skip was not allowed in the online survey questionnaire, there was no need to check for missing values.

Checking for outliers

The data were then analysed to detect for univariate and multivariate outliers. Tabachnick and Fidell (2007) suggested that to identify the existence of univariate

outliers, which is across one variable, a frequency distribution of z-scores should be run. Cases with scores greater than three standard deviations above the mean are considered outliers. The results of the frequency distribution of z-scores indicated that there were no outliers as the standard deviations were all below the mean.

Assessing the normality of the data

The next step is to check the normality of the data set. The previous steps of handling univariate and multivariate outliers were conducted to prepare the data for a multivariate analysis. The next step was to test the compliance of the data with the statistical assumptions required by multivariate analysis. Assumption of normality is essential in multivariate analysis (Hair, Black, Babin & Anderson, 2010; Tabachnick & Fidell, 2007).

Tabachnick and Fidell (2007) noted that the degree of normality can be detected by two measures: skewness and kurtosis. Skewness is a measure of symmetry, whereas kurtosis is a measure of the peakiness of the distribution (Hair et al., 2010). Researchers have different views regarding the range of skewness and kurtosis for normality distribution. Kline (2005) stated that for a distribution to be considered normal, the skewness must fall in the range of -3 and +3 and the kurtosis should be less than 10.0. Kline (2005) advised that absolute values of the kurtosis index greater than 10.0 may suggest a problem and values greater than 20.0 may indicate a more serious one. Hair et al. (2006) suggested that an appropriate acceptance of skewness and kurtosis values falls between -1.00 and +1.00. Muthen and Kaplan (1985) recommended that the skewness and kurtosis values should range from -1.50 to +1.50. The normality assessment performed on the data through SPSS generated indices for skewness and kurtosis for all variables. The indices for skewness, ranging between 0.597 and -1.355, fell within the recommended range of +3.0 to -3.0. The kurtosis indices fell between 3 and -0.708, suggesting that the data were normally distributed and met the assumption condition for further analysis. The detailed results are provided in Appendix G. The next step was to conduct reliability and validity testing on the variables.

Testing for reliability

Reliability symbolises the consistency or stability of a measurement (Saunders et al., 2012). Having a reliable measurement is important to ensure that the instrument works well at different times under different conditions (Cooper & Schindler, 2008).

Cronbach's alpha coefficient has been widely used to measure for multi-item scales (Pallant, 2011). General agreement on the cut-off value for Cronbach's alpha is 0.70 (Cooper & Schindler, 2008; Hair et al., 2006; Nunnally, 1978; Saunders et al., 2012). However, Pallant (2011) emphasised that Cronbach's alpha values are quite sensitive to the number of items in the scale. Thus, it is argued that the alpha coefficient tends to be low for scales with fewer than ten items. In addition, Hair et al. (2006) noted that in exploratory research, the possibility of having a lower alpha coefficient exists. However, Guilford (1965) developed a range as follows:

Cronbach's alpha coefficient	Remark
$0.80 < r_{xy} \leq 1.00$	very good
$0.6 < r_{xy} \leq 0.80$	good
$0.40 < r_{xy} \leq 0.60$	moderate
$0.20 < r_{xy} \leq 0.40$	poor
$0.00 < r_{xy} \leq 0.20$	very poor

Source: Guilford (1965, p. 142)

Figure 6: Ranges of Cronbach's alpha coefficient

Amongst these various perspectives, this study adopted Guilford's (1965) approach as a basis for determining the reliability of the examined scales. The findings of the reliability analysis revealed that the items or empirical indicators and scales developed to measure four key constructs – experience quality, brand image, perceived value, satisfaction and behavioural intentions - were all deemed moderately reliable as demonstrated by alpha scores of greater than 0.50 (.960 for experience quality, .918 for brand image, .954 for perceived value, and .913 for behavioural intentions). All results are provided in Appendix H.

It was noted that the alpha scores were quite high in the case of experience quality. This might mean that if the items in a test are correlated to each other, the value of alpha is increased. However, a high coefficient alpha does not always mean a high degree of

internal consistency. This is because alpha is also affected by the length of the test. Further, the number of test items, item inter-relatedness and dimensionality affect the value of alpha (Cortina, 1993). This study took Guilford's (1965) approach, in which an alpha score of between 0.8 and 1.0 was considered very good.

Testing for validity

Performing validity analysis was also essential. As stated by Neuman (2006), this analysis aims to ensure that all items or empirical indicators measure the same concepts that are intended to be measured in the instrument. In this study, two types of validity analysis were undertaken, namely: content validity and construct validity. Content validity refers to how well a measurement assesses the subject matter. This type of validity can be obtained by searching the literature to determine the suitability of the designed items and seeking advice from expert scholars when developing and refining the instrument scale (Cooper & Schindler, 2008).

As mentioned above, the content validity of this study's instrument was obtained by undertaking a review of the relevant literature (as discussed in Chapter Three), designing the questions, and then employing a pre-test and pilot test to assess the reliability of the research instrument.

In addition to seeking content validity, Cooper and Schindler (2008) highlighted the importance of construct validity. This indicates the ability of a measurement to verify the concepts based on careful review of relevant theoretical foundations prior to the selection of items or empirical indicators. In a quantitative study, one of the suggested techniques for construct validity analysis is calculating the correlation between individual items of the examined construct and the total score of each examined construct within the instrument (Zikmund et al., 2011). Attaining significant correlation is crucial as it provides a signal that the empirical indicator is a valid criterion to measure the construct. The significance of each question can be seen from the *p* value *(sig.* value*)* that has to be smaller than the *alpha* value. The *value* indicates the chance of an acceptable error occurring during data processing. The most common *alpha* value for social research is .05 (Zikmund et al., 2011). Based on this, the analysis of construct validity was performed by employing Pearson's bivariate correlation (see Appendix I). The results of employing this technique show that most of the correlation coefficients

between indicators of each item and the relevant construct were statistically significant (*p* value ≤ *.05*).

The raw data collected was subjected to a preliminary analysis carried out prior to statistical analysis for testing the hypotheses. Tabachnick and Fidell (2007), and Hair et al. (2010) argued that it is essential to ensure the completeness and accuracy of the data prior to conducting any analysis. Thus, this study undertook several audit checks in data coding and screening to ensure that no error was made in the data preparation process prior to analysis. Data screening in this study involved the assessment of normality and the identification of outliers. The next tests conducted were descriptive statistics analysis, discussed below.

5.3.5.4 Descriptive statistics analysis

Descriptive statistics are used to explain samples of subjects in terms of variables or a combination of the variables being examined (Zikmund et al., 2010). In this study, the findings offered a general understanding as to the profiles of the passengers who had travelled with a domestic airline in Australia in the past 12 months.

Besides frequency tables, tag clouds were used. This is an increasingly recognised means of visualising a data set. Hearst and Rosner (2008) described tag clouds as a visual representation of social tags, displayed in paragraph-style layout, usually in alphabetically order, where the relative size and weight of the font for each tag corresponds to the relative frequency of its use. Despite the benefits offered by tag clouds, however, caution must be taken to prevent false assumptions and misinterpretation of the data (Hearst & Rosner, 2008). In anticipating this drawback, the accuracy of the tag clouds presented in this thesis was checked against the frequency tables performed through SPSS.

5.3.5.5 Chi-square test

Chi-square tests were used to test the differences in passenger travel preferences, choices and demographics across FSCs and LCCs. This method is frequently recommended when researchers want to compare the mean of one variable in two or more unrelated categories of samples (Bryman & Cramer, 2011; Collis & Hussey,

2009). A 95% level of significance was deemed acceptable for this statistical assessment.

5.3.5.6 T-tests

A series of t-tests was used to determine whether there was a significant difference between two customer groups (FSC and LCC) in regard to their experience quality, brand image and perceived value. Independent sample t-tests were applied to test the mean scores between FSC and LCC passengers, at a confidence level of 95%. Each statistical test has certain requirements that must be met before analysis. These requirements need to be evaluated because the accuracy of test interpretation depends on those requirements. As per Coakes' (2013) recommendations, the requirements for the t-tests are:

1. Scale of measurement - the data should be at the interval or ratio level of measurement.
2. Normality – the scores should be normally distributed in the population.

As the data for this study met all the above requirements as previously discussed, the t-tests could be performed to test hypotheses H2a, H3a and H4a.

5.3.5.7 Linear regression

Linear regression is the most basic type of regression and is commonly used in predictive analysis. Coakes (2013) explained that the overall idea of regression is to examine whether a set of predictor variables do a good job in predicting an outcome variable.

The purpose of these regression estimates is to explain the relationship between one dependent variable and one or more independent variables. As per the conceptual framework, for the purpose of this study, experience quality, brand image and perceived value were identified as the independent variables and behavioural intentions as the dependent variable. The results of the linear regression tests on the variables would provide answers to hypotheses H2b, H2c, H3b, H3c, H4b and H4c.

The simplest form of the equation with one dependent and one independent variable is defined by the formula:

$$y = c + b*x,$$

where y = estimated dependent score, c = constant, b = regression coefficients, and x = independent variable.

In order to interpret the results of the analysis, it is important to look at the r and r square value. The r value indicates the degree of correlation. The closer the r value is to 1, the higher the correlation. The r square value indicates how much of the total variation in each of the dependent variables in behavioural intentions, can be explained by the independent variables in experience quality, brand image and perceived value, and the closer it is to 100%, the higher the variation. It is also essential to look at the *sig.* value, which indicates the statistical significance of the regression model that was run. A value which is less than 0.05, indicates that, overall, the regression model statistically and significantly predicts the outcome variable (i.e. it is a good fit for the data). The coefficients provide us with the necessary information to predict behavioural intentions from experience quality, brand image and perceived value, as well as determine whether behavioural intentions contributes statistically and significantly to the model. The beta value is a measure of how strongly each predictor variable influences the criterion (dependent) variable. The higher the beta value, the greater the impact of the predictor variable on the criterion variable. In addition, if a B coefficient is positive, the relationship of this variable with the dependent variable is positive and if the B coefficient is negative, then the relationship is negative. If the B coefficient is equal to 0, then there is no relationship between the variables.

5.4 Chapter summary

This chapter presented a discussion and justification for the methods and empirical research process undertaken during this study. The application of a mixed methods research design involved the collection of both qualitative and quantitative data. The choice of this method built upon the objectives of the study to examine and appreciate the significant difference in perspectives between airline management and FSC and LCC passengers. This study applied mixed methods with two separate data collection phases to discover the underlying factors that influence the experience quality, perception of brand image and value, and future behavioural intentions of domestic airline passengers in Australia. It also aimed to explore consumer behaviour in-depth by

looking at a range of other factors such as demographics, travel characteristics and travel patterns and trends.

A range of analytical methods were discussed to test the hypotheses. The results of data analysis are presented and discussed in the following two chapters (Chapters Six and Seven).

CHAPTER 6
RESULTS AND DISCUSSION OF QUALITATIVE STUDY

6.0 Introduction

Chapter Five presented a systematic depiction of, and justification for the mixed methods research approach used for this study. This chapter presents and discusses the qualitative findings generated from domestic airline management interviews. This forms the first phase of the research. The interviews themselves were designed to firstly gain a better and in-depth understanding of the influential demand factors of competitiveness from within the industry, as well as extract the factors and strategies that management use and focus on to retain customers. This would then help to better inform the second stage of the research, as well as contribute to the questionnaire development and refinement, prior to administering the survey to domestic passengers in Australia. It was hoped that findings from the management interviews would help to either complement or contrast with findings from the customer survey in terms of the factors that would have a positive influence on behavioural intentions.

This chapter presents the analysis, findings and discussion of the qualitative phase of the study, drawn from eight semi-structured interviews with Jetstar/Qantas management/senior staff. Data collected sought to provide more in-depth details on the existing strategies that domestic airline use in order to achieve competitiveness in the market. In addition, based on the objectives of this study and the constructs investigated, the focus of the interview was on experience quality, brand image and behavioural intentions.

The chapter is organised into three major sections. The first section describes the characteristics of the participants involved in the interviews. The second section discusses the findings of the interviews that were coded, categorised and themed as relevant to addressing the research questions. The last section offers a summary of this chapter.

6.1 Profile of respondents

The table below presents a summary of the respondents' demographics characteristics. Eight managers/senior staff at Jetstar/Qantas were chosen for the interview. With reference to gender, there were seven female and one male participant. Three informants were aged 21-30, three were aged between 31-40 and the remaining were aged above

40. Almost all informants had attained at least a diploma/bachelor or postgraduate degree. The participants were all from the customer strategy, brand and marketing departments of Jetstar/Qantas, based in Australia.

Table 2: Profile of respondents

Respondent	Gender	Age group	Education Attained	Occupation
R1	Female	31-40	Diploma/ Bachelor	Supervisor Customer Care
R2	Female	21-30	Diploma/ Bachelor	Senior CustomerAdvocacy - Legal Team
R3	Female	21-30	Diploma/ Bachelor	Senior Customer Care Projects Analyst
R4	Female	31-40	Diploma/ Bachelor	Senior Customer Care Projects Coordinator
R5	Female	21-30	Post Graduate	Senior CustomerAdvocacy - Specific Assistance Team
R6	Female	31-40	Diploma/ Bachelor	Customer Care Manager
R7	Female	41-50	Diploma/ Bachelor	Brand and Marketing Manager
R8	Male	51-60	Diploma/ Bachelor	Senior Training and Quality Coordinator

6.2 Interview findings

As discussed in Chapter Four, this thesis applied a content analysis approach to analyse the interview data. Eight interview transcripts were manually analysed. The interview questions were divided into four parts, and the analysis was carried out separately for each part, which was focused on a different issue. This would help provide a better understanding of the different underlying concepts that were addressed in each part of the interview. The four parts were Part A: Competition (two questions), Part B: Branding (five questions), Part C: Service (two questions), and Part D: Future behavioural intentions (two questions). The data analysis for each of these parts is discussed below.

6.2.1 Part A: Competition

Thirty-eight codes emerged during the first data iteration process (see Appendix J (i)). The majority of codes were related to the *'cost or low fares'* aspect (six codes), given the most dominant words and phrases articulated. The next most dominant code related to *'technology* and *service'*, which appeared in four codes each, followed by three codes with reference to *'brand'*. The rest of the codes related to: *'competitors', 'new products', 'new routes', 'adaptation', 'agile', 'dynamic', 'evolving', 'bookings increase', 'results' and 'net promoter score (NPS)*.

Following the identification of the above codes, a second data iteration process was conducted to seek the similarities and relationships amongst the codes. Similar codes

were then grouped into categories (see Appendix J (ii)) and, after a close look at the relevant data, the 29 codes were clustered into eight distinct categories (see Appendix J (iii)).

Further analysis on those emerging categories revealed two new general themes (see Appendix J (ix)): *Overview of the competitive environment* and *competitive strategies*.

The following sections are devoted to describing the evolution of each theme that was generated on the basis of its relevant categories and codes. This is illuminated through the provision of a diagram for each theme. The diagrams, built on a rigorous and complex iteration process, aim to convey a circular progression of the emergence of the particular theme from its antecedent categories and codes. Each theme is presented along with the illustrative quotations from the interview transcripts, to aid the clarity of the findings. The respondents were identified as R1 through to R8.

6.2.1.1 Theme 1: Overview of the competitive environment

As shown in the interview aide memoire in Appendix C, in the early section of the interview, Part A (Questions 1 and 2) centred around competition in the domestic airline industry, how well the company was coping and also the strategies being developed and used to counter the competitive forces.

The results of the semi-structured interviews suggest that '*overview of the competitive environment*' was the first theme projected by the informants. As illustrated in the figure below, their perception of this aspect was articulated by three categories: competitive landscape, competitive advantage and measuring competition. This theme gives an overview of the domestic airline industry and the environment in which they compete.
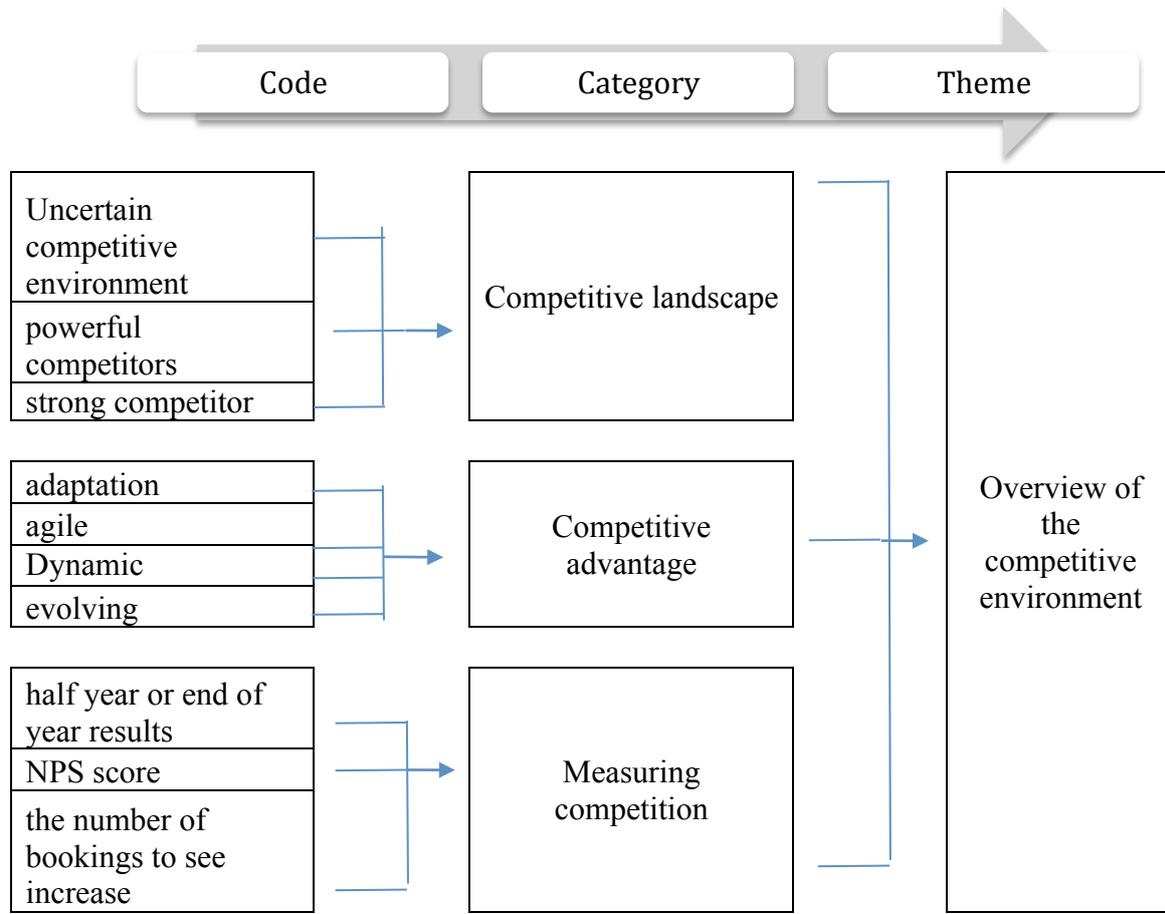
Source: Data Analysis 2017

Figure 7: The evolution of code-category-theme 1: Overview of the competitive environment

Competitive landscape

The respondents were first asked about the level of competition they were facing and how well they thought that the company was coping. There was unanimous acknowledgement from all respondents that the level of competition was quite strong in the industry, with the following illustrative statements:

> *'Tiger is our competitor and for multiple years, they have not been seen as a strong competitor but recently they have upped they game'. (R6)*
>
> *'Tiger has become a real competitor.' (R6)*

It is interesting to note that when the respondents talked about competition, their comments revolved around Tiger only, which indicates that Jetstar consider Tiger to be their main or only competitor in the market. This could be explained by the fact that Jetstar and Tiger are in the same sub-category of LCCs.

In a market where there are four players (Qantas, Virgin, Jetstar and Tiger), it is assumed that they all share customers as per Ehrenberg (1969) who mentioned that customers of brand X are other brand's customers who occasionally buy from brand X. In the context of the airline industry, this would be validated by the quantitative results. It could then be confirmed whether Jetstar needs to also consider Qantas and Virgin as direct and immediate competitors.

Competitive advantage

With regards to how well the company was coping with the level of competition in the market, the majority of respondents answered quite positively and agreed that the company was doing well. There comments included such statements as: *'doing well to compete in the market'* (R1), *'evolving and coping'* (R2), *'coping very well'* (R3), *'dynamic company'* (R5) and *'leader'* (R6).

It was noted that even though the market was very competitive, the airline was still doing quite well at the moment. There were some mixed responses with regards to the ways that they could achieve competitive advantage. Some respondents acknowledged that competitiveness can be achieved through *'adaptation'* (R6), or being *'agile'* (R6), *'dynamic'* (R5) and *'constantly evolving'* (R2). This means that, from their point of view, a company needs to be adaptable, agile, dynamic and constantly evolving to be able to respond to competitive forces and hence, gain competitive advantage in the market.

The respondents' comments suggested that, having a company that shows a high degree of flexibility and adaptability to changes in the competitive market is crucial for achieving competitive advantage.

However, bearing this in mind, what the respondents stated did not seem really achievable as this strategy of exercising a high degree of flexibility seems to contrast with the LCC business model. Most LCCs have very strict and rigid policies that they enforce at all times (such as strict check-in deadlines). They rely heavily on such policies, as this is the only way that they can keep costs down and hence continue to offer low fares to their customers. Once again, an understanding of the market and its

customers can help in overcoming this issue through the development of appropriate strategies.

Measuring competition

While still focusing on competition in the industry, the respondents were then asked how well they were aware of their competitors. Some mentioned checking competitors' mid-yearly and yearly financial results, checking NPS scores and also market shares. One commented: *'We track our competition, we look at NPS data and we also look at other companies when they release their results, how much of the market share they have'* (R6).

As the 2014 report by PWC stated that the global airline industry is still to face more aggressive competition in the coming years, it is essential to keep track of competitors' performance in the market. This enables the company to benchmark their own performance and identify any shortcomings. Addressing those shortcomings and developing appropriate strategies will eventually help them overcome any competitive forces.

6.2.1.2 Theme 2: Competitive strategies

Having understood from the respondents what they thought of the level of competition in the industry and how the company was coping, the respondents were then asked how the company is ensuring that they continue to remain competitive in the market. The most common answer was *'cost'* (mentioned on six occasions), followed by *'service'* and *'innovation and technology'* (mentioned on four occasions each), then *'brand image'* (on three occasions), and lastly, *'products'* (mentioned twice).

Code	Category	Theme

technology and innovation
technology
website technology
technology
→ Innovation and Technology →

ancillary products
new routes/ products
→ Products →

Service
service
service focus
service
→ Service →

brand image
brand leverage
emotions with the brand
→ Brand image →

low costs
low fares
cost
low fares
cost reduction
cost reduction
→ Cost →

→ Competitive Strategies

Source: Data Analysis 2017

Figure 8: The evolution of code-category-theme 2: Competitive strategies

Costs

The respondents mentioned '*cost*' as the most prevalent strategy to beat competition. This is evident in the following statements:

> *'Keep operating costs as low as possible.' (R2)*
>
> *'Offering the lowest possible fares through the Price Beat Guarantee.' (R2)*
>
> *'Everything that we do is about low cost.' (R7)*
>
> *'We cannot really take our eyes off being a low fares airline.' (R7)*

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> *'Jetstar has responded to this competition by reducing our cost base relentlessly.' (R8)*

'Cost' is considered the best viable strategy to achieve competitiveness in the market. However, as discussed in Chapter One, price has now become a hygiene factor and airlines need to understand that customers are now travelling more, becoming more knowledgeable, and expecting more than low fares.

A report by PWC (2015) showed that the airline industry is currently significantly hampered by slim profit margins; forcing carriers to continuously focus on both cost reduction and revenue growth through better customer retention strategies. However, these are two strongly opposing strategies and can be difficult to achieve. Hence, finding the right balance is essential. As part of the objectives of this study, it is hoped that this balance can be achieved by focusing on demand factors, which were identified in previous studies (Kim & Dwyer, 2003; Popesku & Pavlovic, 2015; Gray, 1970; Plog, 1974; Nayyar, 1993; Tanriverdi & Lee, 2008).

Innovation and technology

The second most talked about strategy is the use of innovation and technology to remain competitive. Based on the respondents' comments, it seems that innovation through the latest technology is key to achieving competitiveness. The following illustrate this point:

> *'Mobile is becoming bigger within the company and the introduction of the app and in-app boarding passes.' (R1).*
> *'Keeping up to date on the newest technology.' (R2)*
> *'Business focus on the website.' ((R4)*
> *'We are also very good at technology and also looking at innovative technologies.' (R6)*

There appeared to be a strong focus on using the latest technology to gain competitive advantage in the market. However, as previously discussed in Chapter Two, the argument was put forward that even though innovation is one of the ways businesses try to achieve profitability, this is actually proving to be a challenge for the airline industry. It can be further argued that innovation is not a long-term strategy for achieving competitive advantage, as it does not take long for competitors to copy and introduce

the same innovation in their company. Proposing a solution, Camacho, Foth, Rakotonirainy, Rittenbruch and Bunker (2016) argued that transportation companies need to adopt a passenger-centric approach, putting passengers at the centre of future solutions, where their evolving needs, desires, and values are used to guide the enhancement of the existing core functionality of the service.

Service

A focus on customer service was the other strategy that some respondents mentioned as a way to gain competitive edge. Detailed statements from the respondents are:

> *'Service gives us a competitive edge in our markets.' (R3)*
> *'Jetstar's current focus on customer service will serve the company well moving forward.' (R5)*
> *'Teach them that customer service is the differentiator.' (R6)*
> *'Build up on our reputation on service delivery.' (R7)*

While previous studies (Otto & Ritchie, 1996; Hudson, 1998) have confirmed that service quality is essential in order to explain customers' future behavioural intentions, LCCs are normally not very known for their service. Parasuraman et al. (1985) found that service quality only looks at the functional side, such as colour, style or packaging, and unfortunately does not take into consideration the consumers' emotional or hedonic inclinations. Previous studies have also found that consumers make purchases not only for functional reasons but also for emotional satisfaction, including fun or enjoyment on the basis of their experiences (Holbrook & Hirschman, 1982). Therefore, consumer behaviour research needs to consider not only cognitive components but also affective or emotional factors (Wirtz et al., 2000; Zins, 2002; Duman & Mattila, 2005; Lin et al., 2007).

Brand image

Some respondents stated that a good brand image represents a strategic move to achieve competitiveness, as seen in the following:

> *'Our brand image gives us a competitive edge in our markets.' (R3)*
> *'will contribute to the brand image that Jetstar aims for.' (R5)*
> *'So, we want people to feel those emotions as a result of our brand.' (R7)*

It seems that the respondents valued the importance of brand image in the competitive market and, as Keller (1993) argued, offering and maintaining a favourable image is of utmost importance. In addition, according to Gronroos (1984), brand image is the result of how consumers perceive the firm itself first. Hence, it is understood that brand image can be built up not only by the technical and functional quality of its services and products, but also by the extrinsic feelings experienced by customers towards the company. This can be seen through this response by R7: '*we want people to feel those emotions as a result of our brand*'.

However, according to the DJ effect, a bigger brand is generally more successful and competitive (Ehrenberg et al., 1990). Bigger brands tend to get higher and better responses on all the brand attributes, which means they will be seen as having better service or even being a better airline. One such example is Qantas.

Products

Respondent R5 stated that '*products*' can be used to counter competition, saying: '*New routes and products are always around the corner*'. Focus on either '*innovation and technology*' or '*products*' as means to stay competitive, may be a challenge. Airlines are finding it harder to upgrade the 'hard products' (e.g. the aircraft, seating, meals, in-flight entertainment, and comfort packs), as this is an expensive way to differentiate themselves, with the payback potentially a long time coming. Hence, finding other affordable ways to effectively remain competitive, which is also in line with the business model, is the key.

In summary, in terms of competition in the domestic airline industry in Australia, the majority of respondents acknowledged that the level of competition is quite high and that effective strategies need to be constantly developed to remain competitive in the market. This means that companies cannot stay rigid; they need to be adaptable, agile, evolving and dynamic to match the ever changing and volatile competitive landscape. While there were some concerns about the increase in strength of Tiger in the industry, the respondents portrayed a positive picture of how the company was doing, stating that it was actually doing well. It is important to note that the respondents only talked about Tiger being a competitor; there was no mention of Qantas or Virgin at any stage. On the other hand, with regards to keeping an eye on their competitors, there were mentions of

using market share, yearly (or half-yearly) financial results and NPS, which is indicative of how other competitors are doing and hence provides a benchmark for the company. In terms of the strategies that the company was using to remain competitive, these were, in order of importance: *'cost', 'innovation and technology', 'service', 'brand image' and 'products'.*

6.2.2 Part B: Branding

The second part of the interview dealt with brand/branding issues. Respondents were asked five questions about the importance of brand image, brand leveraging and their strategies to make sure that their brand image was preserved.

Forty-three codes emerged during the first data iteration process (see Appendix K (i)). The majority of codes were related to trust and safety aspects (six codes), given the most dominant words and phrases articulated. The next most dominant code related to *'independent operations'*, which appeared in five codes, four codes with reference to *'loyalty'* and four codes with reference to *'social media/media'*. This was followed by three codes with reference to *'emotional connection'*, three codes for *'choice'* and three codes for *'innovation'*. The rest of the codes related to: *'communication', 'leverage', 'protects the brand', 'Australian brand', 'decision-making', 'competitive advantage', 'relationship'* and *'dedication to low fares'*.

Following the identification of the above codes, a second data iteration process was conducted to seek the similarities and relationships amongst the codes (see Appendix K (ii)). Similar codes were then grouped into categories. After a close look at the relevant data, the 28 codes were clustered into seven distinct categories (see Appendix K (iii)).

Further analysis on those emerging categories revealed four new general themes (see Appendix K (ix)):

1. Brand importance
2. Brand leverage
3. Access to information
4. Brand strategies

The following sections are devoted to describing the evolution of each theme generated on the basis of its relevant categories and codes. This is illuminated through the provision of a diagram for each theme.

Source: Data Analysis 2017
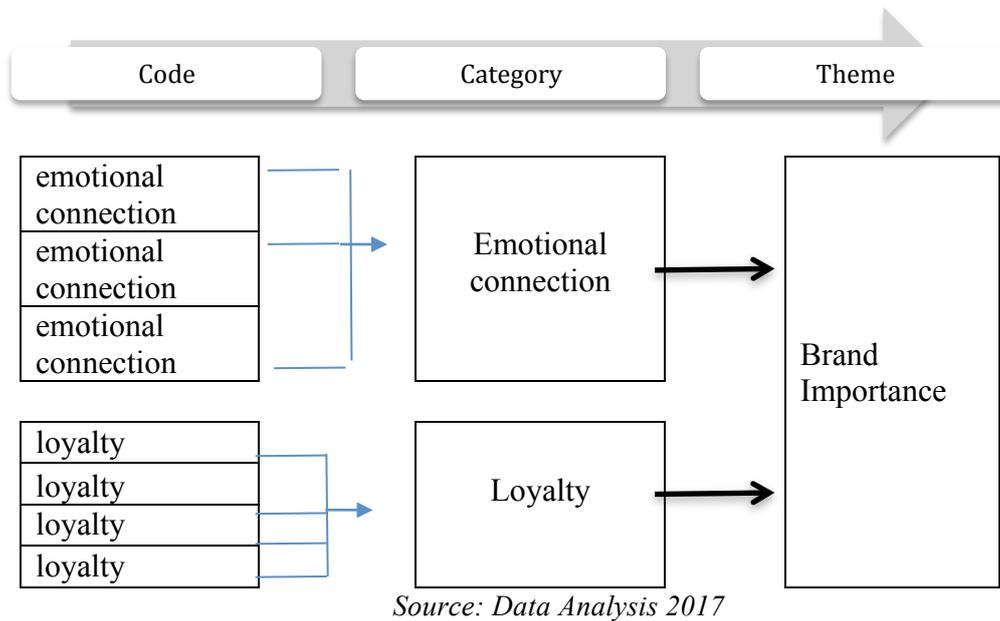
Figure 9: The evolution of code-category-theme 1: Brand importance

6.2.2.1 Theme 1: Brand importance

Respondents were unanimous in affirming that they consider brand image to be very important. There was further acknowledgement that brand image is more important nowadays than before, with comments such as *'because these days we have an increase in choice'* (R3). The respondents were then asked why brand image is so much more important nowadays.

Emotional connection

Some respondents mentioned that brand image is important because it allows for *'emotional connection'* (R1 and R5). Others provided the following comments:

> *'Make it more emotive to allow that emotional connection.' (R1).*
> *'Branding makes relationships between customers and the product by inducing emotional reactions to use us again.' (R1).*
> *'It aims to forge an emotional connection with the customer.' (R5).*

The respondents suggested that branding involves not only the perception of the company's products but also the emotions that connect the customers to the company

itself. This is in line with the studies of Gronroos (1984), Bullmore (1984) and Keller (1993), which explained that brand image is the result of how consumers perceive the firm itself first and that brand image can be built up not only by the technical and functional quality of its services and products, but also by the extrinsic feelings experienced by the customers towards the company.

From the company's point of view, brand image is responsible for building relationships and emotional connections between the user and the company. As Bullmore (1984) and Keller (1993) suggested, the dependence of brand image creation is upon the individual psyche only.

Loyalty

The concept of loyalty remains questionable. In the past, there were only a few brands in the market, which meant that loyalty towards a particular brand was quite high. However, now, due to a larger variety of available options and choices, people are sharing their loyalty amongst a few brands. Due to the variety of choices, customers now have a repertoire of brands (discussed in Chapter Three), or a list of a few brands from which they frequently repurchase.

Four respondents said that sole loyalty is achievable and mentioned that brand image is important because it creates *'customer loyalty'* (R1, R4, R5, R8). The following statements represent more detailed responses:

> *'Branding makes relationships between customers and the product through loyalty.' (R1)*
> *'Addressed at the senior and CEO level with highlighting on one area of improvement each financial year, for example - year of the Customer, Attract and Retain.' (R4)*
> *'This aims to foster a positive brand image is to increase brand loyalty.' (R5)*
> *'we must develop a brand loyalty with our existing customers. We want our customers to become sticky – they'll choose to fly with us, even when there may be a cheaper fare on offer with another carrier.' (R8)*

It appeared that the respondents believed that maintaining a strong and positive brand image can lead to loyalty. However, based on the concept of choice and repertoire of

brands, it can be argued that in the Australian domestic market, as the main players are Jetstar, Virgin, Tiger and Qantas, people will choose between any one of those airlines with which to travel. Their choice may be based on price, level of service, past experiences or even restricted to routes to which only some airlines fly. As such, it can be argued that there is no sole loyalty to only one particular airline; on the contrary, there is loyalty but to more than one of the airlines in the industry. Customers purchase from a number of different brands, so the solution for the airlines is to feature highly in passengers' repertoire.

6.2.2.2 Theme 2: Brand leverage

In terms of whether Jetstar was actually leveraging from a stronger brand (i.e. as its mother company is Qantas), there were mixed responses. There was some acknowledgement that Qantas was already a well-established company, with a strong base and that this definitely made things a lot easier for Jetstar to enter the market, especially with regards to issues such as *'trust'* and *'safety'* (R5 and R6). However, some respondents strongly believed that Jetstar is a completely separate entity to Qantas and that it *'operates independently'* (R1, R2, R4). Other respondents thought it was a little bit of both (R7 and R8).
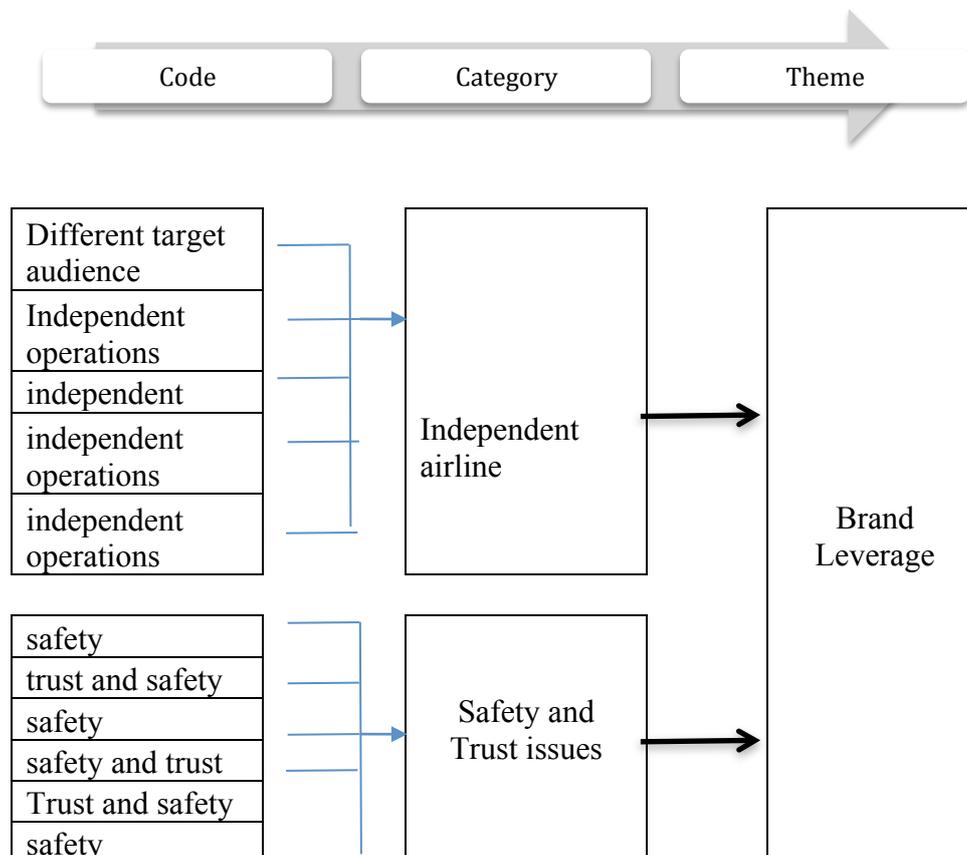
Source: Data Analysis 2017

Figure 10: The evolution of code-category-theme 2: Brand leverage

Safety and trust

This question received mixed answers. Only two respondents agreed that Jetstar is leveraging from a stronger brand and the rest thought otherwise. The two respondents (R5 and R6) who agreed that Jetstar was in fact leveraging off the existing, well-positioned brand, Qantas, stated:

> *'Jetstar benefits from Qantas strong safety record, brand image/being identified as an Australian company and a household name.' (R5)*
>
> *'Trust is at the centre of brand image.' (R5)*
>
> *'I think that we would have got there but it would have taken us longer to build the trust in people. A lot of people like that we are affiliated with Qantas as they are just such a safe airline and if they see that we are affiliated to them.' (R6)*

And those respondents who thought otherwise stated:

> *'As a brand, Jetstar could be 'stand-alone'.' (R4)*
>
> *'Jetstar is a very independent brand. Independent operations too.' (R7)*
>
> *'There is no denying that Jetstar was born out of a strong brand, but I think we have come out on our own as an independent brand with our own unique characteristics and we do now operate as an independent airline.' (R2)*

The DJ effect helps to explain the above two identified categories, tending to support the idea expressed by respondents R5 and R6 (that Jetstar is in fact leveraging off the existing well-positioned brand image of Qantas). The DJ effect proposes that a leading brand has a better chance in the market because of two things: they have a high purchase frequency rate, as well as a larger number of buyers compared to smaller brands (Ehrenberg et al., 1990). Therefore, small brands suffer in two ways, with a low number of consumers and low purchase frequency rates. Jetstar is a wholly-owned subsidiary of Qantas and, as such, it can be assumed that as it is linked to a very strong well-trusted national brand with a good safety record, it stands a better chance in the domestic market. The same goes for Tiger and Virgin. When Tiger was a stand-alone company, it registered losses after losses each financial year but as soon as it was taken over by Virgin, it started performing much better, becoming a strong threat in the domestic market. Hence, it is safe to assume that being affiliated with a strong brand was significantly advantageous.

6.2.2.3 Theme 3: Access to information

When respondents were initially asked about the importance of brand image, while they were unanimous in affirming that it is very important, there was further acknowledgement that there were concerns about the increase in *'choice'* (R1, R3, R7) and the impact and role of *'social media'* on brand image. Both *'choice'* and *'social media'* related to the large amount of accessible information due to the many different online communication platforms and chat forums.

Source: Data Analysis 2017
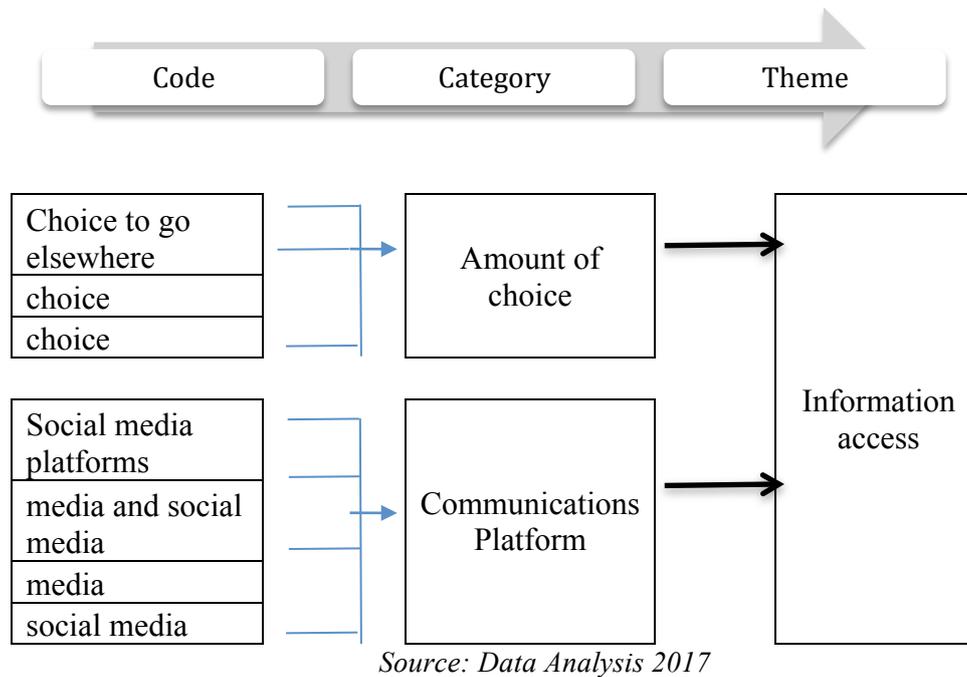
Figure 11: The evolution of code-category-theme 3: Information access choice

Three respondents affirmed that there are a lot of choices out there nowadays and that this may impact on the way that customers make their purchase decisions. Detailed statements from the responses are:

> *'Customers have a variety of choice in the market.' (R1)*
>
> *'Brand image is increasingly more important nowadays because there is so much choice in the market.' (R3)*
>
> *'we do have such an immense amount of choice, communication.' (R7)*

Having a brand image that is positively portrayed will help increase the chances of it being featured highly in consumers' repertoire of brands. This will, in turn, significantly increase the likelihood of that particular brand being chosen again in the future.

Social media

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Out of the eight respondents, four provided insights into how social media can impact on a company and its brand image. The respondents affirmed that having a strong and positive brand image is crucial. Social media allows information to spread quickly, especially if the news is not so good. This leaves no time for brand damage control. Hence, no company wants to see negativity being spread around as this may affect their brand image. Detailed statements are as follows:

> *'We also maintain our brand image through social media.' (R2)*
> *'Given the reach of social media, brand image plays an even more important role than before, as communication is more globally accessible.' (R5)*
> *'we are always making sure that we are not damaging the brand and we go to extreme measures to make sure that we protect it.' (R6)*
> *'The strongest tool out there is WoM and is not just from friends and families, but I can have access to words from thousands of people – people I don't even know. It is because of the instant access to social media.' (R7)*

It can thus be noted that as social media is one of the biggest platforms for information exchange, it can influence public opinion about a brand. Hence, favourable comments, product reviews, and readers' recommendations can be great tools for a company and its marketing strategy team. In addition, social media channels are not limited by geographical boundaries, messages can reach different audiences worldwide. Therefore, making sure that a favourable and positive brand image is maintained throughout those channels is considered essential to ensure repeat patronage and influence potential customers.

6.2.2.4 Theme 4: Brand strategies
When respondents were asked about the strategies the company currently pursued to ensure they maintained their brand image or even improved it, responses were almost unanimous, with mentions of *'innovation'* and *'technology'*.

| Code | Category | Theme |

innovative technology investment
innovative strategies
innovation

→ Innovation → Branding Strategies

Source: Data Analysis 2017
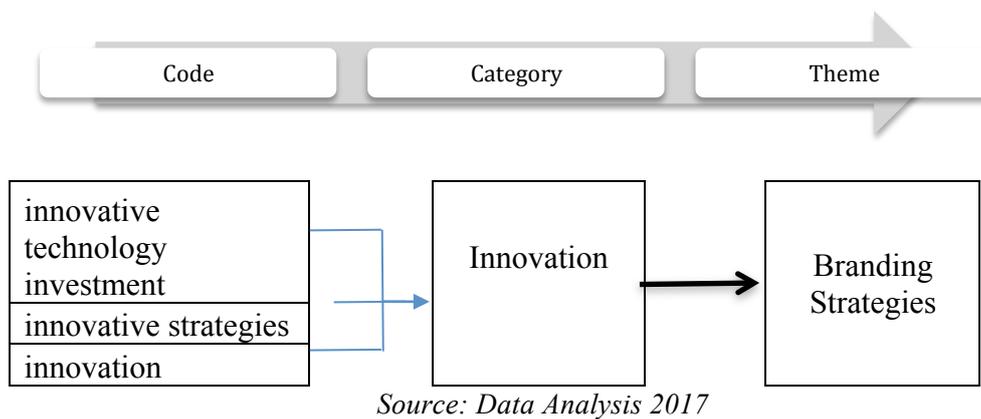
Figure 12: The evolution of code-category-theme 4: Branding strategies

Innovative technology

The detailed statements of respondents are as follows:

> *'investing in various IT initiatives.' (R4)*
>
> *'I think that by keeping our marketing strategies new, innovative and creative.' (R6)*
>
> *'We're continuing to innovate to keep building on our brand image.' (R8)*

Innovation was considered a means to keep the brand strong, however, it could be challenging for the airline industry. A statement on innovation by respondent R6, who is a customer care manager, was quite interesting:

> *'We try a lot of things to test how it works and if it doesn't we just shut it down or try something different.' (R6)*

This seems a risky strategy, as trying out new things without much prior research can be an expensive process. A proposed safer move would be to first find out what consumers want and then develop products or services around those specific needs. This is an approach recommended by Kim and Dwyer (2003), Popesku and Pavlovic (2015), Gray (1970), Plog (1974), Nayyar (1993), and Tanriverdi and Lee (2008), all of whom mentioned the importance of focusing on demand-side factors to stay competitive in the market.

In summary, in terms of branding, the majority of respondents at Jetstar acknowledged that brand image is very important. There was further acknowledgement that brand image is more important nowadays due to the variety of choices, as well as the advent of social media, with information easily accessible to people from all over the world.

There were mixed feelings about whether Qantas was largely responsible for the status of Jetstar. Some respondents believed that this was the case, especially on issues such as trust and safety, whilst others thought that Jetstar was a completely independent airline. There was further discussion about brand image being responsible for creating customer loyalty and that innovation helps develop a strong brand image. Based on the respondents' feedback, brand image meant safety, trust, independent, innovation and technology.

6.2.3 Part C: Service

Twelve codes emerged during the first data iteration process (see Appendix L (i)). The majority of these related to *'staff training'* (five codes), given the most dominant words and phrases articulated. The next most dominant code related to *'innovation'* (three codes). The rest of the codes related to: *'staff friendliness', 'on time performance (OTP)', 'low cost'* and *'service improvement'*. Following the identification of the above codes, a second data iteration process was conducted to seek the similarities and relationships amongst the codes (see Appendix K (ii)). Similar codes were then grouped into categories and, after a close look at the relevant data, the 10 codes were clustered into two distinct categories (see Appendix K (iii)). Further analysis on those emerging categories revealed one general theme (see Appendix K (ix)): *'methods to achieve the desired service quality'*.
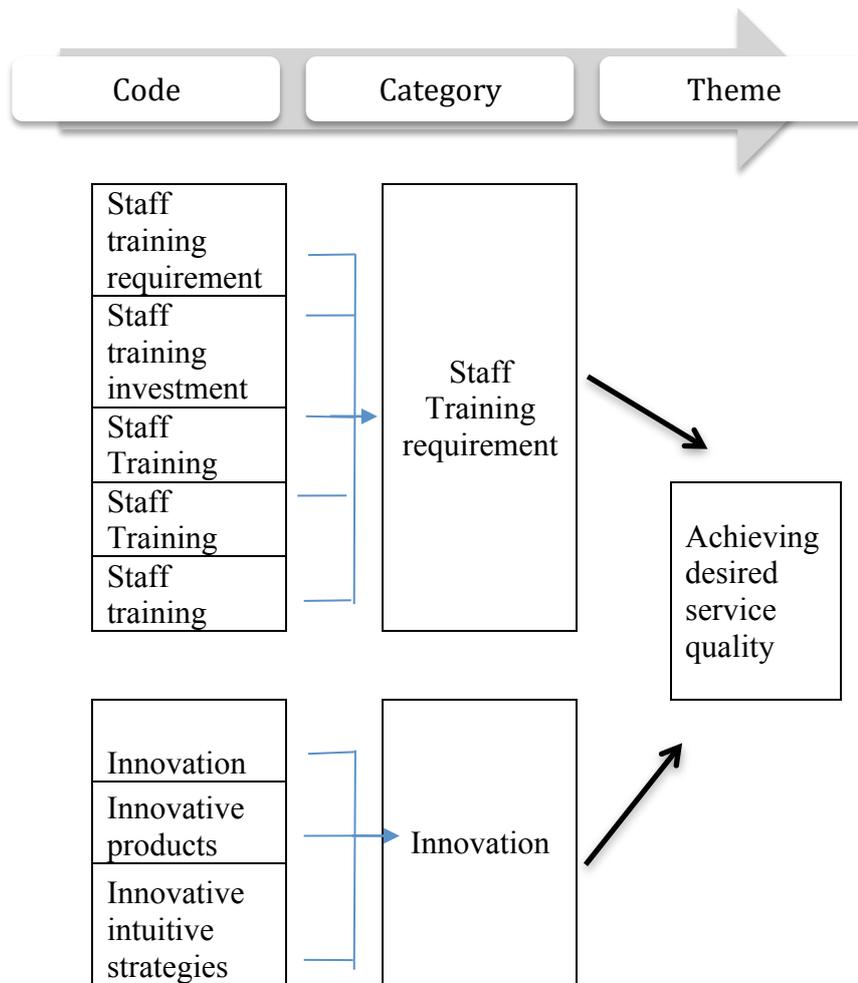
Source: Data Analysis 2017

Figure 13: The evolution of code-category-theme 1: Achieving desired service quality

The following sections are devoted to describing the evolution of each theme generated on the basis of its relevant categories and codes.

6.2.3 Theme 1: Achieving desired service quality

While service quality was already mentioned when the respondents talked about strategies to deal with competition through the theme '*achieving desired service quality*', there was an overall consensus that service can definitely help to differentiate a company from its competitors and gain competitive advantage in the market. This is in line with previous studies (Otto & Ritchie, 1996; Hudson, 1998), which argued that service quality is essential in order to explain customers' future behavioural intentions. The respondents' stated the following:

'*provide an acceptable level of customer service.*' (R2)
'*service is key.*' (R5)

'working on exceeding the service expectations set by customers.' (R6)

It is worth noting that in order to deliver a good service, the focus of the company should be on their staff and customer service training. Hence, the next section discusses the need to constantly improve and invest in customer service training for staff.

6.2.3.1 Staff training

The detailed statements from respondents who mentioned that staff training is essential for the delivery of good service are as follows:

> *'offering various training to our staff.' (R1)*
> *'Jetstar has also invested in specialised customer service training for its frontline staff to improve customer experience.' (R2)*
> *'Programs such as 'Lets Connect' remind staff that customers are our focus.' (R5)*
> *'All airlines must be looking at customer service and getting their staff trained.' (R6)*
> *'Jetstar has recently undertaken a service refresher course for the entire company.' (R8)*

From the airline's perspective, as indicated in the respondents' comments, staff are responsible for delivering service to customers. Hence, staff training becomes essential in making sure that the service delivery process meets customers' expectations. If it does, customers are more likely to repeat purchase and refer the company to others. However, the notion of service quality has been viewed largely as a cognitive process (Baker, 1987; Bitner, 1992; Brady & Cronin, 2001), that is, it is the consumer's judgment of the service. Hence, this study has proposed the need to focus on managing experiences instead of service quality.

6.2.3.1 Innovation

Some respondents talked about innovation as helping to achieve the required level of service, with detailed statements as follows:

> *'introducing new and innovative things.' (R1)*
> *'Our self-service check-in kiosks are a great example of this.'(R3)*
> *'Doing more self-service so that people interact less.' (R6)*

It seems that the focus at Jetstar is to gradually phase out staff/customer interaction. This means that customers will rely more and more on self-service, new technology and innovative products. This, it is hoped, will decrease the chances of service failures. However, as cost is a priority for any business, before making changes, it is important to find out what customers want, as investing blindly in technology can be costly. As already noted, Camacho et al. (2016) argued that a passenger-centric approach should guide the enhancement of existing core service functionality.

It can also be argued that the airline business deals with customers and customers are people with feelings, so cutting out the human interaction may not be such a wise strategy. Further, it has been argued that some of the fastest growing sectors of the global economy are related to the consumption of experiences (Pine & Gilmore, 1999; Richards, 2001). One of the reasons offered for this is that consistent, high-level product and service quality can no longer be used to differentiate consumer choices, especially in a competitive marketplace. Hence, instead of turning to robotics and technology, taking the opposite approach, with a focus on experience quality, can have more positive results.

In summary, the majority of respondents at Jetstar acknowledged that staff training and innovation are key to achieving service quality. However, there was no mention of experience quality at all.

6.2.4 Part D: Future behavioural intentions

Twenty-six codes emerged during the first data iteration process (see Appendix M (i)). The majority of codes were related to *'low cost'* (eight codes), given the most dominant words and phrases articulated. The next most dominant code related to *'service and staff training'* (four codes). *'Brand image'* was the next most dominant (three codes), then *'technology'* (two codes). The rest of the codes related to: *'marketing strategies'*, such as Jetmail, *'good safety records'*, *'informing and educating'* and *'operational policies review'*.

Following the identification of the above codes, a second data iteration process was conducted to seek the similarities and relationships amongst the codes (see Appendix M (ii)). Similar codes were then grouped into categories and, after a close look at the relevant data, the 26 codes were clustered into six distinct categories (see Appendix M

(iii)). Further analysis on those emerging categories revealed one general theme (see Appendix M (ix)): *'future behaviour'*.
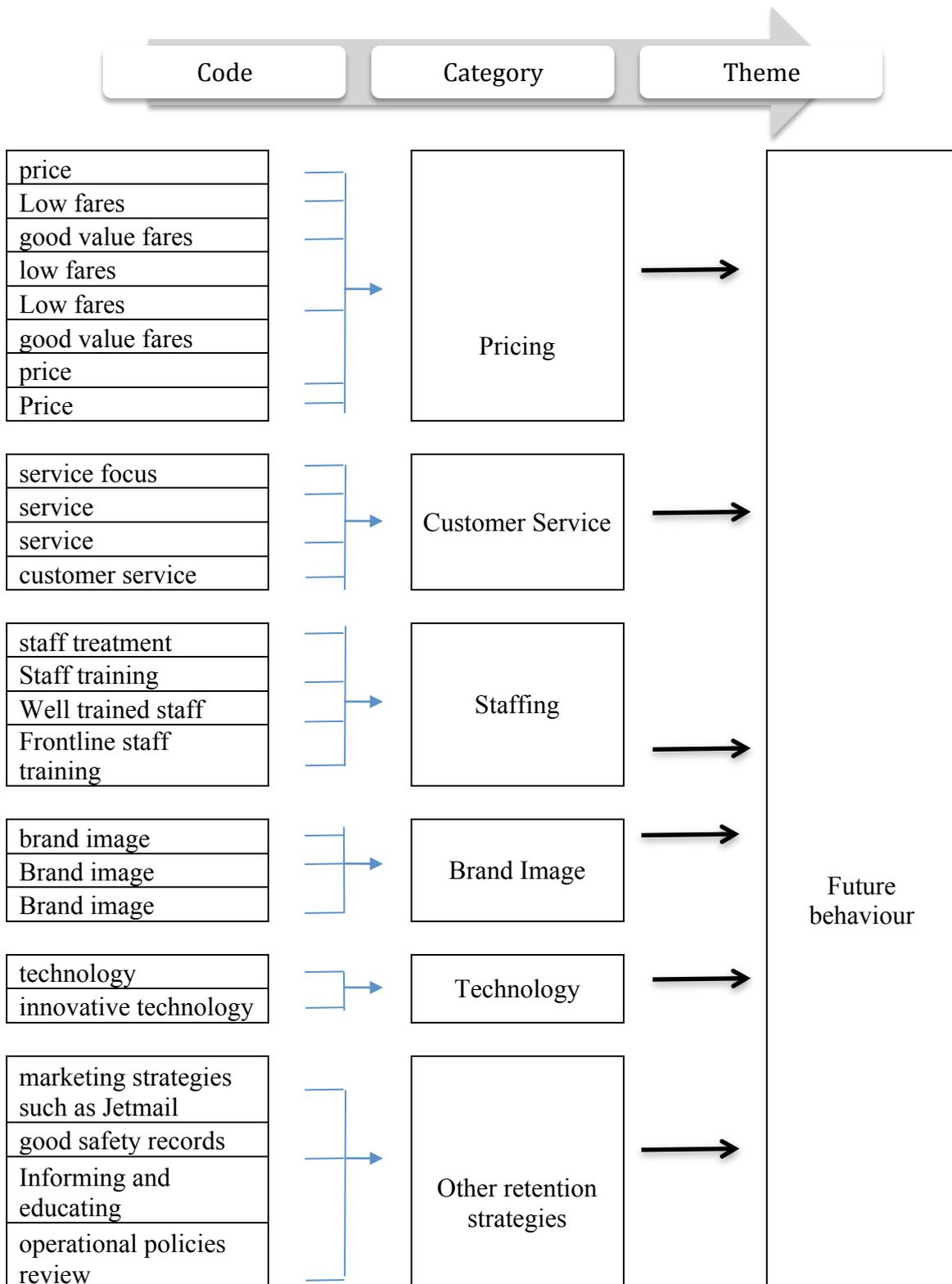
Figure 14: The evolution of code-category-theme 1: Future behaviour

6.2.4.1 Theme 1: Future behavioural intentions

Respondents were asked about the means employed by the company to ensure that customers would repeat purchase, as well as influence others to fly with the company. There were mixed responses, as detailed below.

Pricing

The most talked about strategy related to *'cost'* factors. Most respondents seemed to agree that the most important means to ensure repeat purchase and positive recommendations was by providing low fares to customers. Detailed statements from respondents included:

> *'The factors that influence on future behaviours is price.' (R1)*
>
> *'The main strategy I think is to ensure our airfares remain as low as possible.' (R2)*
>
> *'Low fares is key also important.' (R3)*
>
> *'Good value fares will always drive customers.' (R5)*
>
> *'Our customer base is certainly price sensitive, and we have active strategies in place to meet that need.' (R8)*

A report by PWC (2015) clearly showed that the airline industry is currently significantly hampered by slim profit margins; forcing carriers to continuously focus on cost reduction. But as price has now become a hygiene factor, and while cost remains at the centre of decision-making at Jetstar, management needs to understand that customers are now expecting much more than low fares. The company needs to achieve revenue growth through better and more targeted customer retention strategies. As this study posits, one way of doing this is by focusing on the demand factors of competitiveness, as previously recommended by other authors (Kim & Dwyer, 2003; Popesku & Pavlovic, 2015; Gray, 1970; Plog, 1974; Nayyar, 1993; Tanriverdi & Lee, 2008).

Customer service

The second most talked about strategy to ensure repeat patronage was through the *'service'* aspect. Previous studies (Otto & Ritchie, 1996; Hudson, 1998) have confirmed that service quality is essential in order to explain customers' future behavioural intentions. Respondents' statements included:

> *'Service, or at least perceived service is also a factor.' (R3)*

> *'the way that we are doing things to gain competitive advantage here in the market, is through customer service.' (R6)*
>
> *'However, the service aspect is an increasingly important aspect of the decision process.' (R8)*

A number of researchers have argued that due to a move towards the experience economy, it is important to focus on experience quality rather than service quality (Wirtz et al., 2000; Zins, 2002; Duman & Mattila, 2005; Lin et al., 2007). This new trend of customers who are seeking unique experiences requires firms to develop a distinct value-added provision for products and services that have already achieved a consistent, high-level of functional quality.

However, it has been noted that there was no mention of experience quality as a strategy to get customers to repeat purchase and recommend the airline to others.

Staffing

Respondents also talked about *'staff training'*. In order to deliver a good service to customers, it is recognised that staff training becomes essential to ensure that the service delivery process meets customers' expectations. Again, as noted earlier, if expectations are met, there is a higher chance that customers will repeat purchase and refer the company to others. Respondents elaborated on the issue of training:

> *'There are also other initiatives such as customer service training programs.' (R2)*
>
> *'Frontline staff are perpetually trained to ensure they are meeting standards as the face of our company.' (R3)*
>
> *'We've introduced training for staff to improve service.' (R1)*

As noted in Chapter Two, passengers do not always differentiate between a LCC and a FSC when they travel; they expect the same level of service across each airline category. Hence, finding out what customers expect can better assist airlines to tailor their training programs accordingly. Once again, it can be argued that the need to adapt to a passenger-centric approach is important.

Brand image

Brand image is an important factor to consider when looking to achieve repeat purchases and positive WoM. Brand image can also be considered a function of the interaction between perceiver and brand stimulus. Respondents stated:

> *'Brand image will play a part.'* (R5)
>
> *'Jetstar aims to enhance its brand image.'* (R5)
>
> *'we've had a few feel-good stories went viral and gives us a great brand image.'* (R6)

Bullmore (1984), Keller (1993), and Gronroos (1984) agreed that an image, just like a reputation, can only reside in the minds of people. Their contention is that the mind both contains and creates an image, which is mediated or stimulated by both the consumer's past and existing experiences. Ehrenberg (1969) further stated that it is most important to aim at becoming the bigger brand. The bigger the brand, the more impact it will have on a consumer's mind and, eventually, their repurchase intention.

Technology

Two respondents spoke of using technology to ensure positive feedback from customers. They said:

> *'the way that we are doing things to gain competitive advantage here in the market, is through technology and customer service.'* (R6)
>
> *'we've introduced mobile to make it easy for customers to access products and manage their booking from their phone.'* (R1)

As already argued in Chapter Two and earlier in this chapter, even though innovation is one of the ways businesses try to achieve profitability, this is proving to be a challenge for the airline industry. Technology is arguably a good way to get customers to come back and repeat purchase, but it is important to introduce the right technology that customers wants. Again, a passenger-centric approach is important when it comes to the use of technology and innovation (Camacho et al., 2016).

Other retention strategies

As already noted, amongst the less important strategies mentioned were *'marketing strategies'* such as Jetmail, *'good safety records'*, *'informing and educating'* and *'operational policies review'*. Similar to the categories generated for Theme 2:

Competitive strategies, under Part A of this chapter, it was noted that in order for the company to ensure that they get customers to repeat purchase and recommend the airline to others, they use *'products'*, *'innovation and technology'*, *'service'* and *'brand image'*. It is important to point out that the most mentioned code was that of *'pricing'* issues.

The majority of respondents at Jetstar perceived that the company used *'low fares/pricing'*, *'customer service'*, *'staff training'*, *'brand image'* and *'innovation'* strategies, with *'low fares'* remaining the most important. This finding is important for airline management, helping them to select the most appropriate strategies to ensure favourable and positive behavioural intentions from customers.

6.3 Chapter summary

Chapter Six presented the results of the semi-structured interviews conducted in this study. This uncovered domestic airline management perceptions on competition in the industry, how the company is coping, brand image and its importance, service quality/experience quality, measurement of customer feedback, and strategies currently used to ensure positive future behavioural intentions from customers.

Through the use of content analysis, four major themes and eight sub-themes emerged. The four major themes were: competition; brand image; experience quality; and behavioural intentions. The eight sub-themes were: overview of the competitive environment; competitive strategies; brand importance; brand leverage; access to information; brand strategies; achieving desired service quality; and future behavioural intentions.

In terms of competition, the majority of respondents acknowledged that the level of competition is quite high and that effective strategies need to be constantly developed to remain competitive in the market, meaning that companies need to be adaptable, agile, evolving and dynamic to match the ever changing and volatile competitive landscape. The respondents only talked about Tiger being a competitor; there was no mention of Qantas or Virgin at any stage. On the other hand, in terms of the strategies that the company was using to remain competitive, these were, in order of importance: *'cost'*, *'innovation and technology'*, *'service'*, *'brand image'* and *'products'*.

In terms of branding, the majority of respondents at Jetstar acknowledged that brand image is very important. There was further acknowledgement that brand image is more important nowadays due to the variety of choices, as well as the advent of social media, with information easily accessible to people from all over the world. There were mixed feelings about whether Qantas was largely responsible for the status of Jetstar. Some respondents believed that this was the case, especially on issues such as trust and safety, whilst others thought that Jetstar was a completely independent airline. There was further discussion about brand image being responsible for creating customer loyalty and that innovation helps develop a strong brand image. Based on the respondents' feedback, brand image meant safety, trust, independent, innovation and technology.

In terms of service quality, the majority of respondents at Jetstar acknowledged that staff training and innovation are key to achieving service quality. However, there was no mention of experience quality at all.

In terms of future behavioural intentions, strategies mentioned to get repeat patronage from their customers, were *'low fares/pricing', 'customer service', 'staff training', 'brand image'* and *'innovation'* strategies, with *'low fares'* remaining the most important. The subsequent chapter is devoted to presenting the survey findings.

CHAPTER 7
RESULTS AND DISCUSSION OF QUANTITATIVE STUDY

7.0 Introduction

This chapter provides descriptive information about the demographic characteristics, travel trends, patterns, airline preferences and choices of domestic airline passengers in Australia. As indicated in previous chapters, the need to better understand airline customers and investigate their behaviours is becoming crucial. Further, it has been noted that since FSCs and LCCs share customers, it is essential to find any particular or significant differences between these consumer groups in terms of their behaviours. This will help airline marketers gain a better understanding of the consumption behaviours and travel preferences of domestic passengers and assist them in devising appropriate strategies to target those identified profitable segments.

The subsequent sections present the empirical results of this study in relation to demographic characteristics, followed by a discussion on passengers' travel patterns, preferences and choice. This is followed by the difference in perception of passengers' experience quality, brand image and perceived value across FSCs and LCCs. Then, the results of the impact and the difference of the impact of experience quality, brand image and perceived value on behavioural intentions between the two groups of passengers are then discussed. A summary of the chapter is provided in the last section.

Section 1	
Descriptive statistical analysis	
Demographic & travel characteristics	Patterns and trends

Section 2	
Inferential statistical analysis	
T-test	Linear regression
Test the difference between the two groups (FSC and LCC passengers) on experience quality, brand image, perceived value and behavioural intentions	Test the effect of experience quality, brand image and perceived value on behavioural intentions between the two passenger groups

Source: Data Analysis 2017

Figure 15: Data analysis procedure for quantitative study results

7.1 Descriptive statistical analysis

This section provides an overview of the demographic profiles, as well as travel characteristics of the respondents. A series of chi-square tests were performed to identify the difference in domestic passengers' demographic profiles on their airline choice and airline preference. This was an initial step prior to carrying out further and more in-depth forms of statistical analyses as described in the above figure (figure 14). Table 10 below illustrates the respondent's demographic diversity with regard to gender, age, occupation, marital status, income and place of birth. This is further broken down to provide more specific data, based on the type of airline used on the respondents' most recent trips as well as in terms of their preference of ailrine.

7.1.1 Demographic characteristics of participants

As seen in Table 10 below, there were more female respondents (188) than males (128). Data from the Australian Bureau of Statistics (ABS, 2016) showed that there were more females than males residing in Australia, with 12.01 million males and 12.20 million females. While the ratio in this study is not the same, the data can still be considered an average indication of the representativeness of the population. In terms of the usage of either a FSC or LCC on their most recent trips, more females (26%) opted to travel with a FSC, as opposed to 24% of males, and again more females (34%) choose to travel with a LCC, as opposed to 16% male. It can be noted, therefore, that the difference between males and females is more pronounced in the LCC sector.

The *60 and above* group represented the largest proportion (29%) of the total respondents. The ageing population was confirmed by ABS (2017), which stated that Australia's once youthful population is ageing slowly and the median age is now 38, as opposed to 23 in 1911, 28 in 1966, and 37 in 2011. As the baby-boomer generation matures, one in six are now over 65, compared to one in seven in 2011 and only one in 25 in 1911. Nevertheless, when the three age groups of *30-39 years old*, *40-49 years old* and *50-59 years old* were combined into one group (*above 30 years old but below 60 years old)*, this group characterised the majority of total respondents (49%). The *below 30 years old* group represented 22% of respondents. This result suggests that in relation to the age groups, there was a fairly equal composition between the younger and older

groups. It can be further noted that the majority of respondents who chose to travel with a FSC on their most recent trip were aged *above 60* (17%), as opposed to those who chose to travel with a LCC on their most recent trip, with the majority of respondents from the age group *20-29* (12%) and *above 60* (12%)

In terms of the occupations of the participants, 34% were listed as *retired, students* and *homemakers.* This was followed by *clerical/administration* (17%), *professionals* (16%), *director/manager* (10%), *service and sales personnel* (10%), *technical professionals* (7%) and lastly *manual/trade workers* (6%). A report by the Parliament of Australia (2016) showed that 3.6% of the employment force is employed in the clerical/administration sector, 8.6% as professionals and technical, 10.9% employed in service and sales and around 10% as manual workers. Hence, the sample of this study can be considered representative of the population workforce. The majority of respondents who travelled with a FSC and a LCC on their most recent trip were those listed as *Other* (comprising of *retired, students* and *homemakers)* - 19% and 16% respectively.

In terms of the marital status of participants, it was noted that the majority were *married* (27%), followed by *single* (21%), *married with children* (19%), *De facto* (14%), *divorced/separated* (11%), *widowed* (5%) and finally *single with children* (3%). The 2016 census for Australia counted more than six million families in Australia on census night and about 45% of these families were couples with children; 38% were couples without children; and 16% were single parent families. The marital status of the majority of respondents who chose to travel with a FSC on their most recent trip were *married* (14%) and *single* (11%), whereas those respondents who chose to use a LCC on their most recent trip were *married* (13%) and *married with children* (10%).

Another important aspect of travel characteristics is the *income* group. Nearly one third of the surveyed participants fell in the *$30,001 - $60,000* bracket (32%), followed by the *$30,000 or less* bracket (24%), *$60,001 - $90,000* (19%), *$90,001 - $120,000* (13%), *$150,001 and more* (7%) and *$120,001 - $150,000* (5%). Based on the 2016 census for Australia, the median personal income was $662 per week, meaning that the majority of people earn in the bracket *$30,001 - $60,000.* Thus, the data collected can be considered representative of the population. It was further noted that the majority of

respondents who chose to travel with a FSC and a LCC on their most recent trip, earned in the bracket *$30,001 - $60,000* bracket, at 16% for both.

In terms of the place of birth of the respondents, the majority were born in Australia (77%). This data aligns with the ABS (2016) report, in which it was stated that the top five countries of birth as a proportion of the total population were, firstly and largely, Australia, followed by England, New Zealand, China and India. Hence, the data can be considered s representative of the population. This majority extended to both groups of travellers, with 38% of those using a FSC and 39% of those using a LCC on their most recent trip being born in Australia.

The results indicated that the majority of respondents who chose to travel with a FSC on their most recent trip were aged *above 60* (17%), as opposed to those who chose to travel with a LCC on their most recent trip, the majority of whom were from the age group *20-29* (12%) and *above 60* (12%). In terms of the occupations of the participants, the majority who travelled with a FSC and a LCC on their most recent trip were those listed as *other* (comprising of *retired, students* and *homemaker)* (19%) and (16%) respectively. In regards to the marital status, the majority of respondents who chose to travel with a FSC on their most recent trip were *married* (14%) and *single* (11%), whereas those respondents who chose to use a LCC on their most recent trip were *married* (13%) and *married with children* (10%). Another important aspect of travel characteristics is the *income* group and it was found that the majority of respondents who chose to travel with a FSC and a LCC on their most recent trip, both earned in the bracket *$30,001 - $60,000* bracket (at 16% for both groups). Of those using a FSC on their most recent trip, 38% were born in Australia, and 39% of those using a LCC on their most recent trip were born in Australia.

7.1.2 Travel patterns and trends

The following table shows the sample size for each airline used in this study. This was determined using a quota convenience sampling technique, as discussed in Chapter Five. This was based on number of the domestic passengers transported by each airline in Australia.

Table 3: Sample size

	Full Service Carrier (FSC)		Low Cost Carrier (LCC)	
	159		157	
	Qantas	Virgin	Jetstar	Tiger
Most recent flight	54%	46%	77%	23%

Source: Data Analysis 2017

Respondents were asked about their preferred carrier. As illustrated in the table 4 below, Qantas was the preferred airline, with 48% (152 customers), followed by Virgin with 33% (103 customers), then 15% for Jetstar (48 customers), and lastly 4% (13 customers) for Tiger.

Table 4: Preferred Airlines

		Number (n=316)	Preferred airline (%)
FSC	Qantas	152	48
	Virgin	103	33
LCC	Jetstar	48	15
	Tiger	13	4

Source: Data Analysis 2017

The results show that a FSC is the preferred choice for the majority of respondents (81%). This is a clear attitudinal demonstration of the DJ principle, which largely favours the big brands. The main reason that most participants provided for choosing Qantas over others related to its service (82 word count). Out of the total 555 word count, this represents 15%. This is followed by better/best (64 word count – 12%), prices (32 word count – 5%) and reliable (23 word counts – 4%). This finding is illustrated in the form of the tag clouds below.

Figure 16: The most frequently occurring words used to explain the choice of Qantas as their preferred carrier

So, the majority of respondents (81%) preferred to travel with a FSC (Qantas and Virgin), whereas only 19% preferred to travel with a LCC (Jetstar and Tiger). The preference for Qantas seems to be reflected in the number of frequent flyer holders, with 59% of respondents stating that they had a frequent flyer membership (see Table 6 below). This is illustrated in the tag cloud below. The majority of those frequent flyer programs were held with Qantas (mentioned 119 times), followed by Virgin/Velocity (mentioned 91 times). It was also noted that 16% of respondents held memberships with both Qantas and Virgin at the same time.
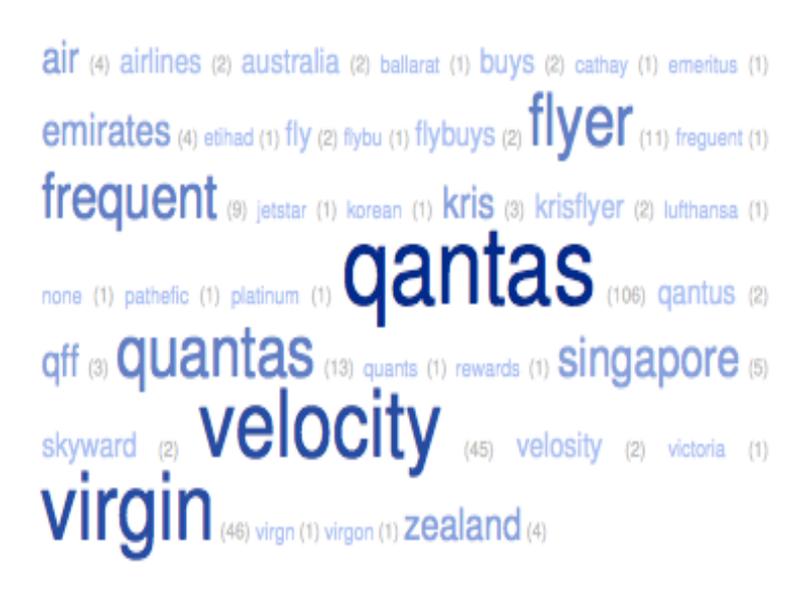
Figure 17: The most frequently occurring words that appear for frequent flyer membership

Table 5: Frequent flyer memberships across FSC and LCC customers

	Total Frequency	%	FSC Frequency	%	LCC Frequency	%
Frequent flyer						
Yes	186	59	108	34	78	25
No	130	41	51	16	79	25

Source: Data Analysis 2017

As per above table 5, the majority of those respondents holding a frequent flyer membership travelled with a FSC on their most recent trip (34%), as opposed to 25% using the services of a LCC.

This can be further explained by looking at the data from the table 6 below, which shows the airline choice on the most recent trip versus preferred airline.

Table 6: Airline choices versus preferred airline

Airline choice on most recent trip	Preferred airline			
	Qantas **(%)**	Virgin **(%)**	Jetstar **(%)**	Tiger **(%)**
Qantas **(n=86)**	85	12	3	0
Virgin **(n=73)**	19	75	6	0
Jetstar **(n=118)**	42	24	33	1
Tiger **(n=36)**	42	25	2	31

Source: Data Analysis 2017

The results shown in the table 6 above indicate that out of the 86 Qantas customers who had undertaken their most recent trip with the airline, 85% still preferred that airline (i.e. Qantas). The same applies to Virgin, with 75% of the 73 recent travellers with Virgin also choosing Virgin as their preferred carrier. However, the same results trend cannot be extended to the LCCs – Jetstar and Tiger. Even though customers travelled with both LCCs recently, they elected that they still preferred to travel with FSCs.

In the case of Jetstar, despite 118 participants having travelled with this carrier, 42% elected Qantas as their preferred carrier and only 33% elected Jetstar.

Of the 36 passengers who had travelled with Tiger on their most recent trip, 42% preferred Qantas and only 31% elected Tiger as their preferred airline. There is a significant difference in terms of passengers' choice versus passengers' preferred

carriers in terms of the two different airline types - FSCs and LCCs. The majority of FSC customers seemed to prefer the same FSC that they had most recently travelled with, whereas the same results did not apply for LCCs customers, who seemed to prefer FSCs over LCCs, despite having travelled on a LCC on their most recent trip. It can be suggested that as brand usage drives brand preference, this effect can only be extended to the FSCs but not to the LCCs.

In general, Qantas and Virgin, as FSCs, remain the preferred airlines of Australian domestic passengers and, as mentioned previously, this can be explained by them being bigger brands in the market. Alternatively, the preference might be explained due to the effect of prototypicality. Hoyer, MacInnis and Pieters (2001) explained that prototypicality occurs when consumers engage in an internal search, and they more easily recall brands that are closest to the prototype of, or that most resemble, other category members. This makes brands more likely to be included for consideration than brands that are not typical of the category. In this respect, it could be argued that FSCs are prototypical of what consumers might perceive of an airline, meaning that a FSC is what an airline should be like, according to consumers.

In order to confirm and understand this better, it is important to look at how airlines share their customers. Participants' last four trips were examined to help in this understanding. The respondents were asked to list down with whom they travelled on their last four trips, with the options of either a FSC (Qantas and Virgin) or a LCC (Jetstar and Tiger). The results are shown in the table 7 below.

Table 7: Airlines sharing customers

		Qantas	Virgin	Jetstar	Tiger	Total
FSC	Qantas (n=73)		23%	28%	2%	53%
	Virgin (n=52)	17%		21%	11%	49%
LCC	Jetstar (n=88)	25%	24%		6%	55%
	Tiger (n=25)	16%	32%	44%		92%

Source: Data Analysis 2017

In order to understand this concept of sharing customers and the DJ effect, the above table shows the percentage of customers being shared across the different domestic airlines. Only participants who had travelled more than once were retained for this analysis.

In terms of the FSCs, it can be seen that 73 out of the original 86 Qantas passengers surveyed travelled more than once. Of those, 23 % had also travelled with Virgin on other trips, 28% with Jetstar, and 2% with Tiger. Of the original 73 Virgin passengers surveyed, 52 had travelled more than once, with 17% also travelling with Qantas, 21% with Jetstar, and 11% with Tiger on other trips.

For the LCCs, 88 Jetstar passengers surveyed had travelled more than once, with 25% also travelling with Qantas, 24% with Virgin, and 6% with Tiger on other trips. Of the original 36 Tiger passengers surveyed, 25 had travelled more than once, with 16% also travelling with Qantas, 32% with Virgin, and 44% with Jetstar on other trips.

As a clear exception to a normal duplication pattern (as explained in Chapter 3, Section 3.2.3), it can be noted that Qantas (FSC) and Jetstar (LCC) shared the highest number of passengers between one another (28% and 25% respectively). A normal duplication pattern shows that the bigger the brand, the lesser they share customers with others, whereas the smaller the brand, the more customers are shared with other airlines (Ehrenberg, 1988). This can be observed for Tiger in this instance. This exception to the normal duplication pattern may be due to the fact that Jetstar is a subsidiary of Qantas and, as part of their strategy, they are meant to share more customers. As an example, Qantas pulled out of the route to Honolulu to allow Jetstar to fly there instead. This decision entails no loss for Qantas as, at a group level, Qantas passengers start using Jetstar instead.

This finding further confirms Ehrenberg's (1969) theory where he mentions that customers of brand X are really other brand's customers as well who occasionally buy from brand X. The results also confirm that there is no sole loyalty in the airline industry. LCCs (Jetstar and Tiger) are not only competing between one another, they are also in competition with FSCs (Qantas and Virgin).

The above results help explain the DJ effect, discussed in Chapters Three and Six. Small brands suffer in two ways, with a low number of consumers and a low purchase frequency rate, which can clearly be noted here for Tiger. It can be also observed that Tiger, being a smaller brand, shares 92% of its customers with the other three domestic airlines, as opposed to the bigger brand of Qantas, which only shares 53% of its customers.

As indicated earlier, participants exhibited polygamous loyalty to the airlines, meaning no sole loyalty to one airline alone. These results are in stark contrast to the findings from management interviews in Chapter 6, in which respondents discussed sole loyalty to the airline. It is important for airline management to acknowledge and understand that no sole loyalty exists in the airline industry. Based on the results for Qantas, it can be argued that in order to be competitive in the market, airlines can aim at becoming the bigger brand in the market, which will mean lesser sharing of customers, and hence, more profitability.

As this study has a strong focus on understanding customers' perceptions of the brand image of two different airline types, as well as customers' experience quality, it is important to understand each airline's brand image and the experiences associated with each airline, from a customer's perspective. Consequently, participants were questioned on their perceptions of the brand image of each airline type, and also their most memorable experiences of those types. The findings are illustrated in the form of tag clouds, to provide a preliminary insight into customer perceptions of brand image for both FSCs and LCCs and also their experiences with each airline type.

7.1.2.1 Three perceptions/images of a FSC

It can be seen that the top three most frequent words used to describe the perceptions held by customers for a FSC are service (98 word count), food (41 word count) and reliable (37 word count). Out of the 887 word count, this represents 11% for service, 5% for food and 4% for reliable. In summary, customers associate FSCs with service, food and reliability.

7.1.2.2 Three perceptions/images of a LCC

Figure 19: The most frequently occurring words that appear for the three perceptions of brand image of a LCC

In terms of the perceptions and images held by LCC passengers, this airline category was associated with cheap (81 word count), service (60 word count), and extras (42 word count). Out of the 806 words count, this represents 10% for cheap, 7% for service and 5% for extras. Here, it can be understood that customers associate LCCs with cheap or low fares, recognised them for their service (good or bad), and acknowledged the extras that they need to pay for on top of the base fare.

Comparing perceptions/images between FSC and LCC passengers

The top three perceptions of brand image of each airline type are presented in the table 8 below.

Table 8: Top three perceptions of brand image for FSCs and LCCs

Perceptions of brand image	
FSC	**LCC**
1. Service	1. Cheap
2. Food	2. Service
3. Reliable	3. Extra

Source: Data Analysis 2017

The above results on the perceptions of brand image for each airline type can be explained by the fact that these perceptions/images could be the prototypical brand attributes that consumers associate with either a FSC or a LCC. However, in either case, it seems that perceptions are quite negative for LCCs and positive for FSCs. As such, LCC managers should work towards turning this around by better understanding customers of both airline types and their needs.

7.1.2.3 Three memorable experiences with a FSC

Figure 20: The most frequently occurring words that appear for the three most memorable experiences when using a FSC

The most memorable experiences that customers identified with a FSC related to its staff (71 word count), service (54 word count) and food (57 word count). Out of the 849 word count, staff represents 8%, service represents 6%, and food represents 7%. These are the top three experiences that passengers are seeking when they travel with a FSC or may be a result of the prototypical attributes those consumers associate with a FSC. It is worthwhile noting that service and food were also amongst the most mentioned brand

perceptions that customers hold of a FSC, as shown in Figure 17. Hence, it is important that managers investigate ways to keep their focus on their staff, service and food.

7.1.2.4 Three most memorable experiences with a LCC

Figure 21: The most frequently occurring words that appear for the three most memorable experiences when using a LCC

The most memorable experiences that customers identified with a LCC related to staff (37 word count) and cheap (36 word count), with each accounting for 5%. It is noted here that the majority of respondents said 'none' as their most memorable experience with a LCC. This may mean that the respondents did not have any memorable experience when travelling with a LCC. Staffing issues were also noted with the fact that the airfares were cheap. In order to remain competitive in the domestic airline market, a narrow focus on cost alone may not be such a good strategy for the long-term. Other factors should also be considered.

Comparing memorable experiences between FSC and LCC passengers

The top three memorable experiences of each airline type are presented in the table 9 below.

Table 9: Top three memorable experiences of FSC and LCC customers

Most memorable experiences	
FSC	**LCC**
1. Staff	1. None
2. Service	2. Staff

3. Food	3. Cheap

Source: Data Analysis 2017

In summary, it was found that there are significant differences in the perceptions of image and experience when using each airline type. The three most mentioned image perceptions of FSCs were service, food and reliable and this aligned with passenger experiences when travelling with a FSC, which related to staff, service and food. On the other hand, for LCCs, the perceptions and images held were cheap, service, and extras and the most memorable customer experiences were none, staff and cheap. Even though this could be explained by the effect of prototypicality, it may still be worthwhile airline marketers taking this into consideration in future strategy formulation.

The results confirmed that the majority of domestic passengers preferred to travel with a FSC, mostly with Qantas and generally due to its service. It was also found that the bigger the brand (Qantas), the lesser they shared their customers with other brands and the smaller the brand (Tiger), the more they shared their customers. However, it was interesting to note that Qantas and Jetstar seemed to share more customers with each other, which was a clear exception to the normal duplication pattern. It was also found that there were significant differences in the perceptions of image and experience when using each airline type.

7.1.2.5 Difference in demographics between airline choice and preference

An understanding of the difference in airline preference and airline choice between the different demographic groups is important as a first step to better understand consumer behaviour in the Australian domestic airline sector. A series of chi-square tests were performed to identify the difference in domestic passengers' behaviour between airline groups in regard to demographics. The following table 10 and sections present and discuss the test results respectively.

Table 10: Airline preference and demographics

Demographic profiles	Frequency	%	Airline Choice on most recent trip			Preferred Airline		
			FSC	LCC	Sig.	FSC	LCC	Sig.
			%	%		%	%	
Gender (N=316)								
Male	128	41	24	16	0.004*	32	8	0.442
Female	188	59	26	34		48	11	
Age (N=316)								
18 – 19	5	2	1	1	0.256	1	0	0.278
20 – 29	64	20	8	12		15	5	
30 – 39	48	15	7	8		11	4	
40-49	52	16	9	8		13	3	
50 – 59	54	17	9	9		14	3	
60 and over	93	29	17	12		26	3	
Occupation (N=316)								
Director or manager	32	10	8	2	0.001*	9	2	0.071
Professional	51	16	9	8		14	3	
Technical professions	22	7	3	4		5	2	
Clericla/ administration	53	17	6	10		15	2	
Service and sales personnel	32	10	3	7		6	4	
Manual or trade workers	18	6	3	3		4	2	
Other	108	34	19	16		28	6	
Marital Status (N=316)								
Single	65	21	11	9	0.029*	17	4	0.025
Single with children	8	3	1	1		1	1	
Married	86	27	14	13		21	6	
Married with children	60	19	9	10		17	2	
Defacto	45	14	7	7		11	3	
Divorced/ separated	35	11	6	5		9	2	
Widowed	17	5	2	3		4	1	
Income (N=316)								
30,000AUD or less	77	24	11	13	0.147	18	6	

30,001 - 60,000AUD	101	32	16	16		27	5	
60,001 - 90,000AUD	60	19	9	10		15	4	0.351
90,001 - 120,000AUD	40	13	6	6		10	3	
120,001 - 150,000AUD	17	5	3	2		5	0	
150,001 and more	21	7	4	2		6	1	

Source: Data Analysis 2017

When asked about the airline type that they would prefer to travel with, both male and female respondents answered FSC (32% and 48% respectively). Further breaking down this preference, the majority (26%) came from the age group *60 and above* and listed as *retired, students* and *homemakers* (28%), *clerical/administration* (15%) and *Professiona*l (14%). In addition, respondents preferring to travel with an FSC were mostly *married* (21%), *single* (17%) and *married with children* (17%). The majority also earned between *$30,001 - $60,000* (27%). Of the 8% males and 11% females who preferred to travel with a LCC, 5% were aged between *20-29* (27%), listed as *Others - retired, students* and *homemaker* (6%), *married* (6%) and earning *$30,000 or less* (6%).

The results further indicate that there is a significant difference in the marital status between FSCs and LCCs [*p* = 0.03] in regard to preference for different airline types. These findings will assist airline marketers to target those groups of passengers who prefer to travel with their airline. However, in terms of age, gender, occupation and income, there was no significant difference between FSC and LCC [respectively *p* = 0.44, *p* = 0.28, *p* = 0.07, *p* = 0.35]. Hence, airline marketers may not need to put much effort into changing customer preferences based on age, gender, occupation and income.

The results only partially support hypothesis H1a: *There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on preferred airline.*

In relation to passenger demographics and the choice of airline for their most recent trip, the results indicate that 24% of males chose to travel with a FSC as opposed to 26% of females. On the other hand, 34% of females opted to travel with a LCC as opposed to 16% of males. The majority of the respondents who had travelled with a FSC on their most recent trip were aged *60 and over* (17%), whereas those who have chosen to travel with a LCC on their most recent trip were aged *20-29* (12%) and *60 and over* (12%). In terms of occupation, those who had recently chosen to travel with a FSC were listed as *Other* (19%) and (16%) for FSC and LCC respectively. In terms of marital status, *married* (14% and 13%) made up the majority of those who choose to travel with a FSC and LCC respectively. The lower end income groups ($30,001- $60,000) formed the majority of participants who had travelled with either a FSC or a LCC, on their most recent trip, at 16% respectively.

The results show that there were significant differences in the respondent's gender, occupation and marital status respectively in terms of airline preference [$p = 0.004$, $p = 0.001$ and $p = 0.029$] at $p < 0.05$. This finding will assist airline marketers to target those groups of passengers who choose to travel with their airline. However, as for age and income status, there was no significant difference between the two groups of passengers.

The results only partially support hypothesis H1b: *There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on airline choice.*

7.1.3 Summary of descriptive analysis

A summary of the descriptive analysis reveals that FSCs were the preferred airline type due to their service. It was also found that most customers travelling with a FSC still preferred to travel with a FSC but those travelling with a LCC largely favoured a FSC as their preferred airline type. In terms of sharing customers, as a clear exception to a normal duplication pattern, it was noted that Qantas (FSC) and Jetstar (LCC) share the highest number of passengers between one another. The results further confirmed that airline passengers exhibit polygamous loyalty.

It was also found that there are significant differences in the perceptions of image and experience when using each airline type. The three most mentioned image perceptions of FSC were service, food and reliable and this aligned with the experiences that passengers go through when travelling with a FSC. On the other hand, for a LCC, the perceptions and images that were held by LCC passengers were cheap, service, and extras and the most memorable customer experiences with a LCC were none, staff and cheap.

It was found that airline passengers across the two different airline types (FSC and LCC) differed at statistically significant levels in a number of their demographic characteristics, including gender, occupation and marital status. However, age and income were not statistically different across FSC and LCC customers. The results highlighted a number of factors that should be considered when airline marketers offer products and services. In terms of airline choice, in relation to passengers' gender, FSCs seem to be more popular with males, whereas LCCs seem to be more popular with female customers. Airline marketers may choose to target different occupations across passenger groups. For example, FSC airline marketers may choose to focus their attention more on directors and managers, whereas LCC airline marketers may choose to target more sales/service and clerical/ administrative personnel. It also appeared that single, married and divorced/separated travellers are the best target groups for FSCs, and married with children and widowed the best target groups for LCCs.

7.2 T-test results - Comparison between FSCs and LCCs

The previous section has provided detailed information on the profile of the study sample relating to demographic characteristics, travel choices and preferences, perceptions about images, and experiences when using two different airline types: FSCs and LCCs. As one of the objectives of this study was to test the difference in the mean scores of each construct between FSC and LCC customers, it became important to carry out independent samples t-tests. The results of the t-tests would provide answers to hypotheses H2a, H3a and H4a. The current section is devoted to identifying the differences between the two groups of passengers (FSCs and LCCs) in relation to experience quality, brand image, perceived value and behavioural intentions.

7.2.1 Differences in experience quality between FSC and LCC passengers

A series of t-tests was performed to identify the difference in experience quality across FSC and LCC passenger groups. A summary of the results is presented in the table 11 below.

Table 11: Differences of experience quality between FSC and LCC

Experience quality measures	FSC	LCC	Mean difference	t-value	Sig.(p)
	Mean	Mean			
This trip has provided me with a positive experience	3.99	3.64	0.350	3.527	0.000*
The interpersonal skills of this airline's staff has contributed to my positive experience.	3.84	3.57	0.270	2.798	0.005*
I felt like I had a 'once in a lifetime' experience.	2.83	2.49	0.340	2.947	0.003*
I felt like my experience was truly memorable.	3.13	2.81	0.317	2.732	0.007*
I enjoy the nice ambience in travelling with this airline.	3.79	3.19	0.601	6.058	0.000*
I felt like my experience was exciting.	3.25	2.99	0.258	2.350	0.019*
I felt like my experience was fun.	3.40	3.10	0.307	2.860	0.005*
I felt like I'd like to share my experience with others later on	3.18	2.99	0.182	1.592	0.113
I enjoy peace of mind by travelling with this airline.	3.96	3.29	0.669	6.969	0.000*
I felt very relaxed whilst travelling with this airline.	3.99	3.40	0.586	6.228	0.000*
I felt physically comfortable during the flight.	3.77	3.30	0.474	4.278	0.000*
I felt I was being taken seriously at all times	3.65	3.47	0.176	1.774	0.077
I felt important at all times	3.31	3.04	0.270	2.507	0.013*
I felt that I had an element of choice during the whole	3.46	3.10	0.357	3.282	0.001*
I felt that I was being kept informed at all times	3.77	3.42	0.347	3.552	0.000*
I felt a sense of flexibility	3.36	3.00	0.365	3.335	0.001*
I felt that my entire experience was enjoyable	3.84	3.32	0.512	5.178	0.000*

Source: Data Analysis 2017

It can be seen that out of the 17 items measuring experience quality, 15 showed significant differences between FSC and LCC users, whilst the other two highlighted items ('*I felt like I'd like to share my experience with others later on*' and '*I felt I was*

being taken seriously at all times') did not show any significant differences between the two groups of passengers.

By looking at the mean score, as anticipated both groups ranked *'This trip has provided me with a positive experience'* as the most important measure. When the ranking order of importance is listed separately, the most important three measures of experience quality are ranked as shown in the table 12 below.

Table 12: Top mean score ranking for experience quality

FSC	LCC
1. This trip has provided me with a positive experience	1. This trip has provided me with a positive experience
2. I felt very relaxed whilst travelling with this airline.	2. The interpersonal skills of this airline's staff has contributed to my positive experience.
3. I enjoy peace of mind by travelling with this airline.	3. I felt that I was being kept informed at all times.

Source: Data Analysis 2017

'I felt very relaxed whilst travelling with this airline' and *'I enjoy peace of mind by travelling with this airline'* came second and third respectively for FSC customers, whereas *'The interpersonal skills of this airline's staff has contributed to my positive experience'* and *'I felt that I was being kept informed at all times'* came second and third respectively for LCC customers.

This finding is in line with studies carried out in other industries, such as Lee and Lee (2015), Jou and Kuo (2014), and Chen and Chiou (2010), in which the authors all found that the impacts of experience quality significantly differed between two different groups of consumers. In summary, the results presented and discussed in this section indicate that the experience quality of domestic passengers across FSCs and LCCs differed across the majority of the various experience quality variables. Thus, the findings partially support hypothesis H2a: *There are statistically significant differences of experience quality between FSC and LCC passengers.*

7.2.2 Differences in brand image between FSC and LCC passengers

When it comes to the brand image of FSCs and LCCs, as perceived by their respective users, it can be seen that in most cases there was no significant difference between the

two groups, with the exception of the items *'brand leader'* and *'modern aircraft'*. A summary of the results is presented in the table 13 below.

Table 13: Differences of brand image between FSC and LCC

Brand image measures	FSC Mean	LCC Mean	Mean difference	t-value	Sig.(p)
Brand leader	3.66	3.28	0.380	3.718	0.000
Local brand - 'made/ owned in Australia	3.59	3.59	0.005	0.047	0.962
Colourful logo that attracts attention and stands out from other domestic airlines	2.58	2.52	0.069	0.556	0.579
Good reputation	4.36	4.24	0.116	1.418	0.157
Up to date technologies	4.24	4.09	0.150	1.833	0.068
Modern aircraft	4.36	4.17	0.187	2.391	0.017
Friendly staff	4.26	4.24	0.022	0.261	0.794
Positive attitude of staff	4.27	4.24	0.028	0.347	0.729
Peer (family and friend) recommendation	3.30	3.43	-0.125	-1.193	0.234
Stable and firmly established airline	3.30	4.02	-0.717	1.725	0.086
Innovative	3.83	3.64	0.187	1.922	0.055
Social contribution to society	3.40	3.46	-0.062	-0.561	0.575
Association with another brand leader e.g mother/ sister company	3.08	3.21	-0.135	-1.188	0.236
Relaxing atmosphere	4.05	3.94	0.108	1.270	0.205
Fuss free	4.11	4.06	0.043	0.534	0.594
Good safety records	4.58	4.44	0.139	1.830	0.068
Trustworthiness	4.37	4.31	0.059	0.742	0.459
High quality services	4.28	4.17	0.105	1.265	0.207
Good value for money	4.38	4.50	-0.119	-1.598	0.111

Source: Data Analysis 2017

This result confirms Romaniuk, Bogomolova and Riley's (2012), in which the authors found that the brand image associations of two consumer groups did not differ substantively in their underlying structure.

When the ranking order of importance is listed separately, the two most important measures of brand image for each airline type were ranked as shown in the following table (Table 14).

Table 14: Top mean score ranking for brand image

FSC	LCC
1. Modern aircraft	1. Modern aircraft
2. Brand leader	2. Brand leader

Source: Data Analysis 2017

It is noted that the same items appear for both airline types in terms of what the customers considered to be important. Both FSC and LCC customers considered *'modern aircraft'* and *'brand leader'* as most important. These results imply that airline marketers would benefit from developing a brand image that promotes the use of a modern fleet, as well as ensuring that they are branded as a leader. This finding further implies that FSC and LCC passengers consider similar measures in terms of brand image for the two airline types.

This result aligns with those of Romaniuk, Sharp and Ehrenberg (2007), who stated that if brand-level differentiation exists, whereby a brand appeals to a defined customer base that particularly values the differentiated feature, then it is expected that many brands will differ in terms of the types of customers they attract. Yet brand user profiles rarely differ significantly in demographics or in other customer identifying variables (Kennedy & Ehrenberg, 2001; Kennedy, Ehrenberg & Long, 2000). Hence, brands of vastly different price and quality levels do have different user profiles. In addition, Mikulić and Prebežac (2011) found that there is a significant difference in the perception of brand image between FSC and LCC customers. Lu (2017) also found that there was a significant difference, with brand image perceived as more important to FSC passengers than to LCC passengers.

The main implication of this finding for marketing practice is that marketers do not need to convince buyers that the brand is different in order to get them to buy. Therefore, marketers and researchers may not need to revolutionise branding strategies. Instead, marketers need to focus on what makes customers buy. This can be achieved by being distinctive, either by focusing on becoming a brand leader or through the use of a modern fleet of aircraft. With a better understanding of the different groups of passengers and their consumer behaviours, airlines can be better equipped to develop distinctive strategies that will make them stand out from others, as well as target the right audience and encourage them to make purchases.

In summary, the t-test results indicated that the perception of brand image across FSCs and LCCs does not differ in regard to brand image items. The findings therefore partly support hypothesis H3a: *There are statistically significant differences of brand image between FSC and LCC passengers.*

7.2.3 Differences in perceived value between FSC and LCC passengers

The t-test results showed that there was a significant difference between the two groups, FSC and LCC, in relation to the perceived value in most cases. A summary of the results is presented in the table 15 below.

Table 15: Differences in perceived value between FSC and LCC

Perceived value measures	FSC Mean	LCC Mean	Mean difference	t-value	Sig.(p)
Booking process was smooth	4.15	3.98	0.170	2.177	0.030*
Check in was assured	4.09	3.90	0.190	2.198	0.029*
Boarding was efficient	4.08	3.83	0.247	2.678	0.008*
In-flight services satisfied my needs	4.03	3.67	0.363	3.945	0.000*
Baggage services was reliable.	4.15	3.87	0.278	3.384	0.001*
Staff knew their job well.	4.14	3.96	0.189	2.368	0.018*
Staff showed empathy.	3.74	3.61	0.124	1.314	0.190
Staff are kind.	3.91	3.81	0.097	1.072	0.284
Staff are ready to help.	4.03	3.86	0.172	1.962	0.051
Staff look smart and professional.	4.18	3.96	0.221	2.785	0.006*
Airline has a good image.	4.19	3.71	0.482	5.271	0.000*
It has a better image than its competitors.	3.89	3.20	0.696	6.928	0.000*
It is used by many people that I know.	3.84	3.71	0.129	1.329	0.185
The people that I know thinks that it is a good thing for me to fly with this airline.	3.64	3.41	0.221	2.303	0.022*
The seats were comfortable	3.79	3.31	0.474	4.279	0.000*
The space between the seats was good.	3.51	3.10	0.414	3.392	0.001*
The airline has punctual flights.	4.02	3.46	0.554	5.631	0.000*
Their flight timetables are good for me.	4.02	3.68	0.337	3.675	0.000*
They attend to complaints efficiently.	3.56	3.41	0.146	1.594	0.112
I felt happy using this airline.	4.13	3.65	0.476	5.234	0.000*

The staff gave me good vibes.	3.89	3.63	0.256	2.730	0.007*
The fare are reasonable.	3.79	3.97	-0.182	-1.917	0.056
The service of this airline is good for the price paid	3.89	3.91	-0.018	-0.191	0.849
I wasted a lot of time unnecessarily dealing with this airline.	2.21	2.52	-0.308	-2.286	0.023*
I am satisfied with the overall service quality.	4.11	3.69	0.425	4.813	0.000*

Source: Data Analysis 2017

The results showed that out of the 25 items of perceived value, 18 indicated significant differences between FSC and LCC passengers. The remaining 7 items ('*staff show empathy', 'staff are kind', 'staff are ready to help', 'it is used by many people I know', 'fares are reasonable', 'they attend to complaints efficiently'* and '*the service of this airline is good for the price paid'*) showed no significant difference between the two groups of passengers. Thus, the findings partially support hypothesis H4a: *There are statistically significant differences of perceived values between two groups, FSC and LCC passengers.*

Hence, it can be deduced that staffing issues ('*staff empathy', 'staff kindness', 'staff readiness to help and attend to complaints effectively'*) in both FSC and LCC are perceived in a similar manner by domestic passengers. Also, pricing issues ('*fares are reasonable', 'service is good to the price paid, 'it is used by many people I know'*) are not considered any different between the two airline groups by their passengers.

When the ranking order of importance is listed separately, the most important three measures of perceived value are ranked as shown in the table 16 below.

Table 16: Top mean score results for perceived value

FSC	LCC
1. Airline has a good image	1. Booking process was smooth
2. Staff look smart and professional	2. Staff look smart and professional
3. Booking process was smooth	3. Staff knew their job well

Source: Data Analysis 2017

The above table indicates that FSC customers consider '*good image', 'staff look smart and professional'* and '*smooth booking process'* as being most important, whereas for

LCC customers, *'smooth booking flow'*, *'staff look smart and professional'* and *'staff knew their job well'* are the top three factors considered most important. It can be noted that 'staff' issues are the only commonality in the above table. Hence, both airline types need to place special emphasis on their staff to make sure that they look smart/professional, as well as know how to do their job well.

Findings from this study align with previous studies, such as that of Forgas et al. (2010), which found that there were key differentiators on the perception of value between two consumer groups. They found that value for money was a key element for competing in the low-cost segment, whereas the professionalism of the personnel stands out in the strategy of the traditional airlines. Another study by Han et al. (2014) also found that there were differing results for the different groups in terms of items of value perception. Lu (2017) also found that there were many significant differences in terms of trip characteristics, perceptions of the need for ancillary services, and valuations of factors determining airline choices between two groups of Taiwanese passengers. Similar results were found in Mikulić and Prebežac's (2011) study, which showed that ticket prices were the most influential indicator among LCC passengers; for FSC passengers it was discounting/rewarding within loyalty programs that was most germane.

The findings therefore partly support hypothesis H4a: *There are statistically significant differences of perceived value between FSC and LCC passengers.*

The findings of the t-tests indicated that hypotheses H2a and H4a were partially supported by the data and H3a not supported. The next step was to test the relationships between experience quality, brand image and perceived value on behavioural intentions. Linear regressions were analysed and the results are presented in the next section.

7.3 Regression results - Testing the relationships

Regression is used to explore the relationship between one continuous dependent variable and a number of independent variables or predictors (Pallant, 2011). The objectives of this study were to test the relationship between experience quality, brand image and perceived value (independent variables) on behavioural intentions (the dependent variable). These relationships were tested for both groups of passengers

separately to verify whether there was any significant difference of impacts between the two groups, FSCs and LCCs. The linear regression tests were used to test the hypotheses H2b, H2c, H3b, H3c, H4b and H4c.

7.3.1 Experience quality and behavioural intentions

7.3.1.1 Result interpretation and discussion

Linear regressions were conducted to test the relationship between experience quality on behavioural intentions, particularly to find out which experience quality item had an effect on which behavioural intentions item, as well as the extent to which the item is the best predictor of behavioural intentions. Comparisons were made between the two groups: FSCs and LCCs.

The tables below show the results of the multiple regression analysis conducted to investigate the significant influences of the experience quality variables on the behavioural intentions variables of both airline groups. The *sig.* value indicates the statistical significance of the regression model that was run, which was $p < 0.0005$ for both groups of passengers. This is less than 0.05, which indicates that, overall, the regression models statistically and significantly predict the outcome variable (i.e. it is a good fit for the data). Hence, it can be said that experience quality statistically and significantly predicts behavioural intentions for both passenger groups.

In addition, the value of the r square for the influence of experience quality on behavioural intention items for the FSCs ranged from 0.484 and 0.580, and for the LCCs, from 0.475 and 0.581. On the other hand, the beta value indicates the strength and the direction of the relationship (discussed further below). Only those experience quality items with a *sig.* value of $p < 0.05$, which have a statistically significance impact on the behavioural intention items, are reported (Tables 17, 18 and 19).

Table 17: Effect of experience quality on behavioural intentions - I will say positive things about this airline to others

		β	t-value	p-value	R	R2	F-value	sig
FSC	*Constant*				.729[a]	0.531	9.400	.000[b]
	This trip has provided me with a positive experience	0.240	2.562	0.011*				
	I felt that I had an element of choice during the whole process	0.209	2.063	0.040*				

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.762[a]	0.581	11.102	.000[b]
LCC	I felt very relaxed whilst travelling with this airline.	0.370	4.044	0.000*				
	I felt that my entire experience was enjoyable	0.390	3.420	0.001*				

*p=.000

a. Predictors: (Constant) Experience quality
b. Dependent variable: Behavioural intentions - I will say positive things about this airline to others

Table 17 indicates that the value of the r square for influence of experience quality on behavioural intentions *'I will say positive things about this airline to others'* is 0.531 (p=.000) for FSCs, and 0.581 (p=0.000) for LCCs. This indicates that the effect of experience quality on this item is slightly higher for LCCs compared to FSCs.

It can be seen that for FSC customers, '*This trip has provided me with a positive experience*' (β = 0.240; p=0.01) and '*I felt that I had an element of choice during the whole process*' (β = 0.209; p=0.04) both have **significant and positive effects** on '*I will say positive things about this airline to others*'. However, in the case of LCC passengers, '*I felt very relaxed whilst travelling with this airline*' (β = 0.370; p=0.00) and '*felt that my entire experience was enjoyable*' (β = 0.390; p=0.00) show **significant and positive effects** on this item.

Table 18: Effect of experience quality on behavioural intentions - I will encourage friends and relatives to use this airline'

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.747a	0.558	10.465	.000[b]
FSC	I felt like I'd like to share my experience with others later on.	0.240	2.204	0.030*				
	Constant				.689a	0.475	7.249	.000[b]
LCC	I felt very relaxed whilst travelling with this airline.	0.210	2.031	0.040*				

*p=.000

a. Predictors: (Constant): Experience quality
b. Dependent variable: Behavioural intentions - I will encourage friends and relatives to use this airline

Table 18 indicates that the value of the r square for the influence of experience quality on behavioural intentions *'I will encourage friends and relatives to use this airline'* is 0.558 for FSCs (p=.000), and 0.475 (p=0.000) for LCCs. This indicates that the effect of experience quality on this item is higher for FSCs than for LCCs. For FSC customers, *'I*

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felt like I'd like to share my experience with others later on' has a **significant and positive effect** (β = 0.240; p=0.03), while for LCC passengers, *'I felt very relaxed whilst travelling with this airline'* (β = 0.210; p=0.04) has a **significant and positive effect** on *'I will encourage friends and relatives to use this airline'*.

Table 19: Effect of experience quality on behavioural intentions - I will consider using this airline myself again in the future

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.762a	0.58	11.471	.000[b]
FSC	I enjoy peace of mind by travelling with this airline.	0.380	3.791	0.000*				
	I felt that I had an element of choice during the whole process.	0.270	2.854	0.010*				
	Constant				.714a	0.51	8.342	.000[b]
LCC	I enjoy peace of mind by travelling with this airline.	0.230	2.242	0.030*				
	I felt very relaxed whilst travelling with this airline.	0.220	2.223	0.030*				
	I felt that my entire experience was enjoyable	0.450	3.674	0.000*				

*p=.000

a. *Predictors: (Constant): Experience quality*
b. *Dependent variable: Behavioural intentions - I will consider using this airline myself again in the future*

Table 19 indicates that the value of the r square for the influence of experience quality on behavioural intentions *'I will consider using this airline myself again in the future'* is 0.58 for FSCs (p=.000) and 0.51 (p=0.000) for LCCs. This indicates that the effect of experience quality on this item is higher for FSCs compared to LCCs. For FSC customers, *'I enjoy peace of mind by travelling with this airline'* (β = 0.38; p=0.000) and *'I felt that I had an element of choice during the whole process'* (β = 0.27; p=0.010) have **significant and positive effects** on *'I will consider using this airline myself again in the future'*. For LCC passengers, *'I enjoy peace of mind by travelling with this airline'* (β = 0.230; p=0.030), *'I felt very relaxed whilst travelling with this airline'* (β = 0.220; p=0.030), and *'I felt that my entire experience was enjoyable'* (β = 0.450; p=0.000) have **significant and positive effects** on this item.

It can be noted that *'peace of mind'* contributes to the effect of experience quality on behavioural intention for both airline groups, although it is more pronounced in the case of FSC passengers. For LCC passengers *'enjoyable experience'* contributes largely to their behavioral intention of repurchase.

Table 20: Effect of experience quality on behavioural intentions - This airline will be my first choice for my next travel

		B	t-value	p-value	R	R2	F-value	sig
FSC	Constant				.696a	0.484	7.782	.000[b]
	I enjoy peace of mind by travelling with this airline.	0.410	3.707	0.000				
	I felt that I had an element of choice during the whole process.	0.370	3.474	0.000				
LCC	Constant				.713a	0.508	8.256	.000[b]
	I felt like I'd like to share my experience with others later on.	0.200	2.172	0.030				
	I felt that my entire experience was enjoyable.	0.410	3.368	0.000				

*p=.000

a. Predictors: (Constant): Experience quality

b. Dependent variable: Behavioural intentions - This airline will be my first choice for my next travel

Table 20 indicates that the value of the r square for the influence of experience quality on behavioural intentions '*This airline will be my first choice for my next travel*' is 0.484 for FSCs (p=.000), and 0.508 (p=0.000) for LCCs. This indicates that the effect of experience quality on this item is lower for FSCs compared to LCCs. For FSC customers, *'I enjoy peace of mind by travelling with this airline'* (β = 0.410; p=0.000) and *'I felt that I had an element of choice during the whole process'* (β = 0.370; p=0.000) have **significant and positive effects** on *'This airline will be my first choice for my next travel'*, whereas for LCC passengers, *'I felt like I'd like to share my experience with others later'* (β = 0.200; p=0.030) and *'I felt that my entire experience was enjoyable'* (β = 0.410; p=0.000) have **significant and positive effects** on this item. The results may suggest that *'peace of mind'* and *'element of choice'* are important for FSC passengers, whereas *'sharing and enjoyable experience'* is important for LCC passengers.

7.3.1.2 Summary

The results (shown in Table 21 below) indicate that experience quality impacts on behavioural intention for both groups (FSCs and LCCs), and its impact statistically differs across these groups. Thus, the results support hypotheses H 2b and 2c:

H2b: *Experience quality has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.*

H2c: *The effect of experience quality differs across FSC and LCC passengers.*

Table 21: Summary of linear regression results - Experience quality on behavioural intentions for both FSC and LCC

Behavioural intentions items	Experience Quality Items	
	FSC	LCC
1. I will say positive things about this airline to others	This trip has provided me with a positive experience	I felt very relaxed whilst travelling with this airline.
	I felt that I had an element of choice during the whole process.	I felt that my entire experience was enjoyable
2. I will encourage friends and relatives to use this airline.	I felt like I'd like to share my experience with others later on	I felt very relaxed whilst travelling with this airline
3. I will consider using this airline myself again in the future	I enjoy peace of mind by travelling with this airline	I enjoy peace of mind by travelling with this airline
	I felt that I had an element of choice during the whole process	I felt very relaxed whilst travelling with this airline
		I felt that my entire experience was enjoyable
4. This airline will be my first choice for my next travel.	I enjoy peace of mind by travelling with this airline	I felt like I'd like to share my experience with others later on
	I felt that I had an element of choice during the whole process	I felt that my entire experience was enjoyable

Source: Data Analysis 2017

The results align with those of Kao, Huang and Wu (2008), who found that visitor experiential satisfaction significantly influenced loyalty intention. In terms of the airline industry, service quality is the closest variable for comparison and a study by Rajaguru (2016) also found that service quality had a positive effect on both FSC and LCC passengers' behavioural intentions (intent to purchase the service again and recommend the airline to others).

The findings of this study are congruent with, and add to, previous studies that have claimed that antecedents of behavioural intentions include satisfaction, service quality, perceived performance, perceived value, past experience, image, familiarity and source

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of information. This was proposed by Baker and Crompton (2000), Baloglu, Pekcan, Chen and Santos (2004), Heung, Wong and Qu (2002), Kozak (2001), Petrick and Backman (2002), and Bagozzi & Dholakia (2006). However, Chen and Chen's (2010) study indicated that heritage tourist experience quality did not have a direct effect on behavioural intention, and the experience of tourists needs to be satisfied first in order to elicit tourists' intention to return to the destination. These mixed results need to be addressed and suggest directions for further investigation.

In summary, it was found that experience quality statistically and significantly impacts behavioural intentions for both FSC and LCC passenger groups; therefore the former can be used to predict the latter. It was found that that elements of positive experience, choice, sharing experiences with others, and peace of mind, had significant and positive effects on FSC passengers' behavioural intentions. For LCC customers, factors that create enjoyable experiences, relaxation, peace of mind and sharing of experiences with others had significant and positive effects on LCC passengers' behavioural intentions. It can be seen that the experience quality items that had a positive effect on behavioural intentions differed between FSC and LCC users, with the exception of peace of mind and sharing of experiences with others. Hence, it is recommended that particular attention should be given to the items that have a positive impact on behavioural intention in order to provide the experience quality sought by domestic FSC and LCC passengers in Australia. The results imply that domestic airline marketers would benefit by focusing on these specific items, providing passengers with positive experiences that would lead them to either recommend others to use the airline and/or to repurchase from the same airline in the future.

7.3.2 Brand image and behavioural intentions

7.3.2.1 Results interpretation and discussion

Regressions were conducted to find out which brand image items had an effect on which behavioural intentions items, as well as the extent to which each variable was the best predictor of the outcome for each airline type customers.

In the case of FSCs, the tables below show a statistical significance of the regression model with $p < 0.0005$. This is less than 0.05, indicating that, overall, the regression model statistically significantly predicts the outcome variable (i.e. it is a good fit for the data). Therefore, brand image can be used to predict behavioural intentions for FSC

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passengers. The r value, which represents the simple correlation, ranged between 0.548 and 0.649, which indicates a moderate degree of correlation. The r square value indicates how much of the total variation in each of the dependent variables in behavioural intentions can be explained by the independent variables of brand image. It ranged between 30% and 42%, which is low.

It is also noticeable that in most LCC cases, the impact of brand image on the behavioural intention items shows a significance value of $p < 0.0005$. This is less than 0.05, indicating that, overall, the regression model statistically significantly predicts the outcome variable. The exception here is the impact of brand image on the behavioural intention *'I will encourage friends and relatives to use this airline'* ($p > 0.05$).

For the LCC passengers, the r value ranged between 0.414 and 0.477, indicating a moderate degree of correlation. The r square value indicates how much of the total variation in the dependent variable behavioural intentions, can be explained by the independent variable of brand image. In this case, it ranged between 17% and 23% which is very low. The beta value indicates the strength and the direction of the relationship and will be discussed further below. Only those brand image items with a *sig*. value of $p < 0.05$, which have a statistically significance impact on the behavioural intention item, are presented (see Tables 22, 23 and 24).

Table 22: Effect of brand image on behavioural intentions – I will say positive things about this airline to others

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.559[a]	0.313	3.33	.000[b]
FSC	Good reputation	0.28	2.147	0.03				
	Good safety records	0.29	-2.049	0.04				
	Trustworthiness	0.34	2.478	0.01				
LCC	*Constant*				.477[a]	0.227	2.073	.009[b]
	Modern aircraft	0.41	3.126	0.00				
	Relaxing atmosphere	0.33	2.435	0.02				

p=.000

a. Predictors: (Constant): Brand image
b. Dependent variable: Behavioural intentions – I will say positive things about this airline to others

Table 22 above indicates that the value of the r square for the influence of brand image on behavioural intentions '*I will say positive things about this airline to others*' is 0.313 for FSCs (p=.000), and 0.227 (p=0.000) for LCCs. This indicates that for FSCs, 31.3% of variance brand image can be used to predict the behavioural intention item, compared to 22.7% for LCCs. Therefore, the effect of brand image on this item is higher for FSCs than for LCCs. For FSC customers*, 'good reputation'* (β = 0.28; p=0.03)*, 'good safety records'*(β = 0.29; p=0.04) and '*trustworthiness'*(β = 0.34; p=0.01) have a **significant and positive effect** on '*I will say positive things about this airline to others'*. For LCCs, '*modern aircraft'* (β = 0.41; p=0.000) and '*relaxing atmosphere'* (β = 0.33; p=0.02) have a **significant and positive effect** on this item. The results suggest that '*trustworthiness'* contributes largely to the behavioural intention of FSC passengers, whereas '*modern aircraft'* is important for LCC passengers.

Table 23: Effect of brand image on behavioural intentions – I will encourage friends and relatives to use this airline

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.588[a]	0.346	3.865	.000[b]
FSC	Colourful logo that attracts attention and stands out from other domestic airlines	0.33	3.064	0.000				

p=.000

a. Predictors: (Constant): Brand image
b. Dependent variable: Behavioural intentions – I will encourage friends and relatives to use this airline

Table 23 above indicates that brand image has an influence on behavioural intentions '*I will encourage friends and relatives to use this airline'* only for FSCs, with an r square of 0.346 (p=.000), indicating that for FSCs, 34.6 % of brand image can be used to predict this behavioural intention item. '*Colourful logo that attracts attention and stands out from other domestic airlines'* (β=0.33; p=0.000) has a **significant and positive effect** on this item. However, for LCC customers, there is no significant impact of brand image on this item.

Table 24: Effect of brand image on behavioural intentions – I will consider using this airline myself again in the future

		B	t-value	p-value	R	R2	F-value	sig
FSC	*Constant*				.649[a]	0.422	5.331	.000[b]

	B	t-value	p-value	R	R2	F-value	sig
Good reputation	0.31	2.614	0.01				
Social contribution to society	-0.19	-2.031	0.04				
Fuss free	-0.26	-2.15	0.03				
Constant				.414[a]	0.171	1.458	.111[b]
LCC Relaxing atmosphere	0.36	2.557	0.01				

*p=.000

a. Predictors: (Constant): Brand image
b. Dependent variable: Behavioural intentions – I will consider using this airline myself again in the future

Table 24 above indicates that the value of the r square for the influence of brand image on behavioural intentions '*I will consider using this airline myself again in the future' is* 0.422 for FSCs (r=0.649; p=.000), and 0.171 (r=0.414; p=0.000) for LCCs. This indicates that for FSCs, 42.2% of variance of brand image can be used to predict this behavioural intention item, compared to 17.1% for LCCs. Therefore, the effect of brand image is higher for FSCs than for LCCs. For FSC customers*, 'good reputation'* (β = 0.31; p=0.01) has a **significant and positive effect** on '*I will consider using this airline myself again in the future',* while '*social contribution to society'* (β = -0.19; p=0.04) and '*fuss free'* (β =-0.26; p=0.03) have a negative effect. For LCC customers, '*relaxing atmosphere'* has a **significant and positive effect** on this item (β = 0.36; p=0.01).

Table 25: Effect of brand image on behavioural intentions – This airline will be my first choice for my next travel

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.548a	0.301	3.143	.000b
FSC	Colourful logo that attracts attention and stands out from other domestic airlines	0.41	2.433	0.00				
	Good value for money	0.37	-2.04	0.00				
	Constant				.470[a]	0.221	1.997	.012[b]
LCC	Colourful logo that attracts attention and stands out from other domestic airlines	0.24	2.357	0.02				
	Positive attitude of staff	-0.42	-2.61	0.01				
	Relaxing atmosphere	0.33	2.397	0.02				

*p=.000

a. Predictors: (Constant): Brand image
b. Dependent variable: Behavioural intentions – *This airline will be my first choice for my next travel*

Table 25 above indicates that the value of the r square for the influence of brand image on behavioural intentions '*This airline will be my first choice for my next travel*', is 0.301 for FSCs (p=.000), and 0.221 (p=0.000) for LCCs. This indicates that for FSCs, 30% of variance of brand image can be used to predict this behavioural intention item, compared to 22% for LCCs. Therefore, the effect of brand image on this item is higher for FSC customers than for LCC customers.

For FSC customers, '*colourful logo that attracts attention and stands out from other domestic airlines*' (β = 0.41; p=0.00) and '*good value for money*' (β = 0.37; p=0.00) have a **significant and positive effect** on '*This airline will be my first choice for my next travel*' whereas for LCC customers, '*colourful logo that attracts attention and stands out from other domestic airlines*'(β = 0.24; p=0.02) and '*relaxing atmosphere*' (β = 0.33; p=0.02) have **significant and positive effects** on this item. However, '*positive attitude of staff*' (β = -0.42; p=0.01) had a negative impact on this item in the case of LCC customers. The results suggest that a colorful logo is important for both airline passenger groups, although it contributes more to the behavioural intentions of FSC customers than LCC customers.

7.3.2.2 Summary

The results of the linear regression to test the relationship between brand image and behavioural intention are summarized in the table 26 below:

Table 26: Linear regression results of brand image on behavioural intentions for both FSC and LCC passengers

Behavioural intentions items	Brand Image Items	
	FSC	**LCC**
1. I will say positive things about this airline to others	Good reputation	Modern aircraft
	Good safety records	Relaxing atmosphere
	Trustworthiness	
2. I will encourage friends and relatives to use this airline.	Colourful logo that attracts attention and stands out from other domestic airlines	
3. I will consider using this airline myself again in the future	Good reputation	Relaxing atmosphere
4. This airline will be my first choice for my next travel.	Colourful logo that attracts attention and stands out from other domestic airlines	Colourful logo that attracts attention and stands out from other domestic airlines
	Good value for money	Positive attitude of staff
		Relaxing atmosphere

Source: Data Analysis 2017

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As shown in the above results, the items for brand image that impact on behavioural intentions vary between FSC and LCC passengers. The only exception is *'colourful logo that attracts attention and stands out from other domestic airlines',* which was indicated by both groups of passengers, although more strongly for FSC customers. Romaniuk, Sharp and Ehrenberg (2007) found similar results and advised that, in order to ensure that consumers keep buying a particular brand, that brand needs to stand out so buyers can easily identify it without any confusion.

In this study, it was found that brand image impacts on the behavioural intention of both FSC and LCC passengers in most cases, with effects differing across FSC and LCC groups. The results therefore partially support hypotheses H3b and H3c.

H3b: *Brand image has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.*

H3c: *The effect of brand image differs across FSC and LCC passengers.*

Park, Robertson and Wu (2006), who looked at how perceived price, airline service quality, perceived value, passenger satisfaction and airline image determine passengers' future behavioural intentions, found that airline image had a significant positive effect on passengers' satisfaction and behavioural intentions. However, Singh (2015) reported different results when examining the interrelationships among the extracted constructs of airline service quality, perceived image, perceived value, passenger satisfaction and their influence on passengers' future behavioural intentions in the Indian domestic aviation sector. This author found that only passengers' satisfaction had a direct influence on passengers' future behavioural intentions and not brand image. These mixed results in terms of the relationship between brand image and behavioural intention need to be addressed through further research. This study provides a 'stepping-stone' for that research.

In summary, it was found that brand image statistically and significantly predicts behavioural intentions for FSC customers and, in most cases, for LCC customers. It was also found that for FSC customers, reputation, safety records, trustworthiness, a colourful logo and value for money had positive and significant effects on behavioural intentions. For LCC customers, relaxing atmosphere, modern aircraft, a colourful logo and staff attitude had a significant and positive effect on behavioural intentions.

7.3.3 Perceived value and behavioural intentions

7.3.3.1 Result interpretation and discussion

Linear regressions were conducted to test the relationship between perceived value and behavioural intentions. In particular they were used to find out which perceived value item had an effect on which behavioural intentions item, and the extent to which the item is the best predictor of behavioural intentions. Comparisons were made between the two groups: FSC and LCC passengers.

Table 27 below shows the result of the multiple regression analysis that investigated the significant influences of the perceived value variables on the behavioural intentions variables of both airline groups. The *sig.* value for both groups of passengers was $p < 0.05$, which indicates that the regression models statistically and significantly predict the outcome variable (i.e. it is a good fit for the data). Hence, it can be said that perceived value can be used to predict behavioural intentions for both passenger groups.

In this instance, for FSC customers, the r value ranged between 0.75 and 0.82, indicating a very high degree of correlation. The r square value, which indicates how much of the total variation in each of the dependent variables in behavioural intentions can be explained by the independent variables in perceived value, ranged between 57% and 67%, which is high. As for LCC customers, the r value ranged between 0.74 and 0.84, indicating a high degree of correlation. The r square value range between 54% and 71% is also high.

On the other hand, the beta value indicates the strength and the direction of the relationship and will be discussed further below. Only those perceived value items with a *sig.* value of $p < 0.05$, which have a statistically significance impact on the behavioural intention item, are presented (see Tables 27, 28 and 29).

Table 27: Effect of perceived value on behavioural intentions - I will say positive things about this airline to others

		B	t-value	p-value	R	R2	F-value	sig
	Constant				.823[a]	0.678	11.199	.000[b]
	Check in was assured	-0.24	-2.224	0.03				
	Staff are kind.	-0.23	-2.145	0.03				

FSC	Staff are ready to help	0.28	2.25	0.03				
	Airline has a good image	0.27	2.491	0.01				
	I felt happy using this airline	0.24	2.189	0.03				
	The staff gave me good vibes	0.31	2.991	0.00				
LCC	*Constant*				.848[a]	0.719	13.104	.000[b]
	Staff look smart and professional	-0.23	-2.445	0.02				
	It has a better image than its competitors	0.29	3.39	0.00				
	The service of this airline is good for the price paid	0.17	2.052	0.04				
	I am satisfied with the overall service quality	0.42	4.741	0.00				

*p=.000

a. Predictors: (Constant): Perceived value
b. Dependent variable: Behavioural intentions - I will say positive things about this airline to others

Table 27 above indicates that the value of the r square for the influence of perceived value on behavioural intentions '*I will say positive things about this airline to others'*, is 0.678 for FSC (r=0.823; p=.000), and 0.719 (r=0.848; p=0.000) for LCC customers, indicating that for the FSC group, 67.8% of variance of perceived value can be used to predict this behavioural intention item, compared to 71.9% for the LCC group. This indicates that the effect of perceived value on this item is slightly higher for LCC compared to FSC customers.

The items that have a **significant and positive effect** on '*I will say positive about this airline to others'* are '*staff are ready to help'* (β = 0.28; p=0.03), '*airline has a good image'* (β = 0.27; p=0.01), '*I felt happy using this airline'* (β = 0.24; p=0.03) and '*the staff gave me good vibes'* (β = 0.31; p=0.00) for FSC customers, whereas for LCC customers, items were '*it has a better image than its competitors'*(β = 0.29; p=0.00), '*the service of this airline is good for the price paid'* (β = 0.17; p=0.04) and '*I am satisfied with the overall service quality'* (β = 0.42; p=0.00. However, '*check in was assured'* (β =-0.24; p=0.00) and '*staff are kind'* (β = -0.23; p=0.03) had a negative effect on behavioural intention for FSC customers and '*staff look smart and professional'* (β = -0.23; p=0.02) for LCC customers, which means that these items will effect positively and favourably on *Behavioural intentions - I will say positive things about this airline to others. 'Check in was assured'* and '*staff are kind'* for FSC customers and '*staff look smart and professional'* for LCC customers will not cause each respective group to say positive things about this airline to others.

Table 28: Effect of perceived value on behavioural intentions - I will encourage friends and relatives to use this airline

		B	t-value	p-value	R	R2	F-value	sig
FSC	*Constant*				.795[a]	0.631	9.112	.000[b]
	The people that I know thinks that it is a good thing for me to fly with this airline	0.18	2.095	0.04				
	I felt happy using this airline	0.25	2.133	0.04				
LCC	*Constant*				.791[a]	0.626	8.572	.000[b]
	It has a better image than its competitors	0.29	2.944	0.00				
	I am satisfied with the overall service quality	0.27	2.612	0.01				

*p=.000

a. Predictors: (Constant): Perceived value
b. Dependent variable: Behavioural intentions - I will encourage friends and relatives to use this airline

Table 28 above indicates that the value of the r square for the influence of perceived value on behavioural intentions '*I will encourage friends and relatives to use this airline',* was 0.631 for FSC customers (r=0.795; p=.000), and 0.626 (r=0.791;p=0.000) for LCC customers. This indicates that for the FSC group, 63.1% of variance of perceived value can be used to explain this behavioural intention item, compared with 62.6% for the LCC group. Therefore, the effect of perceived value on this item is slightly higher for FSC customers compared to LCC customers.

The items that have a **significant and positive effect** on '*I will encourage friends and relatives to use this airline'* are '*the people that I know thinks that it is a good thing for me to fly with this airline'* (β = 0.18; p=0.04) and '*I felt happy using this airline'* (β = 0.25; p=0.01) for the FSC group, whereas for LCC customers, these were '*it has a better image than its competitors'* (β = 0.29; p=0.00) and '*I am satisfied with the overall service quality'* (β = 0.27; p=0.01).

Table 29: Effect of perceived value on behavioural intentions - I will consider using this airline myself again in the future

		B	t-value	p-value	R	R2	F-value	sig
FSC	*Constant*				.804[a]	0.647	9.76	.000[b]
	Airline has a good image	0.31	2.699	0.01				
	I wasted a lot of time unnecessarily dealing with this airline	-0.20	-2.56	0.01				

	I am satisfied with the overall service quality	0.28	2.21	0.03				
LCC	*Constant*				.813ᵃ	0.661	9.982	.000ᵇ
	Booking process was smooth	-0.18	-2.359	0.02				
	Check in was assured	0.21	2.325	0.02				
	They attend to complaints efficiently	-0.30	-3.74	0.00				
	The service of this airline is good for the price paid	0.30	3.184	0.00				
	I am satisfied with the overall service quality	0.41	4.211	0.00				

*p=.000

a. Predictors: (Constant): Perceived value
b. Dependent variable: Behavioural intentions - I will consider using this airline myself again in the future

Table 29 above indicates that the value of the r square for the influence of perceived value on behavioural intentions '*I will consider using this airline myself again in the future*' was 0.647 for the FSC group (r=0.804; p=.000), and 0.661 (r=0.813; p=0.000) for LCC customers, indicating that for FSC customers, 64.7% of variance of perceived value can be used to explain this behavioural intention item compared to 66.1% for the LCC group. Therefore, the effect of perceived value on this item is slightly lower for FSC compared to LCC customers.

The items that have a **significant and positive effect** on '*I will consider using this airline myself again in the future*' are '*airline has a good image*' (β = 0.31; p=0.01) and '*I am satisfied with the overall service quality*' (β = 0.28; p=0.03) for FSC customers, whereas for LCC customers, these were '*check in was assured*' (β = 0.21; p=0.02), '*the service of this airline is good for the price paid*' (β = 0.30; p=0.00)*,* and '*I am satisfied with the overall service quality*'(β = 0.41; p=0.00).

However, '*I wasted a lot of time unnecessarily dealing with this airline*' (β = -0.20; p=0.01) had a **negative effect** on '*I will consider using this airline myself again in the future*' for FSC customers, and on '*booking process was smooth*' (β = -0.18; p=0.02) and '*they attend to complaints efficiently*' (β = -0.30; p=0.00) for LCC customers, which means that these items will not effect positively and favourably on *Behavioural intentions - I will consider using this airline myself again in the future. 'I wasted a lot of time unnecessarily dealing with this airline*' for FSC customers, and '*booking process*

was smooth' and *'they attend to complaints efficiently'* for LCC customers, will not cause customers to reconsider using the airline again in the future.

Table 30: Effect of perceived value on behavioural intentions - This airline will be my first choice for my next travel

		B	**t-value**	**p-value**	**R**	**R2**	**F-value**	**sig**
FSC	*Constant*				.756[a]	0.572	7.097	.000[b]
	It has a better image than its competitors	0.42	4.565	0				
LCC	*Constant*				.740[a]	0.548	6.213	.000[b]
	Staff knew their job well.	0.23	2.131	0.04				
	They attend to complaints efficiently	-0.3	-2.387	0.02				
	The service of this airline is good for the price paid	0.23	2.177	0.03				

*p=.000

a. Predictors: (Constant): Perceived value
b. Dependent variable: Behavioural intentions - This airline will be my first choice for my next travel

Table 30 above shows that the value of the r square for the influence of perceived value on behavioural intentions '*This airline will be my first choice for my next travel'* was 0.572 for FSC customers (r=0.756; p=.000), and 0.548 (r=0.740; p=0.000) for the LCC group, indicating that for FSC customers, 57.2% of variance of perceived value can be used to explain this behavioural intention item, compared to 54.8% for LCC customers. Therefore, the effect of perceived value on this item is higher for FSC compared to LCC customers.

For FSC customers, only *'It has a better image than its competitors'* (β = 0.42; p=0.00) had a **significant and positive effect** on *'this airline will be my first choice for my next travel',* whereas for LCC customers, items were *'staff knew their job well'* (β = 0.23; p=0.04) and *'the service of this airline is good for the price paid'* (β = 0.23; p=0.03). However, a **negative effect** occurred with *'they attend to complaints efficiently'* (β = -0.30; p=0.02) for LCC customers. The results suggest that better image strongly contributes to the impact.

7.3.3.2 Summary

Table 31 below presents a summary of the linear regression results of the impact of perceived value on behavioural intentions for both FSC and LCC passengers. It can be noted that the items of perceived value that had an effect on behavioural intentions vary

significantly across the two groups of passengers, with the exception of *'I am satisfied with the overall service quality'* and *'It has a better image than its competitors',* which was common across both groups. However, *'I am satisfied with the overall service quality'* was stronger for LCC customers and had a significant but negative effect on *'I will say positive things about this airline to others'*. *'It has a better image than its competitors'* was stronger for FSC customers.

Table 31: Linear regression results of perceived value on behavioural intentions for both FSC and LCC passengers

Behavioural intentions items	Perceived Value Items	
	FSC	**LCC**
1. I will say positive things about this airline to others	Staff are kind	Staff look smart and professional
	Staff are ready to help	It has a better image than its competitors
	Airline has a good image	The service of this airline is good for the price paid
	I felt happy using this airline	I am satisfied with the overall service quality
	The staff gave me good vibes	
2. I will encourage friends and relatives to use this airline.	The people that I know thinks that it is a good thing for me to fly with this airline	It has a better image than its competitors
	I felt happy using this airline	I am satisfied with the overall service quality
3. I will consider using this airline myself again in the future	Airline has a good image	The service of this airline is good for the price paid
	I am satisfied with the overall service quality	I am satisfied with the overall service quality
		Check in was assured
4. This airline will be my first choice for my next travel.	It has a better image than its competitors	The service of this airline is good for the price paid
		They attend to complaints efficiently
		Staff knew their job well

Source: Data Analysis 2017

The results indicate that perceived value impacts on behavioural intention across both the FSC and LCC groups, and the effect of the impacts differ between the two groups. Thus, the results support hypotheses H4b and H4c.

H4b: *Perceived value has a positive effect on behavioural intentions of both FSC and LCC passengers.*

H4c: *The effect of perceived values differs across FSC and LCC passengers.*

This result aligns with those of Chen (2008), Chen and Chen (2010), Lee and Wu (2011), Kuo and Jou (2014), Han et al. (2014) and Rajaguru (2016), who found that perceived value impacts positively on behavioural intentions. They also found that different perceived value items had different effects on the behavioural intentions of FSC and LCC customers. In Forgas et al.'s (2010) study, it was found that in low-cost companies, the quality of service and price were key elements in determining passenger satisfaction, while in the conventional airlines, the professionalism of the personnel played a more important role. Rajaguru (2016) suggested that FSCs should optimise price on the basis of value for money and service quality to compete with the emerging LCCs. Mikulić and Prebežac (2011) indicated that ticket price was the most influential indicator among LCC passengers, while among FSC passengers it was discounting/rewarding within loyalty programs. These authors argued that the recent rise of loyalty programs in the LCC sector may be seen as a strategy to tie-in FSC passengers who have used LCCs.

The findings of this study are therefore congruent with, and add to, previous research that has claimed that antecedents of behavioural intention include satisfaction, service quality, perceived performance, perceived value, past experience, destination image, destination familiarity and source of information. This has been proposed by Baker and Crompton (2000), Baloglu et al. (2004), Heung, Wong and Qu (2002), Kozak (2001), Petrick and Backman (2002), and Um et al. (2006).

In summary, it was found that perceived value statistically significantly predicts behavioural intentions for both FSC and LCC passengers. Based on the linear regression test, for FSC customers, '*staff are kind*', '*staff are ready to help*', '*the staff gave me good vibes*', '*airline has a good image*', '*I felt happy using this airline*', '*the people that I know thinks that it is a good thing for me to fly with this airline*', '*I am satisfied with the overall service quality*' and '*it has a better image than its competitors*', all had a positive and significant effect on behavioural intentions. Whereas, for LCC customers, '*staff look smart and professional*', '*it has a better image than its competitors*', '*the service of this airline is good for the price paid*', '*I am satisfied with the overall service quality*', '*check in was assured*', '*they attend to complaints efficiently*' and '*staff knew their job well*', all had a positive and significant effect on behavioural intentions.

The results indicate that there is a high degree of correlation between experience quality and behavioural intentions, and a moderate total variation of each of the dependent variables in behavioural intentions can be explained by the independent variables in experience quality for both FSC and LCC customers. This implies that domestic airline marketers would benefit by focusing on specific items that will add value to a passenger's journey and that will, in turn, make them recommend others to use the airline and/or repurchase from the same airline in the future. If airlines want a greater share of the market and profitability, they could use both sets of experience quality items to target FSC and LCC passengers.

7.3.4 Summary of the hypotheses testing

Table 32 below presents a summary of the linear regression results of the impacts of experience quality, brand image and perceived value on behavioural intentions for both FSC and LCC passengers. The results indicate that both experience quality and perceived value have a positive and moderate impact on behavioural intentions across the two groups. However, with brand image, the impact only occurs for the FSC group, not for the LCC group.

Table 32: The impact of experience quality, brand image and perceived value on behavioural intention

		Behavioural intentions							
		I will say positive things about this airline to others*		I will encourage friends and relatives to use this airline*		I will consider using this airline myself again in the future*		This airline will be my first choice for my next travel*	
		R	R2	R	R2	R	R2	R	R2
Experience quality	FSC	.729ᵃ	0.531	.747a	0.558	.762a	0.58	.696a	0.484
	LCC	.762ᵃ	0.581	.689a	0.475	.714a	0.51	.713a	0.508
Brand image	FSC	.559ᵃ	0.313	.588ᵃ	0.346	.649ᵃ	0.422	.548a	0.301
	LCC	.477ᵃ	0.227			.414ᵃ	0.171	.470ᵃ	0.221
Perceived value	FSC	823ᵃ	0.678	.795ᵃ	0.631	.804ᵃ	0.647	.756ᵃ	0.572
	LCC	.848ᵃ	0.719	.791ᵃ	0.626	.813ᵃ	0.661	.740ᵃ	0.548

*p=.000

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In summary, of the eleven proposed hypotheses, four were fully supported and seven partially supported. This is summarised in the table 33 below.

Table 33: Summary of hypotheses testing

Hypothesis	Result
H1a: There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on travel preferences.	Partially supported
H1b: There are statistically significant differences in demographics between two consumer groups of FSC and LCC passengers on travel choices.	Partially supported
H2a: There are statistically significant differences of experience quality between FSC and LCC passengers	Partially supported
H2b: Experience quality has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.	Supported
H2c: The effect of experience quality differs across FSC and LCC passengers.	Supported
H3a: There are statistically significant differences of brand image between FSC and LCC passengers.	Partially supported
H3b: Brand image has a positive effect on customers' behavioural intentions for both FSC and LCC passengers.	Partially supported
H3c: The effect of brand image differs across FSC and LCC passengers.	Partially supported
H4a: There are statistically significant differences of perceived values between two groups, FSC and LCC passengers.	Partially supported
H4b: Perceived value has a positive effect on behavioural intentions of both FSC and LCC passengers.	Supported
H4c: The effect of perceived values differs across FSC and LCC passengers.	Supported

Source: Data Analysis 2017

7.4 Chapter summary

This chapter reported findings derived from the survey, including respondent profiles and the underlying factors influencing their perceptions of experience quality, brand image, perceived value and behavioural intentions while using the services of a FSC or

a LCC. The survey was conducted after Part 1 (the management interviews). It was anticipated that the findings from the interviews and the results of the survey would provide a clearer understanding of the underlying constructs of experience quality, brand image, perceived value and behavioural intentions, as perceived by airline management as well as actual passengers.

There were significant differences between the two groups of passengers in terms of demographics, experience quality, brand image and perceived value. The linear regression analysis revealed that experience quality, brand image and perceived value had a positive effect on behavioural intentions for both FSC and LCC customers.

The subsequent chapter is devoted to bringing together the interview and survey findings to determine how airline management and airline passengers perceive experience quality, brand image and value.

CHAPTER 8

CONCLUSION AND SUGGESTIONS FOR FURTHER RESEARCH

8.0 Introduction

The main purpose of this concluding chapter is to review and highlight the findings discussed in the previous two chapters, addressing the research questions and research objectives as set out in Chapter One. This chapter begins with a summary of the research and a summary of the findings. The contributions of the research are then discussed, covering theoretical and practical implications, followed by research limitations and recommendations for further research. The last section presents the conclusion of the study.

8.1 Summary of research

This study was motivated by two main drivers: the high level of competition in the domestic airline industry (IATA, 2013b; PWC, 2014; IBISWorld, 2015), and the research gaps identified in the literature review. The report by IBISWorld (2015) predicted that there would be a solid increase in passenger numbers and revenue over the next five years. IATA also predicted that the most promising growth of air travel would be experienced in the Asia/Pacific region due to an increase in trade and investment, as well as a rise in domestic prosperity in this part of the world (IATA, 2013b). The latter report also stated that Australia had recently seen an increase in domestic travel rather than international travel. There has been an increase in inbound tourist numbers from nearby Asian nations due to a large number of airlines (both FSCs and LCCs) offering competitive and affordable air tickets. This increase in international tourists coming into Australia, in turn, results in an increase in domestic trips taken as part of their overall trip. As a result, the level of competition has significantly increased in the domestic market. The PWC report (2014) also confirmed that the global airline industry would continue to face more aggressive competition in the coming years. Hence, the need to understand customers better and find strategic ways to remain competitive becomes crucial for domestic airline survival in the market.

The literature review revealed that one of the best possible ways to gain competitive advantage is to focus on passenger needs through demand factors such as service quality, brand image and perceived value (Dwyer & Kim, 2003). Further, as it was noted that FSCs and LCCs are competing against each other and sharing customers, it is

even more important to understand any significant differences between the needs of each passenger group. This study looked at closing the gap between airline management perceptions of the factors that they believe cause customers to repeat purchase and the *actual* factors that customers identified. In responding to this knowledge gap, this research developed a comprehensive conceptual research framework integrating factors that influence passengers' behavioural intentions in the Australian domestic airline market. It also sought to investigate whether these factors and their effect on behavioural intentions differed across the two passenger groups. The objective was to provide the domestic airlines in Australia, airline practitioners and researchers, with new empirical evidence about any significant differences in passenger demands whilst travelling with FSCs and LCCs.

A research framework was developed based on the MECT. In this model, the focus remained on passenger needs in order to achieve competitiveness, where the identification of needs reflects the means, and the traveller's future behavioural intentions reflect the end. This research examined: (a) the difference in demographics, travel preferences and choices across two passengers groups; (b) the difference in demand factors of experience quality, brand image and perceived value across two passenger groups; (c) the effect of experience quality, brand image, perceived value on behavioural intention; (d) the difference in the effect of experience quality, brand image, perceived value on behavioural intention across two passenger groups; and (e) the difference in the perceptions of demand factors that impact positively on behavioural intentions between management and customers.

The research objectives were achieved both theoretically and empirically. The theoretical research framework, as presented in Chapter Four, provided a better understanding of the effect of demand factors on experience quality, brand image and perceived value on behavioural intentions across two passenger groups (FSCs and LCCs users). Also, the framework integrated passengers' demographic characteristics, travel preferences and patterns across the two groups. In testing the research model, this study has added to the literature on the difference in passenger demands for domestic travel with either a FSC or a LCC in Australia. Importantly, the model also included management perceptions of factors that impact on customers' behavioural intentions, which is compared with the actual factors mentioned by the customers.

The study applied a sequential mixed method research design, as described in Chapter Five, comprising semi-structured interviews with domestic airline management (Part 1), followed by a survey of domestic airline passengers (Part 2). The findings from Part 1 assisted in better understanding the industry and identified a number of important factors that Jetstar/Qantas management use to ensure the future re-patronage of their customers. Amongst others, the most mentioned factors were price, new products, innovation, technology, service and branding. The qualitative phase complemented Part 2 of the research by allowing a comparison between management and customer perspectives on factors that lead to favourable behavioural intentions (presented in the next section). Identifying gaps between the two perspectives will allow airline management to understand each customer group better and develop more effective strategies to ensure that customers repeat purchase and recommend their airline to others.

The research model used in this study, along with the research hypotheses, was validated with a sample of passengers who had recently (in the previous 12 months) travelled with either a domestic FSC or LCC in Australia (n = 316). The respondents consisted of domestic passengers and were classified into two groups: FSC and LCC users (based on the most recent airline with which they had travelled).

8.2 Summary of key findings

The objectives of the study, as presented in Chapter One, were all met, as discussed below (Tables 34-37).

Research objective 1

Table 34: Research objective 1 and key findings

Research objectives (RO)	Key findings
RO1: Identify the similarities of, and differences in, the demographic profiles, travel preferences and travel choices of passengers between domestic FSCs and LCCs in Australia.	In terms of travel preferences, the results showed that there were significant differences only in the respondent's gender, occupation and marital status However, as for age and income status, there was no significant difference between the two groups of passengers.
	In terms of travel choice, there is a significant difference in the marital status between the two groups of passengers but in terms of age, gender, occupation and income, there was no significant difference between FSC users and LCC users.

In terms of airline preference, the results indicated that there was a significant difference in the marital status between FSC and LCC passengers. However, in terms of age, gender, occupation and income, there was no significant difference between the two consumer groups. With regards to airline choice, the results showed that there were significant differences only in the passengers' gender, occupation and marital status, which means that people of different gender, occupation and marital status tend to choose to travel with different airline types. However, as for age and income status, there was no significant difference between the two groups of passengers. Airline marketers can use those differentiating factors to target profitable segments.

Research objective 2

Table 35: Research objective 2 and key findings

Research objectives (RO)	Key findings
RO2: Determine the differences in experience quality, brand image, perceived value and behavioural intentions across LCC and FSC domestic passengers in Australia.	The differences of experience quality, brand image, perceived value and behavioural intentions across airline types. 1. Experience quality The experience quality of domestic passengers across FSC and LCC groups differs across the majority of the various experience quality variables. 2. Brand image The perception of brand image of domestic passengers across FSC and LCC **does not differ** across the various brand image items. 3. Perceived value The perception of value of domestic passengers across FSC and LCC groups differ mostly across the majority of the various perceived value items.

In testing Research objective 2, a t-test was carried out to determine the difference in experience quality, brand image and perceived value across the two passenger groups. The results for experience quality indicated that, despite two similarities (*'I felt like I'd like to share my experience with others later on'* and *'I felt I was being taken seriously at all times'*), there were more differences across the two passenger groups (see Tables 12 and 13). The results therefore suggest that passengers across FSCs and LCCs

demonstrate more differences in their experience quality than similarities. In terms of brand image, the results indicated that there was no difference across the two passenger groups. The results thus suggest that there is no significant difference between the perception of brand image across FSC and LCC users. This could be due to prototypical attributes held by airline customers. In terms of perceived value, the results indicated that despite seven out of 25 similarities (Tables 16 and 17) ('*staff show empathy*', '*staff are kind*', '*staff are ready to help*', '*it is used by many people I know*', '*fares are reasonable*', '*they attend to complaints efficiently*' and '*the service of this airline is good for the price paid*'), there were more differences across the two passenger groups. The results therefore suggest that passengers across FSCs and LCCs demonstrate more differences in their perception of value than similarities. These findings are important for airline marketers, as they help demonstrate the actual passengers' needs whilst travelling with two different airline types (FSCs and LCCs). This may help airline marketers determine the right mix of products and services to offer to customers across the two different passenger groups.

Research objective 3

Table 36: Research objective 3 and key findings

Research objectives (RO)	Key findings
Determine the impacts of passengers' experience quality, brand image, and perceived value on their behavioural intentions.	The relationships between constructs have been identified.
	1. Experience quality and behavioural intention = significant and positive for both FSC and LCC customers
	2. Brand image and behavioural intention = significant and positive for only FSC but **not for LCC customers**
	3. Perceived value and behavioural intention = significant and positive for both FSC and LCC customers
Examine the differences of these impacts between domestic FSCs and LCCs.	1. Effect of experience quality on behavioural intention = significantly difference across FSC and LCC customers
	2. Effect of brand image on behavioural intention = significantly different across FSC and LCC customers
	3. Effect of perceived value on behavioural intention = significantly different across FSC and LCC customers

In terms of the effect of experience quality on behavioural intentions, there was a high degree of correlation and the total variation was moderate for both groups of passengers. It was also determined that experience quality statistically and significantly predicts behavioural intentions for both passenger groups. It was found that elements of positive experience, choice, sharing experience with others, and peace of mind, had a

significant and positive effect on FSC passengers' behavioural intentions, whereas for LCC customers, factors that created enjoyable experiences, relaxation, peace of mind and sharing of experiences with others had a significant and positive effect on their behavioural intentions.

In terms of the effect of brand image on behavioural intentions, it was seen that for both FSC and LCC passenger groups, there was a moderate degree of correlation and that the total variation was quite low. The results also indicated that the regression model statistically and significantly predicts behavioural intentions for FSC passengers, but not for LCC customers. Hence, it was revealed that brand image statistically and significantly does not predict behavioural intentions for LCC customers. It was found that for FSC customers, reputation, safety records, trustworthiness, a colourful logo and value for money had a positive and significant effect on items of behavioural intentions. For LCC customers, a relaxing atmosphere, modern aircraft, a colourful logo and staff attitude had a significant and positive effect on behavioural intentions.

In terms of the effect of perceived value on behavioural intentions, it was found that there was a very high degree of correlation and the total variation was also high for both groups of passengers. It was also noted that perceived value statistically and significantly predicts behavioural intentions for both passenger groups. For FSC customers, *'staff are kind', 'staff are ready to help', 'the staff gave me good vibes', 'the airline has a good image', 'I felt happy using this airline', 'the people that I know think that it is a good thing for me to fly with this airline', 'I am satisfied with the overall service quality'* and *'it has a better image than its competitors',* all had a positive and significant effect on behavioural intentions. Whereas, for LCC customers, *'staff look smart and professional', 'it has a better image than its competitors', 'the service of this airline is good for the price paid', 'I am satisfied with the overall service quality', 'check in was assured', 'they attend to complaints efficiently'* and *'staff knew their job well',* all had a positive and significant effect on behavioural intentions.

Research objectives 4 and 5

Table 37: Research objectives 4 and 5 and key findings

Research objectives (RO)	Key findings		
	Domestic airline management	**FSC customers**	**LCC customers**
	1. cost/ price	1. peace of mind	1. enjoyable
RO4: Determine the differences in the perceptions of demand factors that impact positively on behavioural intentions between management and customers.	2. products	2. positive experiences	2. relaxation
	3. innovation and technology	3. sharing experiences with others	3. sharing experiences with others
	4. service	4. trustworthiness	4. relaxing atmosphere
	5. brand image	5. good safety records	5. colourful logo
		6. staff are ready to help	6. staff are kind
		7. check in assured	7. check in assured
RO5: Assist airline management in developing effective and more targeted strategies for each passenger group		8. airline has a good image	8. staff knew their job well
		9. peer influence	9. service of the airline is good value for the price
			10. better image than others

From an airline point of view, cost/price, products, innovation, technology, service and brand image were identified as important for domestic airline management in terms of getting future patronage from customers. However, FSC customers voiced their willingness to repurchase and recommend airlines to others for the following reasons: peace of mind, positive experiences, sharing experiences with others, trust, safety, helpful staff, smooth check in process, good image and peer influence. Whilst LCC customers were willing to repurchase and recommend airlines to others based on the following factors: enjoyable, relaxation, sharing experiences with others, relaxing atmosphere, colourful logo, kind staff, smooth check in process, knowledgeable staff, value for money and better image. It can hence be seen that sharing experiences with others and a smooth check in process were common across the FSC and LCC passenger groups.

Comparing airline management perspectives against those of FSC and LCC customers, it is worth noting that brand image was the only common factor across all three groups as a means of gaining positive behavioural intentions. In addition, it seems that while airline management put a lot of emphasis on new product development, innovation and

technology, neither the FSC or the LCC passenger groups considered these factors to be important or good enough reasons for them to either repeat purchase or recommend the airline to others. However, this does not mean that they will not repurchase as part of their repertoire of brands.

With regard to strategy development which will lead to achieving competitiveness in the market, the below figure (Figure 21) provides a visual representation of how all the different components of this study fits together. It is crucial to identify and close the gap between managerial and customer perspectives through the use of the above findings, which means that airline marketers need to incorporate the factors identified in the results into effective and more targeted strategies. This first-hand information should be used as a basis for improving domestic airline management knowledge of both groups of passengers, helping them create the right strategies for each passenger group.
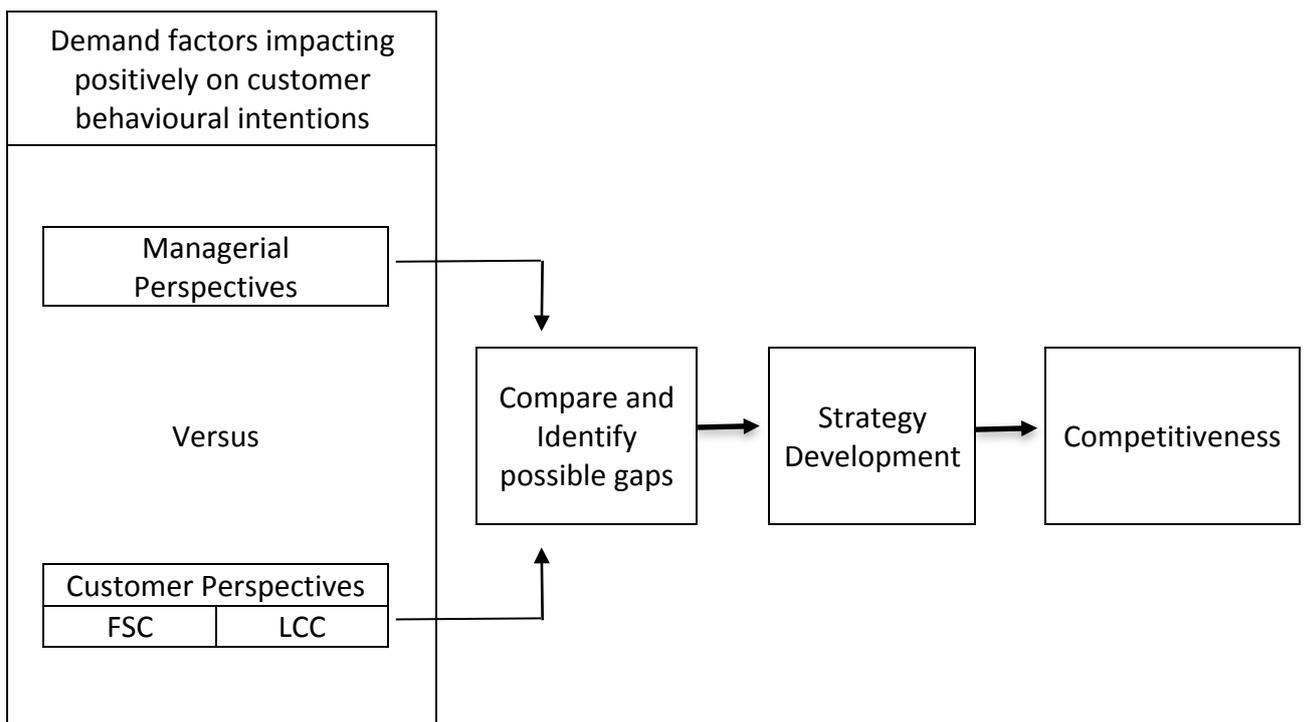
Figure 22: Identifying gaps, strategy development and achieving competitiveness

As per Research objectives 5, in terms of branding and marketing strategies, the following recommendations are made:

1. As there was generally no significant difference between the perception of brand image across FSC and LCC users, brand differentiation would not be an appropriate strategy in this instance. However, adopting a brand that is distinctive is recommended, given that both FSC and LCC customers identified a colourful logo as having a positive impact on behavioural intentions. The main implication of this finding for marketing practice is that marketers do not need to convince buyers that the brand is different in order to get them to buy. Therefore, marketers and researchers do not need to revolutionise their models of CBBE (consumer-based brand equity) for this, or other, new contexts. Instead marketers need to focus on achieving the things that do make customers buy.

2. As the airline has shown that a focus on product, innovation and technology is considered important to them, if they want to adopt this strategy, they need to take a passenger-centric approach to ensure future solutions and enhancements to core functionality address passengers' evolving needs, desires, and values. Having a customer-centric focus will assist airlines in developing appropriate products/services in line with customer needs.

3. A cost focus strategy will only work with LCC customers and, even then, only if it is backed up with a good level of service. However, based on the results, adopting a cost strategy to target FSC carriers may not work. For this group of customers, a focus on creating positive experiences, peace of mind and having a brand that exhibits trust and safety, will be viable.

4. While it is important to keep in mind what made FSCs and LCCs successful in the first place (service and low fares, respectively), the airlines need to continue building on this while focusing on other factors specific to each passenger group. In the long-term, consideration of the viability of the business model will be questioned and, as such, a sole focus on either price for a LCC or service for a FSC may not be sustainable.

In summary, this research has developed a theoretical model based on demand factors and examined the effect of each demand factor on behavioural intentions in the context of domestic airlines in Australia. The study has examined the difference in each demand factor (experience quality, brand image and perceived value) across the two passenger groups' behavioural intentions for domestic airline passengers. It has also investigated the importance of the factors under each construct as seen by each passenger group, and

the effect of each demand factor on behavioural intentions to verify any significant differences. The findings have delivered insights into the variances of domestic airline passengers across FSCs and LCCs groups, as well as establishing the similarities and dissimilarities in passenger repurchase intentions. This offers domestic airline marketers improved knowledge of both their customer groups as well as those of their competitor. In this respect, the contributions of this study are both theoretically and practically observable.

Other Findings

The study also found that Qantas was the preferred airline, followed by Virgin, Jetstar and Tiger. The results show that a FSC is the preferred choice for the majority of respondents and this is a clear attitudinal demonstration of the DJ principle, which largely favours the big brands. The main reason that most participants provided for choosing Qantas over others related to its service. It was also found that airlines share customers and therefore confirm the duplication of purchase law. However, in regard to the DJ effect, which tests whether a bigger airline shares their customers less than a smaller airline, the findings indicate that as a clear exception to a normal duplication pattern, Qantas (FSC) and Jetstar (LCC) share the highest number of passengers between one another. A normal duplication pattern shows that the bigger the brand, the less they share customers with others, whereas the smaller the brand the more customers are shared with other airlines, which can be observed for Tiger in this instance.

8.3 Contributions of the research

This study has made significant contributions to knowledge as it is the first to investigate experience quality and its effect on customers' future behavioural intentions in the airline industry. It also adds to the existing literature, as it is the first to investigate the difference in perceptions of experience quality, brand image and perceived value across FSC and LCC customers. It is also the first to examine the effect of experience quality, brand image, perceived value on behavioural intentions in the airline context across FSC and LCC passengers within the same study.

This study employed a sequential mixed method research approach to enable a comparison between airline management and customer perspectives on the factors that might result in future re-patronage. This will allow airline management to acknowledge

any gaps in their understanding and gain a greater insight into the actual factors that will increase both FSC and LCC customers' likelihood of repeat purchase. This will then help airline marketers to develop effective strategies to better target the different customer groups.

This research further advances the literature through the developed comprehensive conceptual model, which integrates passengers' experience quality, perception of brand image, perception of value and behavioural intentions across two passenger groups: FSCs and LCCs users.

With regard to a practical perspective, the results of this research are operationally applicable directly to domestic airlines in Australia. Suggestions for further study are proposed in this concluding chapter, including replicating this research to international passengers travelling to and from Australia. It is also suggested that similar studies be conducted in other settings and in other countries in order to validate the results.

8.3.1 Theoretical contributions

This study has provided further insight to add to the body of airline marketing literature in the following ways:

1. The proposed research model has addressed variables of experience quality, brand image and perceived value, and tested them in the airline industry, across two different passenger groups. These factors are considered important in order to achieve competitiveness from a demand side and even outweigh supply side factors (Kim and Dwyer, 2003; Popesku and Pavlovic, 2015; Nayyar, 1993; Tanriverdi & Lee, 2008). The demand factors have been tested and used in the tourism and hospitality industries to achieve competiveness. However, since these demand variables have not previously been tested for competitiveness in the airline industry, this major theoretical contribution is crucial for the development of a holistic and systematic conceptual framework that acknowledges the complex nature of airline customers' experience.

2. This study has provided a second theoretical contribution by showing that the factors that airline management thought would make customers repurchase (e.g. price, products, innovation, technology, service and brand image) are not the

only factors. For an airline to succeed in developing effective strategies to get customers to repeat purchase and recommend them to others, they need direct input from both FSC and LCC customers. This study provides that input.

3. The framework developed in this study followed the MECT approach, with passengers' needs identified through a sole focus on demand factors to achieve the aim of future behavioural intentions. To explain further, in this model, the focus remained on passenger needs in order to achieve competitiveness, where the identification of needs reflects the means, and the traveller's future behavioural intentions reflect the end. The conceptual framework therefore offers a robust underpinning for undertaking subsequent empirical research that could extend to international travel in Australia or other countries.

4. Lastly, in relation to the geographical context, this study has expanded the body of knowledge by providing an improved understanding of domestic airline travel in Australia. The IATA has predicted that the most promising growth of air travel will be experienced in the Asia/Pacific region due to an increase in trade and investment, as well as a rise in domestic prosperity. This is notable as recent literature has been concentrated mainly on other parts of the Asia/Pacific region, but not Australia. Thus, this research provides an opportunity for academic discussions in relation to domestic airline travel in Australia as a focus of study.

8.3.2 Practical contributions

This study has successfully provided a more solid understanding of domestic airline passenger behaviours across two different airlines types: FSC and LCC. It has done so through the conduct of systematic empirical investigation in Australia. As discussed in Chapter One and confirmed in Chapter Seven, FSCs are not only competing with other FSCs, but also with LCCs. The level of competition is therefore increasing and, hence, it is important for airline management to understand each airline type of customers in order to remain competitive in the market. This study offers at least three managerial implications that could assist marketers in Australia to develop effective strategies to cater for FSC, LCC or both customer types. These are: understanding differences in each demand factor across FSC and LCC customers; understanding the underlying dimensions of each demand factor across FSC and LCC customers; and understanding the different effects of each demand factor on behavioural intentions between FSC and LCC customers.

The descriptive statistics results showed that there were significant differences in some demographic characteristics, travel patterns, preferences and choices across the two groups. This first-hand information could assist airline marketers to better understand the actual behaviour of passengers during their trips and may be used to target passengers based on their profiles. Marketers could even use the findings to adjust their products/services to suit passenger needs and wants, targeting specific segments to improve profitability.

8.4 Limitations of the research

Despite the theoretical contributions to the airline marketing literature and the practical contributions to the industry, several limitations in this study were identified and acknowledged.

First, this study was heavily influenced by Ehrenberg's (1972, 1987) probabilistic theory on brand purchase and repeat purchase. However, several authors (Rossiter, 1994; Wensley, 1995; Rossiter & Percy, 1987, 1997; Dolnicar & Rossiter, 2008) have criticised Ehrenberg's stochastic theory as being descriptive rather than explanatory. Deterministic and probabilistic theories come from competing and opposing schools on repeat purchases based on brand attributes. Deterministic brand attribute association theory postulates that consumers mostly retrieve and report true established associations that they have in long-term memory, but they also temporarily construct other associations 'on the spot' on each survey occasion. In contrast, probabilistic brand attribute association theory proposes that a particular brand is chosen on a particular purchase occasion with a probability proportional to its market share. This means that the bigger the brand, the higher its probability of being involved in an association and thus the more stable the association will appear to be on a re-test, even though the consumer generates the association 'randomly' from the probabilities each time. Due to resource limitations, a re-test in this study was not possible to verify whether this held true. Hence, a re-test is recommended for future study.

Secondly, the research sample was targeted and collected online through Qualtrics. Consequently, this may not represent the vast geographical region of Australia, where

geographical identities are diverse. Therefore, attempts to generalise the findings of this research to other destination contexts and markets should be made with caution.

Thirdly, the sample of this study consisted of FSC and LCC passengers. While the proportion of FSC and LCC passengers was almost equal (159 and 157 respectively), the proportion based on the four domestic airlines was not equal (Qantas respondents (86), Virgin respondents (73), Jetstar respondents (118) and Tiger respondents (36)). This may be a downside. A probability random sampling method is suggested for further studies to collect more reliable and valid data in order to create genenalisable results.

In relation to the sampling technique, both qualitative and quantitative data were collected. However, this study interviewed Jetstar/Qantas group management only and did not extend interviews to include Virgin and Tiger management due to difficulties in gaining permission. The study would have been improved if management insights were gathered from Virgin and Tiger.

8.5 Directions for future research

This study has confirmed the relationships between experience quality, brand image, perceived value and behavioural intention within the context of the domestic airline industry in Australia. This study has also confirmed the difference in each variable across FSC and LCC customers, the difference in their travel patterns and preferences and differences in the effect on experience quality, brand image and perceived value on behavioural intentions. In addition, this study has shown a significant knowledge gap among airline management in terms of the factors that will encourage repeat customer purchase. Thus, this study has opened up opportunities for further research.

Given that the results of this research are based on domestic travel in Australia alone, the applicability of the results to international travel and other geographical areas should be further investigated. Thus, testing the research model using passengers from other countries would be beneficial, as well as adding a cultural aspect or even looking at other demand factors. Further research may involve a more proportionate number of respondents across each airline. It may also include international trips across the two airline types (FSC and LCC). A longitudinal research design would enable the

verification of actual behaviour in the future, as opposed to behavioural intentions alone. Further, a longitudinal research design could help verify brand associations that consumers generate, through a re-test of the survey to confirm either a probabilistic or deterministic theory. As already suggested, management interviews with Virgin/Tiger in addition to Qantas/Jetstar would provide more balanced input. The sample size could also be increased to enhance generalisability of the study findings.

While most of the hypotheses developed in this study were supported, or partially supported, by the data, one hypothesis was not. Therefore, future research may replicate the research in other settings to validate the results of this study. It is also recommended that further research incorporate other demand variables in the research model.

8.6 Conclusion

This thesis aimed to comprehensively examine the impacts of demand factors (experience quality, brand image and perceived values) among FSC and LCC passengers on behavioral intention in the context of domestic airlines in Australia. It also investigated the differences of these impacts between these two groups of passengers. The proposed conceptual framework has been tested, and hypotheses were either fully or partially supported. It was found that experience quality, brand image and perceived value have a positive effect on customers' behavioural intentions for both FSC and LCC passengers and the effect of experience quality, brand image and perceived value differ across LCC and FSC consumer groups. This study also provides airline marketers with a more comprehensive understanding of consumer behaviour in both FSC and LCC passenger groups. As such, more effective marketing and branding strategies can be devised to achieve competitiveness in the market. However, acknowledging the limitations of this study, there is a need for further research, perhaps conducting a longitudinal study to verify the behavioural intentions against actual future behaviours. Finally, it is anticipated that this study will be seen as an attempt to close the perception gaps between airline management and passengers.

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APPENDICES

Appendix A: Differentiating between a LCC and a FSC

Low cost carrier (LCC)	Full service carriers (FSC)
Product	**Product**
Low rates in a high percentage of seats, with simple fare structures	Complex fares and a yield management system
No Frequent Flyer Programmes	Frequent Flyer Programmes (essential to maintain customer loyalty)
No cooperation, only purchase of products and services	Great number of cooperation partners in the form of other airlines which complement the network (alliances) or service providers (e.g. ground handling), complex technological dependencies on suppliers such as aircraft manufactures and IT developers
Simple product (no free catering, no seat reservations)	Differentiated product with added value
Service	**Service**
Use of secondary airports with excess capacity (lower taxes, fees and charges and less traffic, allowing airlines greater punctuality of flights and quicker turnaround of aircraft)	Use of primary airports (focusing on business and first class segment clients who need direct flights to population centres)
Does not participate in alliances (code share and transfer of luggage reduces the punctuality of flights and the rate of use of aircraft increases handling costs)	Participates in alliances
Selective offer of highly frequented routes with "Point-to-point" flights, generally sectors of less than 2hours to maximize aircraft utilisation; only one transport class for a wide range of leisure and business traffic	Comprehensive network of connections to the highest possible number of countries and continents for the highest possible number of customer groups and flight classes. Expensive, fragmented and complex service (classes of tariffs and differentiated service catering)
No freight services	Freight services
Operations	**Operations**
Standard fleet (lower training and maintenance costs)	Various types of aircraft in the fleet (due to the different segments with which they work and different routes that they operate. Many of these airlines buy various types and sizes of aircraft from the same company, Boeing or Airbus)
Maximisation of the use of aircraft (faster turnaround time in airports with less traffic)	Use of several types of aircraft, operation to busier airports and code share with other airlines in the same alliance.
Reduction of customer services (subcontracting of companies, as is the case of the handling of aircraft)	Priority in customer services (these are viewed as an essential part of the service offered by the company and its brand image)
Strategy	**Strategy**
Focus on leisure passengers and those visiting friends and relatives (VFR)	Business travellers, first class
Tries to eliminate its costs to the maximum extent possible	Cost is only one of the elements within the complex service/product mix
Reduced personnel costs with a minimum legal crew	High personnel costs

Distribution	Distribution
Online booking to eradicate travel agent commission.	Supplements for payment by credit card Travel agents are viewed as an important retailer even though many airlines have their own internet site where clients can make their reservations.
Minimal marketing expenses (word-of-mouth on comparative advertising, airports support).	Sophisticated websites with extensive information on destinations Massive marketing expense (advertising, frequent flyers programmes, travel agent commissions, network analysis)
Selective presence through classic brand awareness advertising in the relevant geographical markets particularly also through IT.	Brand formation in complex brand systems, expensive loyalty programs.

Source: Adapted from Pitt and Brown (2001), Bieger and Agosti, 2005, Klaas and Klein, 2005 in Delfmann et al (2005), Jarach (2005), Graham and Shaw (2008) and Ruiz de Villa (2008)

Appendix B: Ethics approval

Mon 11/21/2016, 11:07 AM
Thu-Huong.Nguyen@vu.edu.au;
Shikha Luchmun;
Maxwell.Winchester@vu.edu.au

Dear DR THU-HUONG NGUYEN,

Your ethics application has been formally reviewed and finalised.

» Application ID: HRE16-101
» Chief Investigator: DR THU-HUONG NGUYEN
» Other Investigators: MRS Shikha Luchmun, DR MAXWELL WINCHESTER
» Application Title: Competitiveness of Domestic Low Cost Carriers in Australia: An exploratory study of the relationship between brand image, experience quality, perceived value, satisfaction and behavioural intentions.
» Form Version: 13-07

The application has been accepted and deemed to meet the requirements of the National Health and Medical Research Council (NHMRC) 'National Statement on Ethical Conduct in Human Research (2007)' by the Victoria University Human Research Ethics Committee. Approval has been granted for two (2) years from the approval date; 21/11/2016.

Continued approval of this research project by the Victoria University Human Research Ethics Committee (VUHREC) is conditional upon the provision of a report within 12 months of the above approval date or upon the completion of the project (if earlier). A report proforma may be downloaded from the Office for Research website at:http://research.vu.edu.au/hrec.php.

Please note that the Human Research Ethics Committee must be informed of the following: any changes to the approved research protocol, project timelines, any serious events or adverse and/or unforeseen events that may affect continued ethical acceptability of the project. In these unlikely events, researchers must immediately cease all data collection until the Committee has approved the changes. Researchers are also reminded of the need to notify the approving HREC of changes to personnel in research projects via a request for a minor amendment. It should also be noted that it is the Chief Investigators' responsibility to ensure the research project is conducted in line with the recommendations outlined in the National Health and Medical Research Council (NHMRC) 'National Statement on Ethical Conduct in Human Research (2007).'

On behalf of the Committee, I wish you all the best for the conduct of the project.

Secretary, Human Research Ethics Committee
Phone: 9919 4781 or 9919 4461
Email: researchethics@vu.edu.au

Appendix C: Interview questions

I would like to thank you for taking the time to meet with me today. My name is Shikha Luchmun, a doctoral student of the College of Business, Victoria University. I'm working on a research entitled "Competitiveness of Domestic Low Cost Carriers in Australia: An exploratory study of the relationship between brand image, experience quality, perceived value and behavioural intentions." Your information is valuable and will contribute to the success completion of my research.

The interview should take less than an hour. All responses will be kept confidential. Your participation is voluntary and you can withdraw from it at any stage of the interview. Please sign the form below if you agree to participate. Thank you.

Interviewee

_____ _____ _____

Witness Date

_____

1. How would you describe the ways that your company is coping with the very aggressive level of competition in the airline industry? What competitive strategies are being developed? Are these strategies effective for the company? How do you calculate/measure that?

2.   Would you describe yourselves as the industry leader by:

        a) proactively coming up with new and effective strategies; or

        b) mostly reacting to competitors strategies; or

        c) All of the above

        Please give some examples!

3. In order to stay competitive, how would you qualify the use of brand image in assisting in this process? Would you say that brand image is more important nowadays than before and how? Please explain.

4. Brand image is dependent on how the customers view your company and this could be based on previous experiences with the same company. What is currently being done to ensure a strong brand image is created and maintained? In a few single words how would you describe the brand image of your company?

5. Do you think that your company is actually leveraging from a stronger brand (mother company, Qantas) and if it was to exist on its own, it would not be as successful as it is now? Justify.

6. What are the measures that are being taken to ensure that the organisation keeps building on its current brand image?

7. Would you argue that a strong brand image does not really matter in the LCC industry as after all, a customer is only seeking to travel low cost? Or would you

say that due to the competition in the market, it is important to think beyond price and cost and also focus on other factors as well? What other factors do your company fall back on to stay competitive?

8. One of the ways that many companies, over the past decades, have dealt with competition is by differentiating themselves through their service quality. Is that what you are currently doing and still trying to achieve? Do you think that this has become saturated nowadays and there is a need to be innovative and focus on some other factors? Would you say that managing experiences is one of those factors?

9. What is the current focus of your company on improving customer experience? How is it being measured? What are the measurement items that are being used (for e.g Kgs is used to measure weight)? Is it being measured as a final product or is it being measured at each touch point a customer has with your organisation for e.g at the pre travel, during travel and post travel stage? What is the feedback received from customers' in regards to their Experience?

10. In your view what are the key factors that influence positively on the future behavioral intentions of LCC customers?

11. Finally, what are the measures that your company is taking to ensure that your customers remain satisfied and eventually come back?

Is there anything more you would like to share with me?

Thank you for your time.

Appendix D: Questionnaires

Competitiveness of Domestic Carriers in Australia: An exploratory study of the relationship between experience quality, brand image, perceived value, satisfaction and behavioural intentions.

Dear Participants,

You are invited to participate in a research project entitled: **Competitiveness of Domestic Carriers in Australia: An exploratory study of the relationship between brand image, experience quality, perceived value, satisfaction and behavioural intentions.**

This project is being conducted by a student researcher **Mrs Shikha Luchmun** as part of a Doctorate of Business Administration study at Victoria University, Melbourne Australia under the supervision of **Dr. Thu-Huong Nguyen and Dr Maxwell Winchester** from the College of Business.
Your decision to participate in this survey is completely voluntary. All information regarding individuals and companies will be completely anonymous, and only members of the research team will have access to the information you provide. All data will be treated in the strictest confidence in accordance with Victoria University Ethics guidelines.

Thank you very much for your time and cooperation. We greatly appreciate your assisting us with this research. Please kindly inform the researcher if you do not wish to participate in this survey.
Yours sincerely,
Mrs Shikha Luchmun (Researcher)
College of Business, Victoria University.

FOR QUERIES:

Any queries about your participation in this project may be directed to the researcher (Mrs Shikha Luchmun Tel. 61-432141033) or her supervisors (Dr. Thu-Huong Nguyen Email: Thu-Huong.Nguyen@vu.edu.au and Dr Maxwell Winchester Email: maxwell.winchester@vu.edu.au). If you have any queries or complaints about the way you have been treated, you may contact the Secretary, University Human Research Ethics Committee, Victoria University of Technology, PO Box 14428 MCMC, Melbourne, 8001 (telephone no: +61396884710).

SECTION A

1. Have you flown domestically in Australia within the past 12 months?

☐ Yes   ☐ No (Thank you, **STOP**)

If yes, **how many times**? …………

2. Thinking of the domestic trips you've taken within the past 12 months in Australia, what domestic airline did you fly with on each trip and what was the purpose of each trip? *(Use the following codes: B= Business, L= Leisure (visiting relatives and friends), I= International travellers and O= Others)?* Please fill in the table below. Use a tick to indicate the airline and write the applicable code in the 'Purpose of trip' section.

	Qantas	Jetstar	Virgin	Tiger	**Purpose of trip** (B= Business, L= Leisure (visiting relatives and friends), I= International travellers and O= Others**)**
Most recent trip					
2nd most recent					
3rd most recent					
4th most recent					

3. If you had a choice, which airline would be your **MOST** preferred carrier for domestic travel?

(Please tick ONE option only here)

☐ Qantas   ☐ Virgin
☐ Jetstar   ☐ Tiger
Why?

……

Thinking of your **MOST RECENT TRIP,** answer the following questions.
SECTION B: Thinking about your **most recent trip**, please rate your level of **AGREEMENT** with the following aspects about your experience on a 5-point scale (**1 = Strongly Disagree; 5 = Strongly Agree).** *Please circle a numeric from 1 to 5.*

1. This trip has provided me with a positive experience	1	2	3	4	5
2. The interpersonal skills of this airline's staff has contributed to my positive experience	1	2	3	4	5
3. I felt like I had a "once in a lifetime' experience.	1	2	3	4	5
4. I felt like my experience was truly memorable.	1	2	3	4	5
4. I enjoy the nice ambience in travelling with this airline	1	2	3	4	5
5. I felt like my experience was exciting	1	2	3	4	5

6. I felt like my experience was fun	1 2 3 4 5
7. I felt like I'd like to share my experience with others later on	1 2 3 4 5
8. I enjoy peace-of-mind by travelling with this airline	1 2 3 4 5
9. I feel very relaxed whilst traveling with this airline	1 2 3 4 5
10. I feel physically comfortable during the flight	1 2 3 4 5
11. I feel I was being taken seriously at all times	1 2 3 4 5
12. I feel important at all times	1 2 3 4 5
13. I feel that I had an element of choice during the whole process	1 2 3 4 5
14. I feel that I was being kept informed at all times	1 2 3 4 5
15. I feel a sense of flexibility	1 2 3 4 5
16. I feel that my entire experience is enjoyable	1 2 3 4 5

SECTION C: Please rate the level of **IMPORTANCE** with the following attributes when selecting an airline **(1 = Not important at all; 5 = extremely important)**. *Please circle a numeric from 1 to 5.*

Brand leader	1	2	3	4	5
Local brand - 'made/ owned in Australia'	1	2	3	4	5
Colourful logo that attracts attention and stand out from other low cost airlines	1	2	3	4	5
Good reputation	1	2	3	4	5
Up to date technologies	1	2	3	4	5
Modern aircraft	1	2	3	4	5
Friendly staff	1	2	3	4	5
Positive attitude of staff	1	2	3	4	5
Peer (family and friend) recommendation	1	2	3	4	5
Stable and firmly established company	1	2	3	4	5
Innovative	1	2	3	4	5
Social contribution to society	1	2	3	4	5
Association with another brand leader e.g subsidiary of another strong brand leader.	1	2	3	4	5
Relaxing atmosphere.	1	2	3	4	5
Fuss free					
Good safety records	1	2	3	4	5
Trustworthiness	1	2	3	4	5
High quality services	1	2	3	4	5
Good value for money	1	2	3	4	5

SECTION D: Please rate your level of **AGREEMENT** with the following statements during your **most recent trip (1 = Strongly Disagree; 5 = Strongly Agree).** *Please circle a numeric from 1 to 5.*

1. Booking process was smooth	1 2 3 4 5

2. Check in is assured	1 2 3 4 5
3. Boarding is efficient	1 2 3 4 5
4. In-flight services satisfied my needs	1 2 3 4 5
5. Baggage Services is reliable	1 2 3 4 5
6. Staff know their job well	1 2 3 4 5
7. Staff shows empathy	1 2 3 4 5
8. Staff are kind and ready to help	1 2 3 4 5
9. Staff look smart and professional	1 2 3 4 5
10. Airline has a good image	1 2 3 4 5
11. It has a better image than its competitors	1 2 3 4 5
12. It is used by many people that I know	1 2 3 4 5
13. The people that I know thinks that it is good thing for me to fly with this airline	1 2 3 4 5
14. The seats are comfortable	1 2 3 4 5
15. The space between the seats is good	1 2 3 4 5
16. The airline has punctual flights	1 2 3 4 5
17. Their flight timetables are good for me	1 2 3 4 5
18. They attend to complaints efficiently	1 2 3 4 5
19. I feel happy using this airline	1 2 3 4 5
20. The staff gives me good vibes	1 2 3 4 5
21. The fare are reasonable	1 2 3 4 5
22. The service of this airline is good for the price paid	1 2 3 4 5
23. I waste a lot of time unnecessarily dealing with this airline e.g dealing with a flight change	1 2 3 4 5
24. I am satisfied with the overall service quality.	1 2 3 4 5

SECTION E: Please rate your level of **AGREEMENT** with the following statements during your **most recent trip (1 = Strongly Disagree; 5 = Strongly Agree).** *Please circle a numeric from 1 to 5.*

1. I am satisfied with the service offered by this airline for this trip	1 2 3 4 5
2. I am satisfied with the overall service	1 2 3 4 5
3. I am satisfied with my decision to use this airline	1 2 3 4 5
4. I felt pleased with my experience on this trip.	1 2 3 4 5
5. I felt happy with the experience.	1 2 3 4 5
6. I felt contented with the overall experience.	1 2 3 4 5
7. I felt that experience was enjoyable	1 2 3 4 5

SECTION F: Based on your **most recent trip**, please rate your level of **AGREEMENT** with the following statements **(1 = Strongly Disagree; 5 = Strongly Agree).** *Please circle a numeric from 1 to 5.*

1. I will say positive things about this airline to others.	1 2 3 4 5
2. I will encourage friends and relatives to use this airline	1 2 3 4 5
3. I will consider using the airline myself again in the future	1 2 3 4 5
4. This airline will be my first choice for my next travel	1 2 3 4 5

SECTION G

1a. What **THREE** perceptions/ images do you have of a 'Full Service Carrier' (Qantas and Virgin)

……………………………………………

……………………………………………..

……………………………………………..

1b. What **THREE** perceptions/ images do you have of a 'Low Cost Carrier' (Jetstar and Tiger)

……………………………………………

……………………………………………..

……………………………………………..

2a. Please list **THREE** most memorable experiences you have had with a 'Full Service Carrier' (Qantas and Virgin)

……………………………………………

……………………………………………..

……………………………………………..

2b. Please list **THREE** most memorable experiences you have had with a 'Low Cost Carrier' (Jetstar and Tiger)

……………………………………………

……………………………………………..

……………………………………………..

SECTION H: ABOUT YOURSELF

1. Please indicate your gender
☐ Male   ☐ Female
2. Please indicate your age group
☐ 18-19   ☐ 20-29   ☐ 30-39   ☐ 40- 49
☐ 50-59   ☐ 60 or over
3. Please indicate your current occupational group
☐ Director or manager
☐ Professional (doctor, lawyer, teacher, etc.)

☐ Technical professions (technicians, nursing)
☐ Clerical/administration
☐ Service and sales personnel
☐ Manual or crafts worker
☐ Other………….
4. Marital status

☐ Single   ☐ de-facto
☐ Single with children   ☐ divorced/ separated
☐ Married with children   ☐ widowed
☐ Married without children

5. Your annual gross income group

☐ 30,000 AUD or less   ☐ 30,001- 60,000 AUD
☐ 60,001- 90,000 AUD   ☐ 90,001 – 120,000 AUD
☐ 120,001 – 150,000 AUD   ☐ 150,001 and more

6. Are you a member of any frequent flyer program?

☐ Yes   ☐ No
   If yes, which one? …………………………
7. Place of Birth ………………
8. Residential postcode in Australia………..
                THANK YOU FOR YOUR PARTICIPATION

Appendix E: Measurement scale

Item number	Item description	Supporting literature for each item
1. Brand image	Symbol/logo Modern health resorts Friendly people Political stability Relaxing atmosphere Exciting atmosphere High level of personal safety High quality of services Good value for money	Konecnik and Gartner (2007)
	I know how the symbol of brand X looks like I have no difficulties in imagining X in my mind I can quickly recall the symbol or logo of X I associate X with dynamism I associate X with high technology I associate X with innovativeness I associate X with sophistication I associate X with distinctiveness I associate X with excellence I associate X with prestige	Yasin, Noor, and Mohamad (2007)
	The airline is a brand leader. Using the airline is a social status symbol. The airline has a good reputation. The airline is recommended by famous people with whom you identify. I am aware of this airline. I can recognize this airline among other competing brands. I know what this airline looks like.	Chen and Tseng (2010)
2. Experience quality	Factor 1: Hedonics That I am doing something I really like to do. As though I am doing something memorable. That I am doing something thrilling. That I am having a "once in a lifetime' experience.　　　　That I can share my experience with others later on. A feeling of escape. That I am being challenged in some way. That my imagination is being stirred. Like I am on an adventure. Like I am having fun. That I am doing something new and different.	Otto and Ritchie (1996)
	Factor 2: Peace of mind Physically comfortable. That my property is safe. Relaxed. A sense of personal security.	Otto and Ritchie (1996)

	Factor 3: Involvement That I am involved in the process. That there is an element of choice in the process. That I have control over the outcome. That I am being educated and informed. A sense of cooperation.	Otto and Ritchie (1996)
	Factor 4: Recognition That I am being taken seriously. That I am important.	Otto and Ritchie (1996)
3. Perceived value - Perceived benefits	Service quality: service process is smooth and comfortable The check-in service of ABC is quick and assured The boarding operation of ABC is efficient The in-flight service of ABC satisfies my needs. The baggage service of ABC is reliable. I am satisfied with the service quality of ABC	Forgas et al. (2010); Kim and Lee (2011)
	Service contact: service attitude of employees and relations with passengers. The employees are kindly. The employees always take care of my needs. The employees are glad to help me. I am familiar with the employees.	Forgas et al. (2010)
	Reputation: passengers' evaluation on airline's image and reliability. I always trust the service. I always have positive attitude towards. I am not worried about the safety records. The reputation of ABC is good. The company has a very good image. It has a better image than its competitors. It is used by many people that I know. The people that i now think that it's a good thing for me to fly with this company.	Forgas et al. (2010)
	Aircraft installations: The aircraft seem safe and modern. The seats are comfortable. The space between the seats is good.	Forgas et al. (2010)
	Professionalism of personnel: The personnel know their job well. The personnel are up to date in knowledge. I value their advice. They are always ready to help. They are kind. They look smart and professional.	Forgas et al. (2010)

	Company's service: Their plane's arrive and leave punctually. Their timetables are good for me. They attend to complaints efficiently. Their baggage service is efficient.	Forgas et al. (2010)
	Emotional value: I feel happy with their service. I feel calm with this company. The personnel gives me good vibes. I don't usually get angry with this company.	Forgas et al. (2010)
Perceived value - Perceived cost	Perception of monetary cost: feelings of the ticket fare The fare of ABC is expensive. The fare of ABC is not reasonable. The service is good for the price paid.	Forgas et al. (2010); Mikuli and Prebežac (2011)
	Non-monetary cost: time spending on buying the airline service I spend a lot of time to seek information of flight and fare of ABC. I spend a lot of time to confirm the space. I change my schedule to fit the flight of ABC. The queues to check in are reasonable.	Forgas et al. (2010)
5. Behavioural intentions – Intention to repurchase	I would continue doing business with this firm over the next few years.	DeWitt and Brady (2003)
	Given your experience, would you use .... Airlines again in the future?	Boshoff (1997)
	In the near future, I will not use (firm).	Maxham and Netemeyer (2003)
	Would you use this again if you had a choice?	Swanson and Kelley (2001a)
	How likely would you be to repurchase from this.... in the future?	Swanson and Kelley (2001a)

	Do you consider this company your first choice in the service category?	Mattila (2001)
Behavioural intention – Intention to recommend	I would try to convince my friends and relatives to use this.	Swanson and Kelley (2001b)
	I would warn others about using this.	Swanson and Kelley (2001b)
	I would be likely to convince my friends and relatives not to use this.	Swanson and Kelley (2001b)
	I would be likely to recommend this to others.	Swanson and Kelley (2001b)
	Say positive things about the service company to others.	Mattila (2001)
	Encourage friends and relatives to do business with this company.	Mattila (2001)

Appendix F: Items modification

Construct	Measurement in the pre-test	Measurement in the main survey
1. Brand image	Symbol/logo Modern health resorts Friendly people Political stability Relaxing atmosphere Exciting atmosphere High level of personal safety High quality of services Good value for money	Colourful logo that attracts attention and stand out from other low cost airlines Modern aircraft Friendly staff. Stable and firmly established company Relaxing and fuss free atmosphere. Good safety records High quality of services Good value for money
	I know how the symbol of brand X looks like I have no difficulties in imagining X in my mind I can quickly recall the symbol or logo of X I associate X with dynamism I associate X with high technology I associate X with innovativeness I associate X with sophistication I associate X with distinctiveness I associate X with excellence I associate X with prestige	Colourful logo that attracts attention and stand out from other low cost airlines. Up to date technologies Innovative.
	The airline is a brand leader. Using the airline is a social status symbol. The airline has a good reputation. The airline is recommended by famous people with whom you identify. I am aware of this airline. I can recognize this airline among other competing brands. I know what this airline looks like.	Brand Leader Good reputation Peer (family and friend) recommendation Social contribution to society Association with another brand leader e.g subsidiary of another strong brand leader. Trustworthiness

2. Experience quality	Factor 1: Hedonics That I am doing something I really like to do. As though I am doing something memorable. That I am doing something thrilling. That I am having a "once in a lifetime' experience. That I can share my experience with others later on. A feeling of escape. That I am being challenged in some way. That my imagination is being stirred. Like I am on an adventure. Like I am having fun. That I am doing something new and different.	This trip has provided me with a positive experience The interpersonal skills of this airline's staff has contributed to my positive experience I felt like I had a "once in a lifetime' experience. My experience was memorable. My experience was thrilling. I felt like I'd like to share my experience with others later on. I enjoy the nice ambience in travelling with this airline I felt that my experience was fun. I feel that my entire experience is pleasant and enjoyable
	Factor 2: Peace of mind Physically comfortable. That my property is safe. Relaxed. A sense of personal security.	I enjoy peace-of-mind by travelling with this airline I feel physically comfortable during the flight I feel very relaxed whilst traveling with this airline.
	Factor 3: Involvement That I am involved in the process. That there is an element of choice in the process. That I have control over the outcome. That I am being educated and informed. A sense of cooperation.	I feel that I had an element of choice during the whole process I feel that I was being kept informed at all times I feel a sense of flexibility.
	Factor 4: Recognition That I am being taken seriously. That I am important.	I feel I was being taken seriously at all times I feel important at all times
3. Perceived value - Perceived benefits	Service quality: service process is smooth and comfortable The check-in service of ABC is quick and assured The boarding operation of ABC is efficient The in-flight service of ABC satisfies my needs. The baggage service of ABC is reliable. I am satisfied with the service quality of ABC	Booking process is smooth and effortless. Check-in service is quick and assured. Boarding is efficient. In-flight service satisfies my needs. Baggage service is reliable. I am satisfied with the overall service quality.

	Service contact: service attitude of employees and relations with passengers. The employees are kindly. The employees always take care of my needs. The employees are glad to help me. I am familiar with the employees.	Employees show empathy. Employees are kind and ready to help.
	Reputation: passengers' evaluation on airline's image and reliability. I always trust the service. I always have positive attitude towards. I am not worried about the safety records. The reputation of ABC is good. The company has a very good image. It has a better image than its competitors. It is used by many people that I know. The people that i now think that it's a good thing for me to fly with this company.	The company has a very good image. It has a better image than its competitors. It is used by many people that I know. The people that I now think that it's a good thing for me to fly with this company.
	Aircraft installations: The aircraft seem safe and modern. The seats are comfortable. The space between the seats is good.	The seats are comfortable. The space between the seats is good.
	Professionalism of personnel: The personnel know their job well. The personnel are up to date in knowledge. I value their advice. They are always ready to help. They are kind. They look smart and professional.	The personnel know their job well. They look smart and professional.
	Company's service: Their plane's arrive and leave punctually. Their timetables are good for me. They attend to complaints efficiently. Their baggage service is efficient.	The plane has punctual flights Their timetables are good for me. They attend to complaints efficiently.

	Emotional value: I feel happy with their service. I feel calm with this company. The personnel gives me good vibes. I don't usually get angry with this company.	I feel happy with their service. I feel calm with this company. The personnel gives me good vibes.
Perceived value - Perceived cost	Perception of monetary cost: feelings of the ticket fare The fare of ABC is expensive. The fare of ABC is not reasonable. The service is good for the price paid.	The fare is reasonable. The service of this airline is good for the price paid.
	Non-monetary cost: time spending on buying the airline service I spend a lot of time to seek information of flight and fare of ABC. I spend a lot of time to confirm the space. I change my schedule to fit the flight of ABC. The queues to check in are reasonable.	I waste a lot of time unnecessarily dealing with this airline e.g dealing with a flight change
5. Behaviour intentions	I would continue doing business with this firm over the next few years.	I would continue using this airline
	Given your experience, would you use .... Airlines again in the future? In the near future, I will not use (firm).	Given my past experiences, I would use this airline again in the future.
	Would you use this again if you had a choice?	If I had the option to choose amongst a few other airlines, I would choose this airline.
	How likely would you be to repurchase from this.... in the future?	
	Do you consider this company your first choice in the service category?	This airline is my first choice airline to travel with in the future.
	I would try to convince my friends and relatives to use this.	I would try to convince my friends and relatives to travel with this airline.

	I would warn others about using this.	
	I would be likely to convince my friends and relatives not to use this.	
	I would be likely to recommend this to others.	I would recommend this airline to others.
	Say positive things about the service company to others.	I would say positive things about this airline to others.
	Encourage friends and relatives to do business with this company.	I will encourage friends and family to use this airline

Appendix G: Skewness and kurtosis

Items	Mean	SD	Skewness	Kurtosis
exp_positiveexp	3.810	0.898	-1.000	1.362
exp_interpersonalskillsofstaff	3.700	0.866	-0.685	0.675
exp_interpersonalskillsofstaff	2.660	1.037	0.216	-0.511
exp_trulymemorable	2.970	1.041	0.114	-0.463
exp_niceambience	3.490	0.931	-0.564	0.267
exp_excitingexp	3.120	0.983	-0.189	-0.250
exp_funexp	3.250	0.965	-0.391	-0.163
exp_shareexpwithothers	3.090	1.022	-0.100	-0.342
exp_enjoypeaceofmind	3.620	0.916	-0.681	0.501
exp_relaxed	3.700	0.885	-0.802	0.876
exp_physicallycomfortable	3.540	1.012	-0.807	0.214
exp_takenseriously	3.560	0.887	-0.499	0.408
exp_feltimportant	3.170	0.965	-0.163	-0.145
exp_choice	3.280	0.982	-0.367	-0.175
exp_keptinformed	3.590	0.884	-0.915	1.181
exp_flexibility	3.180	0.988	-0.196	-0.177
exp_enjoyable	3.580	0.913	-0.736	0.669
brand_leader	3.470	0.927	-0.734	0.429
brand_localbrand	3.590	0.973	-0.740	0.388
brand_colourful	2.550	1.101	0.258	-0.637
brand_goodreputation	4.300	0.731	-0.878	0.823
brand_uptodatetech	4.160	0.729	-0.957	2.296
brand_modernair	4.270	0.698	-0.923	2.001
brand_friendlystaff	4.250	0.751	-1.086	1.954
brand_positiveattstaff	4.260	0.726	-1.135	2.777
brand_peer	3.360	0.931	-0.548	0.302
brand_stable	4.090	0.779	-0.937	1.684
brand_innovative	3.740	0.868	-0.520	0.529
brand_socialcontri	3.430	0.988	-0.562	0.260
brand_association	3.140	1.009	-0.270	-0.213
brand_relaxingatmos	4.000	0.754	-0.800	1.637
brand_fussfree	4.090	0.719	-0.955	2.548
brand_goodsafetyrec	4.510	0.678	-1.355	2.069
brand_trust	4.340	0.706	-0.922	1.064
brand_highqualserv	4.220	0.737	-0.909	1.544
brand_goodvalue	4.440	0.666	-1.096	1.735
PV_bookingprocess	4.070	0.698	-0.992	3.000
PV_checkin	4.000	0.773	-0.707	0.968
PV_boarding	3.960	0.829	-1.033	1.606
PV_infltserv	3.850	0.836	-0.831	1.185

PV_baggage	4.010	0.743	-0.908	2.316
PV_staffknewjob	4.050	0.751	-0.650	1.057
PV_staffempathy	3.670	0.842	-0.383	0.404
PV_kindstaff	3.860	0.802	-0.666	1.031
PV_staffreadytohelp	3.950	0.781	-0.751	1.231
PV_smartandprofstaff	4.070	0.712	-1.107	3.449
PV_goodimage	3.960	0.846	-1.024	1.730
PV_betterimage	3.550	0.957	-0.344	-0.036
PV_usedbypeopleiknow	3.780	0.866	-0.586	0.644
PV_peoplethinksthatitisgood	3.530	0.860	-0.245	0.530
PV_seats	3.550	1.011	-0.750	0.243
PV_space	3.300	1.102	-0.352	-0.600
PV_punctualflts	3.740	0.916	-0.842	0.760
PV_timetables	3.850	0.832	-0.747	1.077
PV_compaints	3.490	0.814	-0.012	0.563
PV_happy	3.890	0.842	-0.881	1.574
PV_goodvibes	3.760	0.843	-0.577	0.661
PV_faresreasonable	3.880	0.847	-0.770	0.849
PV_goodserviceforthepricepaid	3.900	0.824	-0.775	1.062
PV_wastedtime	2.360	1.207	0.597	-0.708
PV_overservqual	3.900	0.813	-1.105	2.362
Behavint_positivethings	3.810	0.828	-0.754	1.413
Behavint_encourage	3.660	0.893	-0.565	0.676
Behavint_usegain	4.070	0.850	-1.077	1.854
Behavint_firstchoicefornexttime	3.670	1.063	-0.644	0.002

Appendix H: Construct reliability

Reliability statistics

Cronbach's alpha	Cronbach's alpha based on standardised items	N of items
.960	.961	17

Inter-Item Correlation Matrix

	This trip has provided me with a positive experience	The interpersonal skills of this airline's staff has contributed to my positive	I felt like I had a 'once in a lifetime' experience.	I felt like my experience was truly memorable.	I enjoy the nice ambience in travelling with this airline.	I felt like my experience was exciting.	I felt like my experience was fun.	I felt like I'd like to share my experience with others later on.	I enjoy peace of mind by travelling with this airline.	I felt very relaxed whilst travelling with this airline.	I felt physically comfortable during the flight.	I felt I was being taken seriously at all times.	I felt important at all times.	I felt that I had an element of choice during the whole process.	I felt that I was being kept informed at all times.	I felt a sense of flexibility.	I felt that my entire experience was enjoyable.
This trip has provided me with a positive experience	1																
The interpersonal skills of this airline's staff has contributed to my positive experience.	0.672	1.000															
I felt like I had a 'once in a lifetime' experience.	0.447	0.436	1.000														
I felt like my experience was truly memorable.	0.496	0.511	0.784	1.000													
I enjoy the nice ambience in travelling with this airline.	0.669	0.663	0.532	0.628	1.000												
I felt like my experience was exciting.	0.569	0.543	0.674	0.711	0.672	1.000											
I felt like my experience was fun.	0.618	0.534	0.631	0.684	0.679	0.821	1.000										
I felt like I'd like to share my experience with others later on.	0.443	0.488	0.693	0.686	0.570	0.698	0.658	1.000									
I enjoy peace of mind by travelling with this airline.	0.644	0.639	0.430	0.480	0.755	0.563	0.592	0.482	1.000								
I felt very relaxed whilst travelling with this airline.	0.603	0.545	0.420	0.461	0.672	0.499	0.606	0.506	0.685	1.000							
I felt physically comfortable during the flight.	0.569	0.502	0.410	0.438	0.630	0.495	0.554	0.428	0.582	0.690	1.000						
I felt I was being taken seriously at all times.	0.566	0.652	0.359	0.466	0.614	0.500	0.522	0.452	0.565	0.638	0.604	1.000					
I felt important at all times.	0.561	0.644	0.557	0.590	0.625	0.653	0.652	0.600	0.584	0.553	0.593	0.676	1.000				
I felt that I had an element of choice during the whole process.	0.603	0.618	0.558	0.567	0.674	0.622	0.639	0.536	0.626	0.613	0.604	0.671	0.762	1.000			
I felt that I was being kept informed at all times.	0.552	0.610	0.428	0.431	0.618	0.522	0.569	0.401	0.666	0.564	0.528	0.626	0.626	0.666	1.000		
I felt a sense of flexibility.	0.508	0.595	0.563	0.570	0.623	0.588	0.605	0.500	0.568	0.572	0.574	0.571	0.672	0.679	0.620	1.000	
I felt that my entire experience was enjoyable.	0.725	0.649	0.490	0.583	0.725	0.595	0.670	0.484	0.715	0.718	0.714	0.685	0.644	0.691	0.659	0.669	1.000

Reliability statistics

Cronbach's alpha	Cronbach's alpha based on standardised items	N of items
.918	.927	19

Inter-Item Correlation Matrix

	Brand leader	Local brand - 'made/ owned in Australia)	Colourful logo that attracts attention and stands out from other domesti	Good reputation	Up to date technologies	Modern aircrafts	Friendly staff	Positive attitude of staff	Peer (family and friend) recommendation	Stable and firmly established airline	Innovative	Social contribution to society	Association with another brand leader e.g mother/ sister compa	Relaxing atmosphere	Fuss free	Good safety records	Trustworthiness	High quality services	Good value for money
Brand leader	1.000																		
Local brand - 'made/ owned in Australia)	0.472	1.000																	
Colourful logo that attracts attention and stands out from other domestic airlines	0.441	0.378	1.000																
Good reputation	0.259	0.317	0.030	1.000															
Up to date technologies	0.359	0.355	0.167	0.639	1.000														
Modern aircrafts	0.325	0.315	0.094	0.601	0.749	1.000													
Friendly staff	0.261	0.282	0.061	0.578	0.613	0.688	1.000												
Positive attitude of staff	0.254	0.293	0.085	0.601	0.609	0.654	0.823	1.000											
Peer (family and friend) recommendation	0.268	0.271	0.411	0.179	0.267	0.178	0.226	0.261	1.000										
Stable and firmly established airline	0.373	0.403	0.179	0.546	0.582	0.601	0.594	0.624	0.320	1.000									
Innovative	0.391	0.439	0.361	0.290	0.545	0.477	0.463	0.475	0.417	0.525	1.000								
Social contribution to society	0.306	0.444	0.437	0.270	0.383	0.300	0.350	0.347	0.462	0.397	0.524	1.000							
Association with another brand leader e.g mother/ sister	0.376	0.399	0.563	0.127	0.300	0.198	0.229	0.214	0.523	0.302	0.438	0.544	1.000						
Relaxing atmosphere	0.302	0.340	0.193	0.503	0.579	0.550	0.652	0.651	0.354	0.574	0.562	0.432	0.301	1.000					
Fuss free	0.244	0.277	0.069	0.495	0.543	0.549	0.677	0.602	0.247	0.518	0.464	0.329	0.215	0.751	1.000				
Good safety records	0.202	0.222	-0.109	0.618	0.600	0.598	0.519	0.565	0.087	0.509	0.298	0.105	0.065	0.475	0.483	1.000			
Trustworthiness	0.238	0.205	-0.026	0.630	0.636	0.633	0.566	0.633	0.182	0.529	0.365	0.191	0.136	0.527	0.524	0.788	1.000		
High quality services	0.342	0.297	0.168	0.534	0.646	0.679	0.585	0.610	0.227	0.521	0.490	0.374	0.269	0.561	0.485	0.570	0.688	1.000	
Good value for money	0.041	0.082	-0.043	0.427	0.466	0.480	0.483	0.477	0.183	0.391	0.303	0.198	0.110	0.407	0.426	0.539	0.586	0.524	1.000

Inter-Item Correlation Matrix

	Booking process was smooth.	Check in was assured.	Boarding was efficient.	In flight services satisfied my needs.	Baggage service was reliable.	Staff knew their job well.	Staff showed empathy.	Staff are kind.	Staff are ready to help.	Staff look smart and professional	Airline has a good image.	It has a better image that its competitors	It is used by many people that I know.	The people that I know thinks that it is a good thing for me to fly with this airline.	The seats were comfortable	The space between the seats was good.	The airline has punctual flights.	Their flight timetables are good for me.	They attend to complaints efficiently.	I felt happy using this airline.	The staff gave me good vibes.	The fare are reasonable.	The service of this airline is good for the price paid.	I wasted a lot of time unnecessarily dealing with this airline.	I am satisfied with the overall service quality.
Booking process was smooth.	1.000																								
Check in was assured.	0.683	1.000																							
Boarding was efficient.	0.630	0.689	1.000																						
In flight services satisfied my needs.	0.550	0.644	0.637	1.000																					
Baggage services was reliable.	0.500	0.625	0.557	0.632	1.000																				
Staff knew their job well.	0.603	0.684	0.641	0.618	0.668	1.000																			
Staff showed empathy.	0.507	0.542	0.508	0.603	0.504	0.628	1.000																		
Staff are kind.	0.504	0.610	0.588	0.556	0.530	0.710	0.749	1.000																	
Staff are ready to help.	0.577	0.631	0.639	0.605	0.581	0.761	0.664	0.809	1.000																
Staff look smart and professional	0.540	0.606	0.586	0.609	0.545	0.717	0.555	0.701	0.766	1.000															
Airline has a good image.	0.537	0.622	0.645	0.633	0.577	0.602	0.532	0.566	0.655	0.711	1.000														
It has a better image that its competitors	0.402	0.438	0.461	0.547	0.406	0.474	0.502	0.441	0.486	0.478	0.693	1.000													
It is used by many people that I know.	0.365	0.375	0.332	0.441	0.369	0.443	0.436	0.402	0.452	0.513	0.515	0.488	1.000												
The people that I know thinks that it is a good thing for me to fly with this airline.	0.365	0.425	0.422	0.454	0.387	0.426	0.505	0.440	0.449	0.389	0.477	0.537	0.600	1.000											
The seats were comfortable	0.402	0.447	0.383	0.544	0.405	0.330	0.450	0.422	0.448	0.377	0.481	0.511	0.292	0.415	1.000										
The space between the seats was good.	0.357	0.380	0.375	0.521	0.398	0.351	0.497	0.423	0.428	0.346	0.430	0.531	0.290	0.468	0.826	1.000									
The airline has punctual flights.	0.464	0.552	0.538	0.601	0.565	0.548	0.509	0.521	0.549	0.513	0.645	0.614	0.360	0.450	0.513	0.492	1.000								
Their flight timetables are good for me.	0.520	0.588	0.525	0.525	0.481	0.557	0.506	0.568	0.608	0.585	0.609	0.474	0.359	0.447	0.513	0.510	0.641	1.000							
They attend to complaints efficiently.	0.434	0.510	0.476	0.550	0.467	0.519	0.649	0.597	0.595	0.508	0.566	0.545	0.383	0.522	0.479	0.513	0.564	0.543	1.000						
I felt happy using this airline.	0.564	0.605	0.594	0.667	0.556	0.663	0.594	0.621	0.662	0.611	0.684	0.584	0.410	0.480	0.639	0.560	0.626	0.647	0.561	1.000					
The staff gave me good vibes.	0.556	0.575	0.599	0.634	0.542	0.679	0.699	0.729	0.747	0.678	0.644	0.565	0.479	0.547	0.543	0.554	0.652	0.628	0.671	0.732	1.000				
The fare are reasonable.	0.309	0.422	0.418	0.391	0.486	0.450	0.437	0.483	0.465	0.419	0.356	0.256	0.373	0.355	0.394	0.390	0.397	0.460	0.409	0.457	0.518	1.000			
The service of this airline is good for the price paid.	0.458	0.494	0.533	0.569	0.505	0.531	0.525	0.546	0.589	0.541	0.486	0.374	0.370	0.440	0.522	0.512	0.471	0.516	0.525	0.575	0.620	0.714	1.000		
I wasted a lot of time unnecessarily dealing with this airline.	-0.209	-0.221	-0.252	-0.047	-0.179	-0.212	-0.003	-0.111	-0.195	-0.168	-0.165	0.079	0.016	0.135	-0.002	0.084	-0.071	-0.117	0.134	-0.126	-0.049	-0.062	-0.066	1.000	
I am satisfied with the overall service quality.	0.599	0.632	0.626	0.675	0.570	0.653	0.584	0.592	0.667	0.637	0.719	0.576	0.479	0.519	0.607	0.537	0.640	0.622	0.533	0.750	0.703	0.480	0.664	-0.158	1.000

Cronbach's alpha	Cronbach's alpha based on standardised items	N of items
.954	.959	25

Inter-Item Correlation Matrix				
	I will say positive things about this airline to others.	I will encourage friends and relatives to use this airline.	I will consider using this airline myself again in the future.	This airline will be my first choice for my next travel.
I will say positive things about this airline to others.	1.000			
I will encourage friends and relatives to use this airline.	0.815	1.000		
I will consider using this airline myself again in the future.	0.737	0.686	1.000	
This airline will be my first choice for my next travel.	0.705	0.673	0.733	1.000

Reliability statistics

Cronbach's alpha	Cronbach's alpha based on standardised items	N of items
.908	.913	4

Appendix I: Construct reliability

Experience quality

Correlations

		exp_positiveexp	exp_interpersonalskillsofstaff	exp_interpersonalskillsofstaff	exp_trulymemorable	exp_niceambience	exp_excitingexp	exp_funexp	exp_shareexpwithothers	exp_enjoypeaceofmind	exp_relaxed	exp_physicallycomfortable	exp_takenseriously	exp_feltimportant	exp_choice	exp_keptinformed	exp_flexibility	exp_enjoyable
exp_positiveexp	Pearson Correlation	1	.672**	.447**	.496*	.669**	.569**	.618**	.443**	.644**	.603**	.569**	.566**	.561**	.603**	.552**	.508**	.725**
	Sig. (2-tailed)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_interpersonalskillsofstaff	Pearson Correlation	.672**	1	.436**	.511**	.663**	.543**	.534**	.488**	.639**	.545**	.502**	.652**	.644**	.618**	.610**	.595**	.649**
	Sig. (2-tailed)	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_interpersonalskillsofstaff	Pearson Correlation	.447**	.436**	1	.784**	.532**	.674**	.631**	.693**	.430**	.420**	.410**	.359**	.557**	.558**	.428**	.563**	.490**
	Sig. (2-tailed)	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_trulymemorable	Pearson Correlation	.496**	.511**	.784**	1	.628**	.711**	.684**	.686**	.480**	.461**	.438**	.466**	.590**	.567**	.431**	.570**	.583**
	Sig. (2-tailed)	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_niceambience	Pearson Correlation	.669**	.663**	.532**	.628**	1	.672**	.679**	.570**	.755**	.672**	.630**	.614**	.625**	.674**	.618**	.623**	.725**
	Sig. (2-tailed)	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_excitingexp	Pearson Correlation	.569**	.543**	.674**	.711**	.672**	1	.821**	.698**	.563**	.499**	.495**	.500**	.653**	.622**	.522**	.588**	.595**
	Sig. (2-tailed)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_funexp	Pearson Correlation	.618**	.534**	.631**	.684**	.679**	.821**	1	.658**	.592**	.606**	.554**	.522**	.652**	.639**	.569**	.605**	.670**
	Sig. (2-tailed)	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_shareexpwithothers	Pearson Correlation	.443**	.488**	.693**	.686**	.570**	.698**	.658**	1	.482**	.506**	.428**	.452**	.600**	.536**	.401**	.500**	.484**
	Sig. (2-tailed)	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_enjoypeaceofmind	Pearson Correlation	.644**	.639**	.430**	.480**	.755**	.563**	.592**	.482**	1	.685**	.582**	.565**	.584**	.626**	.666**	.568**	.715**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_relaxed	Pearson Correlation	.603**	.545**	.420**	.461**	.672**	.499**	.606**	.506**	.685**	1	.690**	.638**	.553**	.613**	.564**	.572**	.718**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_physicallycomfortable	Pearson Correlation	.569**	.502**	.410**	.438**	.630**	.495**	.554**	.428**	.582**	.690**	1	.604**	.593**	.604**	.528**	.574**	.714**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_takenseriously	Pearson Correlation	.566**	.652**	.359**	.466**	.614**	.500**	.522**	.452**	.565**	.638**	.604**	1	.676**	.671**	.626**	.571**	.685**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_feltimportant	Pearson Correlation	.561**	.644**	.557**	.590**	.625**	.653**	.652**	.600**	.584**	.553**	.593**	.676**	1	.762**	.626**	.672**	.644**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_choice	Pearson Correlation	.603**	.618**	.558**	.567**	.674**	.622**	.639**	.536**	.626**	.613**	.604**	.671**	.762**	1	.666**	.679**	.691**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_keptinformed	Pearson Correlation	.552**	.610**	.428**	.431**	.618**	.522**	.569**	.401**	.666**	.564**	.528**	.626**	.626**	.666**	1	.620**	.659**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_flexibility	Pearson Correlation	.508**	.595**	.563**	.570**	.623**	.588**	.605**	.500**	.568**	.572**	.574**	.571**	.672**	.679**	.620**	1	.669**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
exp_enjoyable	Pearson Correlation	.725**	.649**	.490**	.583**	.725**	.595**	.670**	.484**	.715**	.718**	.714**	.685**	.644**	.691**	.659**	.669**	1
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316

Brand image

Correlations

		brand_leader	brand_localbrand	brand_colourful	brand_goodreputation	brand_uptodatetech	brand_modernair	brand_friendlystaff	brand_positiveattstaff	brand_peer	brand_stable	brand_innovative	brand_socialcontri	brand_association	brand_relaxingatmos	brand_fussfree	brand_goodsafetyrec	brand_trust	brand_highqualserv	brand_goodvalue
brand_leader	Pearson Correlation	1	.472	.441	.259	.359	.325	.261	.254	.268	.373	.391	.306	.376	.302	.244	.202	.238	.342	0.04
	Sig. (2-tailed)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.47
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_localbrand	Pearson Correlation	.472	1	.378	.317	.355	.315	.282	.293	.271	.403	.439	.444	.399	.340	.277	.222	.205	.297	0.08
	Sig. (2-tailed)	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.15
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_colourful	Pearson Correlation	.441	.378	1	0.03	.167	0.09	0.06	0.1	.411	.179	.361	.437	.563	.193	0.1	-0.1	-0.03	.168	-0
	Sig. (2-tailed)	0	0		0.59	0	0.1	0.28	0.1	0	0	0	0	0	0	0.2	0.05	0.64	0	0.44
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_goodreputation	Pearson Correlation	.259	.317	0.03	1	.639	.601	.578	.601	.179	.546	.290	.270	.127	.503	.495	.618	.630	.534	.427
	Sig. (2-tailed)	0	0	0.59		0	0	0	0	0	0	0	0	0.02	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_uptodatetech	Pearson Correlation	.359	.355	.167	.639	1	.749	.613	.609	.267	.582	.545	.383	.300	.579	.543	.600	.636	.646	.466
	Sig. (2-tailed)	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_modernair	Pearson Correlation	.325	.315	0.09	.601	.749	1	.688	.654	.178	.601	.477	.300	.198	.550	.549	.598	.633	.679	.480
	Sig. (2-tailed)	0	0	0.1	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_friendlystaff	Pearson Correlation	.261	.282	0.06	.578	.613	.688	1	.823	.226	.594	.463	.350	.229	.652	.677	.519	.566	.585	.483
	Sig. (2-tailed)	0	0	0.28	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_positiveattstaff	Pearson Correlation	.254	.293	0.09	.601	.609	.654	.823	1	.261	.624	.475	.347	.214	.651	.602	.565	.633	.610	.477
	Sig. (2-tailed)	0	0	0.13	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_peer	Pearson Correlation	.268	.271	.411	.179	.267	.178	.226	.261	1	.320	.417	.462	.523	.354	.247	0.09	.182	.227	.183
	Sig. (2-tailed)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0.12	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_stable	Pearson Correlation	.373	.403	.179	.546	.582	.601	.594	.624	.320	1	.525	.397	.302	.574	.518	.509	.529	.521	.391
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_innovative	Pearson Correlation	.391	.439	.361	.290	.545	.477	.463	.475	.417	.525	1	.524	.438	.562	.464	.298	.365	.490	.303
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_socialcontri	Pearson Correlation	.306	.444	.437	.270	.383	.300	.350	.347	.462	.397	.524	1	.544	.432	.329	0.11	.191	.374	.198
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0.06	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_association	Pearson Correlation	.376	.399	.563	.127	.300	.198	.229	.214	.523	.302	.438	.544	1	.301	.215	0.07	.136	.269	0.11
	Sig. (2-tailed)	0	0	0	0.02	0	0	0	0	0	0	0	0		0	0	0.25	0.02	0	0.05
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_relaxingatmos	Pearson Correlation	.302	.340	.193	.503	.579	.550	.652	.651	.354	.574	.562	.432	.301	1	.751	.475	.527	.561	.407
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_fussfree	Pearson Correlation	.244	.277	0.07	.495	.543	.549	.677	.602	.247	.518	.464	.329	.215	.751	1	.483	.524	.485	.426
	Sig. (2-tailed)	0	0	0.22	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_goodsafetyrec	Pearson Correlation	.202	.222	-0.11	.618	.600	.598	.519	.565	0.09	.509	.298	0.1	0.07	.475	.483	1	.788	.570	.539
	Sig. (2-tailed)	0	0	0.05	0	0	0	0	0	0.12	0	0	0.1	0.25	0	0		0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_trust	Pearson Correlation	.238	.205	-0.03	.630	.636	.633	.566	.633	.182	.529	.365	.191	.136	.527	.524	.788	1	.688	.586
	Sig. (2-tailed)	0	0	0.64	0	0	0	0	0	0	0	0	0	0.02	0	0	0		0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_highqualserv	Pearson Correlation	.342	.297	.168	.534	.646	.679	.585	.610	.227	.521	.490	.374	.269	.561	.485	.570	.688	1	.524
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
brand_goodvalue	Pearson Correlation	0	0.1	-0.04	.427	.466	.480	.483	.477	.183	.391	.303	.198	0.11	.407	.426	.539	.586	.524	1
	Sig. (2-tailed)	0.5	0.1	0.44	0	0	0	0	0	0	0	0	0	0.05	0	0	0	0	0	
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316

Perceived value

Correlations

		PV_bookingprocess	PV_checkin	PV_boarding	PV_inflserv	PV_baggage	PV_staffknewjob	PV_staffempathy	PV_kindstaff	PV_staffreadytohelp	PV_smartandprofstaff	PV_goodimage	PV_betterimage	PV_usedbypeopleIknow	PV_peoplethinksthisgood	PV_seats	PV_space	PV_punctualfits	PV_timetables	PV_complaints	PV_happy	PV_goodvibes	PV_fareasreasonable	PV_goodserviceforthepriceepaid	PV_wastedtime	PV_overservqual
PV_bookingprocess	Pearson Correlation	1	.683	.630	.550	.500	.603	.507	.504	.577	.540	.537	.402	.365	.365	.402	.357	.464	.520	.434	.564	.556	.309	.458	.209	.599
	Sig. (2-tailed)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_checkin	Pearson Correlation	.683	1	.689	.644	.625	.684	.542	.610	.631	.606	.622	.438	.375	.425	.447	.380	.552	.588	.510	.605	.575	.422	.494	.221	.632
	Sig. (2-tailed)	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_boarding	Pearson Correlation	.630	.689	1	.637	.557	.641	.508	.588	.639	.586	.645	.461	.332	.422	.383	.375	.538	.525	.476	.594	.599	.418	.533	.252	.626
	Sig. (2-tailed)	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_inflserv	Pearson Correlation	.550	.644	.637	1	.632	.618	.603	.556	.605	.609	.633	.547	.441	.454	.544	.521	.601	.525	.550	.667	.634	.391	.569	-0	.675
	Sig. (2-tailed)	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.4	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_baggage	Pearson Correlation	.500	.625	.557	.632	1	.668	.504	.530	.581	.545	.577	.406	.369	.387	.405	.398	.565	.481	.467	.556	.542	.486	.505	.179	.570
	Sig. (2-tailed)	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_staffknewjob	Pearson Correlation	.603	.684	.641	.618	.668	1	.628	.710	.761	.717	.602	.474	.443	.426	.330	.351	.548	.557	.519	.663	.679	.450	.531	.212	.653
	Sig. (2-tailed)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_staffempathy	Pearson Correlation	.507	.542	.508	.603	.504	.628	1	.749	.664	.555	.532	.502	.436	.505	.450	.497	.509	.506	.649	.594	.699	.437	.525	-0	.584
	Sig. (2-tailed)	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.96	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_kindstaff	Pearson Correlation	.504	.610	.588	.556	.530	.710	.749	1	.809	.701	.566	.441	.402	.440	.422	.423	.521	.568	.597	.621	.729	.483	.546	-.111	.592
	Sig. (2-tailed)	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.05	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_staffreadytohelp	Pearson Correlation	.577	.631	.639	.605	.581	.761	.664	.809	1	.766	.655	.486	.452	.449	.448	.428	.549	.608	.595	.662	.747	.465	.589	.195	.667
	Sig. (2-tailed)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_smartandprofstaff	Pearson Correlation	.540	.606	.586	.609	.545	.717	.555	.701	.766	1	.711	.478	.513	.389	.377	.346	.513	.585	.508	.611	.678	.419	.541	-.168	.637
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_goodimage	Pearson Correlation	.537	.622	.645	.633	.577	.602	.532	.566	.655	.711	1	.693	.515	.477	.481	.430	.645	.609	.566	.684	.644	.356	.486	-.165	.719
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_betterimage	Pearson Correlation	.402	.438	.461	.547	.406	.474	.502	.441	.486	.478	.693	1	.488	.537	.511	.531	.614	.474	.545	.584	.565	.256	.374	0.08	.576
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0.16	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_usedbypeopleIknow	Pearson Correlation	.365	.375	.332	.441	.369	.443	.436	.402	.452	.513	.515	.488	1	.600	.292	.290	.360	.359	.383	.410	.479	.373	.370	0.02	.479
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0.78	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_peoplethinksthisgood	Pearson Correlation	.365	.425	.422	.454	.387	.426	.505	.440	.449	.389	.477	.537	.600	1	.415	.468	.450	.447	.522	.480	.547	.355	.440	.135	.519
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0.02	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_seats	Pearson Correlation	.402	.447	.383	.544	.405	.330	.450	.422	.448	.377	.481	.511	.292	.415	1	.826	.513	.513	.479	.639	.543	.394	.522	-0	.607
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0.97	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_space	Pearson Correlation	.357	.380	.375	.521	.398	.351	.497	.423	.428	.346	.430	.531	.290	.468	.826	1	.492	.510	.513	.560	.554	.390	.512	0.08	.537
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0.13	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_punctualfits	Pearson Correlation	.464	.552	.538	.601	.565	.548	.509	.521	.549	.513	.645	.614	.360	.450	.513	.492	1	.641	.564	.626	.652	.397	.471	-.1	.640
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0.21	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_timetables	Pearson Correlation	.520	.588	.525	.525	.481	.557	.506	.568	.608	.585	.609	.474	.359	.447	.513	.510	.641	1	.543	.647	.628	.460	.516	-.117	.622
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0.04	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_complaints	Pearson Correlation	.434	.510	.476	.550	.467	.519	.649	.597	.595	.508	.566	.545	.383	.522	.479	.513	.564	.543	1	.561	.671	.409	.525	.134	.533
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0.02	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_happy	Pearson Correlation	.564	.605	.594	.667	.556	.663	.594	.621	.662	.611	.684	.584	.410	.480	.639	.560	.626	.647	.561	1	.732	.457	.575	-.126	.750
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0.03	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_goodvibes	Pearson Correlation	.556	.575	.599	.634	.542	.679	.699	.729	.747	.678	.644	.565	.479	.547	.543	.554	.652	.628	.671	.732	1	.518	.620	-0	.703
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0.39	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_fareasreasonable	Pearson Correlation	.309	.422	.418	.391	.486	.450	.437	.483	.465	.419	.356	.256	.373	.355	.394	.390	.397	.460	.409	.457	.518	1	.714	-.1	.480
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0.27	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_goodserviceforthepriceepaid	Pearson Correlation	.458	.494	.533	.569	.505	.531	.525	.546	.589	.541	.486	.374	.370	.440	.522	.512	.471	.516	.525	.575	.620	.714	1	-.1	.664
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0.24	0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_wastedtime	Pearson Correlation	.209	.221	.252	-0	-.179	.212	-0	-.111	-.195	.168	.165	0.1	0.02	.135	-0	0.1	-0.1	-.117	.134	-.126	-0	-0.1	-0.1	1	.158
	Sig. (2-tailed)	0	0	0	0.4	0	0	0.96	0.05	0	0	0	0.2	0.78	0.02	0.97	0.1	0.21	0.04	0.02	0.03	0.39	0.27	0.24		0
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
PV_overservqual	Pearson Correlation	.599	.632	.626	.675	.570	.653	.584	.592	.667	.637	.719	.576	.479	.519	.607	.537	.640	.622	.533	.750	.703	.480	.664	.158	1
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.01	
	N	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316

Behavioural intentions

Correlations		Behavint_posit ivethings	Behavint_enc ourage	Behavint_use gain	Behavint_firstc hoicefornextti me
Behavint_posit ivethings	Pearson Correlation	1	.815**	.737**	.705**
	Sig. (2-tailed)		0	0	0
	N	316	316	316	316
Behavint_enc ourage	Pearson Correlation	.815**	1	.686**	.673**
	Sig. (2-tailed)	0		0	0
	N	316	316	316	316
Behavint_use gain	Pearson Correlation	.737**	.686**	1	.733**
	Sig. (2-tailed)	0	0		0
	N	316	316	316	316
Behavint_firstc hoicefornextti me	Pearson Correlation	.705**	.673**	.733**	1
	Sig. (2-tailed)	0	0	0	
	N	316	316	316	316

Appendix J(i): QDA process for competition: Example of data reduction – InVivo coding based on the interview transcript QDA process: Example of data reduction – Grouping the similar codes

	Relevant Quotation	Code 1	Code 2	Code 3
R1	With Virgin buying out Tiger, I think it created some uncertainty as to what our future held as Virgin is quite powerful	Uncertain competitive environment	powerful competitors	
	I believe our biggest strategy is accessibility. offer customers the ability to access Jetstar whenever they want, with ease.	ease of accessibility		
	how many have increased bookings via mobile or the uptake in using in-app products	the number of bookings to see increase		
	Mobile is becoming bigger within the company and the introduction of the app and in-app boarding passes as well as the introduction of Limechat across both Reservations and Customer Care	technology and innovation		
R2	I think Jetstar is evolving	evolving		
	keeping up to date on the newest technology	technology		
	keep operating costs as low as possible to ensure we can pass on savings to customers in the form of low fares.	low costs		
	offering the lowest possible fares through the Price Beat Guarantee.	low fares		
R3	Our brand image of safety and service gives us a competitive edge in our markets.	safety	service	brand image
R4	Business focus on ancillary revenue, website	ancillary products	website technology	
R5	Jetstar is a very dynamic company	Dynamic		
	New routes and products are always around the corner	new routes	New products	
	Jetstar's current focus on customer service and experience will serve the company well moving forward.	service	experience	
	will contribute to the brand image that Jetstar aims for.	brand image		

**Appendix J(ii): QDA Process for Competition: Example of Data Reduction –
Grouping the Similar Codes   QDA Process: Data Reduction – Categorising Based
on the Emerging Codes**

	Relevant Quotations	Code Grouping
R1	Mobile is becoming bigger within the company and the introduction of the app and in-app boarding passes as well as the introduction of Limechat across both Reservations and Customer Care	technology and innovation
R2	keeping up to date on the newest technology	technology
R4	Business focus on ancillary revenue, website	website technology
R6	We are also very good at Technology and also looking at innovative technologies.	technology
R1	With Virgin buying out Tiger, I think it created some uncertainty as to what our future held as Virgin is quite powerful	Uncertain competitive environment
R1	With Virgin buying out Tiger, I think it created some uncertainty as to what our future held as Virgin is quite powerful	powerful competitors
R6	Tiger is our competitor and for multiple years, they have not been seen as a strong competitor but recently they have upped they game in terms of customer service, operations and when they merged with Virgin	strong competitor
R6	As the market changes, we are also adapting to make sure that we are meeting the needs where that change/ shift is heading.	adaptation
R6	We still quite agile and we more very quickly, which is great.	agile
R5	Jetstar is a very dynamic company	Dynamic
R2	I think Jetstar is evolving	evolving
R4	Business focus on ancillary revenue, website	ancillary products
R5	New routes and products are always around the corner	new routes/ products
R3	Our brand image of safety and service gives us a competitive edge in our markets.	Service
R5	Jetstar's current focus on customer service and experience will serve the company well moving forward.	service
R6	Investing in all the frontline staff, re motivate them and train them how to deal with passengers; teach them that customer service is the differentiator.	service focus
R7	build up on our reputation and also on time performance and service delivery	service
R2	keep operating costs as low as possible to ensure we can pass on savings to customers in the form of low fares.	low costs
R2	offering the lowest possible fares through the Price Beat Guarantee.	low fares
R7	Everything that we do is about low cost and if you think of that as being a low cost retailer whether you are a department store or an airline, you are trying to optimize every channel that you have available to you	cost
R7	Although we have to find other ways to connect with the customer, to build that brand equity, we cannot really take our eyes off being a low fares airline.	low fares

Appendix J(iii): QDA Process for competition: Data Reduction – Categorising Based on the Emerging Codes   QDA Process: Data Reduction – Theming Based on the Emerging Categories

1	R1	technology and innovation	1. Innovative Technology
2	R2	technology	
3	R4	website technology	
4	R6	technology	
5	R1	Uncertain competitive environment	2. Competitive landscape
6	R1	powerful competitors	
7	R6	strong competitor	
8	R6	adaptation	3. Competitive advantage
9	R6	agile	
10	R5	Dynamic	
11	R2	evolving	
12	R4	ancillary products	4. products
13	R5	new routes/ products	
14	R3	Service	5. Service
15	R5	service	
16	R6	service focus	
17	R7	service	
18	R2	low costs	6. Cost
19	R2	low fares	
20	R7	cost	
21	R7	low fares	
22	R8	cost reduction	
23	R8	cost reduction	
24	R5	brand image	7. Brand image
25	R6	brand leverage	
26	R7	emotions with the brand	
27	R6	half year or end of year results	8. Measuring competition
28	R6	NPS score	
29	R1	the number of bookings to see increase	

Appendix J(iv): QDA process for competition using data reduction with theming based on the emerging categories

	Category	Theme
1	Competitive landscape	Overview of the competitive environment
2	Competitive advantage	
3	Measuring competition	
4	Innovative technology	Competitive Strategies
5	Products	
6	Service	
7	Brand image	
8	Cost	

**Appendix K(i): QDA Process for Brand Image: Example of Data Reduction –
InVivo coding based on the interview transcript QDA Process: Example of Data
Reduction – Grouping the Similar Codes**

	Relevant Quotation	Code 1	Code 2	Code 3
R1	Branding makes relationships between customers and the product by providing value and loyalty and inducing emotional reactions to use us again.	Relationship	emotional connection	loyalty
R1	Currently, marketing have done an overhaul of our marketing strategies to make it more emotive to allow that emotional connection with customers.	emotional connection		
R1	We have different marketing strategies that target different people and population so I believe we could be sustainable on our own.	Different target audience		
R1	Low cost carriers are not just about cost these days. Customers have a variety of choice in the market so we need to consider other factors to stay competitive.	Choice to go elsewhere		
R2	A positive brand image automatically ensures an advantage against competitors.	Competitive advantage		
R2	We also maintain our brand image through social media and our website.	Social media platforms		
R2	There is no denying that Jetstar was born out of a strong brand, but I think we have come out on our own as an independent brand with our own unique characteristics and we do now operate as an independent airline.	Indenpendent operations		
R2	brand image is definitely a factor when consumers make their decision.	decision making process		
R3	in that our sister airline Qantas already have the safety record, are trusted by their customers, are the only Australian owned airline	brand leverage	safety	
R3	Brand image is increasingly more important nowadays because there is so much choice in the market	choice		
R3	I'd say safe	safety		

Appendix K(ii): QDA Process for Brand Image: Example of Data Reduction – Grouping the Similar Codes   QDA Process: Data Reduction – Categorising Based on the Emerging Codes

	Relevant Quotations	Code Grouping
R1	Branding makes relationships between customers and the product by providing value and loyalty and inducing emotional reactions to use us again.	emotional connection
R1	Currently, marketing have done an overhaul of our marketing strategies to make it more emotive to allow that emotional connection with customers.	emotional connection
R5	By recognizing the role Jetstar can play in connecting customers with family and friends as well as the world, it aims to forge an emotional connection with the customer. This aims to foster a positive brand image and to increase brand loyalty.	emmotional connection
R1	Branding makes relationships between customers and the product by providing value and loyalty and inducing emotional reactions to use us again.	loyalty
R4	Addressed at the senior and CEO level with highlighting on one area of improvement each FY EG Year of the Customer, Attract and Retain	loyalty
R5	By recognizing the role Jetstar can play in connecting customers with family and friends as well as the world, it aims to forge an emotional connection with the customer. This aims to foster a positive brand image and to increase brand loyalty.	loyalty
R8	we must develop a brand loyalty with our existing customers. We want our customers to become sticky – they'll choose to fly with us, even when there may be a cheaper fare on offer with another carrier.	loyalty
R1	We have different marketing strategies that target different people and population so I believe we could be sustainable on our own.	Different target audience
R2	There is no denying that Jetstar was born out of a strong brand, but I think we have come out on our own as an independent brand with our own unique characteristics and we do now operate as an independent airline.	Indenpendent operations
R4	As a brand, Jetstar could be 'stand-alone'	independent
R7	So, JQ is a very independent brand. Independent operations too.	independent operations
R8	We have made mention of the exemplary safety record of Qantas, but have highlighted that we run our own company systems.	independent operations
R1	Low cost carriers are not just about cost these days. Customers have a variety of choice in the market so we need to consider other factors to stay competitive.	Choice to go elsewhere
R3	Brand image is increasingly more important nowadays because there is so much choice in the market	choice
R7	I don't think that customers are brand loyal as they used to be as we do have such an immense amount of choice, communication	choice

Appendix K(iii): QDA Process for Brand Image: Data Reduction – Categorising Based on the Emerging Codes   QDA Process: Data Reduction – Theming Based on the Emerging Categories

		Comparative Analysis method	Category
R1		emotional connection	Emotional connection
R1		emotional connection	
R5		emmotional connection	
R1		loyalty	Loyalty
R4		loyalty	
R5		loyalty	
R8		loyalty	
R1		Different target audience	Independent airline
R2		Indenpendent operations	
R4		independent	
R7		independent operations	
R8		independent operations	
R1		Choice to go elsewhere	Amount of choice
R3		choice	
R7		choice	
R4		innovative technology investment	Innovation
R6		innovative strategies	
R8		innovation	
R2		Social media platforms	Communications Platform
R5		media and social media	
R6		media	
R7		social media	
R5		safety	Safety and Trust issues
R6		trust and safety	
R6		safety	
R7		safety and trust	
R5		Trust and safety	
R8		safety	

Appendix K(iv): QDA process for brand image using data reduction with theming based on the emerging categories

Category	Theme
Emotional connection	Brand building
Loyalty	
Independent airline	Brand leverage
Safety and trust issues	
Amount of choice	Information access
Communications platform	
Innovation	Branding strategies

Appendix L(i): QDA Process for Service: Example of Data Reduction – InVivo coding based on the interview transcript QDA Process: Example of Data Reduction – Grouping the Similar Codes

	Relevant Quotation	Code 1	Code 2
R1	I think our service quality does need improvement and it's one of the things we are looking at.	Servive quality improvement	
R1	offering various training to our staff	Staff training requirement	
R1	introducing new and innovative things	Innovation	
R2	provide the best possible level of service in line with its low cost business model.	low cost service	
R2	Jetstar has also invested in specialised customer service training for its frontline staff to improve customer experience and reduce complaints.	Staff training investment	
R3	Our self service check-in kiosks are a great example of this. Putting the customer in control of their own experience, as well as allowing them to provide their own service and do things at their own pace	Innovative products	
R5	Jetstar is currently working on exceeding the service expectations set by customers. Programs such as Lets Connect remind staff that customers are our focus and that by exceeding their expectations each time they fly, they are more likely to look to Jetstar next time they travel.	Staff Training	
R6	All airlines must be looking at customer service and getting their staff trained or trying to get better at their technologies.	Staff Training	
R6	Doing more self service so that people interact less, making things rather seamless so that people do not have issues with technology. For it to be intuitive just like the Uber concept. I think that this is what gives you that competitive adv and that where the focus should be.	Innovative intuitive strategies	
R7	OTP is important. To get away and arrive on time is what our customers want. We are always trying to work hard at reaching our desired OTP, which we are not really there yet.	On time performance	

Appendix L(ii): QDA Process for Service: Example of Data Reduction – Grouping the Similar Codes   QDA Process: Data Reduction – Categorising Based on the Emerging Codes

	Relevant Quotations	Code Grouping
R2	provide the best possible level of service in line with its low cost business model.	low cost service
R1	I think our service quality does need improvement and it's one of the things we are looking at.	Servive quality improvement
R1	offering various training to our staff	Staff training requirement
R2	Jetstar has also invested in specialised customer service training for its frontline staff to improve customer experience and reduce complaints.	Staff training investment
R5	Jetstar is currently working on exceeding the service expectations set by customers. Programs such as Lets Connect remind staff that customers are our focus and that by exceeding their expectations each time they fly, they are more likely to look to Jetstar next time they travel.	Staff Training
R6	All airlines must be looking at customer service and getting their staff trained or trying to get better at their technologies.	Staff Training
R8	That's why Jetstar has recently undertaken a service refresher course for the entire company – to refocus all of our staff on providing the best service possible, whether their customers are internal departments, or front-facing staff who deal with the public.	Staff training
R1	introducing new and innovative things	Innovation
R3	Our self service check-in kiosks are a great example of this. Putting the customer in control of their own experience, as well as allowing them to provide their own service and do things at their own pace	Innovative products

Appendix L(iii): QDA Process for Service: Data Reduction – Categorising Based on the Emerging Codes   QDA Process: Data Reduction – Theming Based on the Emerging Categories

R2	offering service in line with our low cost model	Service Quality
R1	Servive quality improvement	
R1	Staff training requirement	Staff Training requirement
R2	Staff training investment	
R5	Staff Training	
R6	Staff Training	
R8	Staff training	
R1	Innovation	Other Strategies to gain competitive advantage
R3	Innovative products	
R6	Innovative intuitive strategies	
R7	Staff friendliness	
R7	On time performance	

Appendix L(iv): QDA process for service using data reduction with theming based on the emerging categories

Category

Theme

Service Quality
Staff Training requirement
Other Strategies to gain competitive advantage

Methods to achieve the desired service quality

Appendix M(i): QDA Process for Future Behaviour: Example of Data Reduction – InVivo coding based on the interview transcript QDA Process: Example of Data Reduction – Grouping the Similar Codes

	Relevant Quotation	Code 1	Code 2	Code 3
R1	The factors that influence on future behaviours is price (although not the most important one these days, there's been a shift), how the customer felt when travelling with us, the emotions it raises when they think back as well as how our staff treated them, ease of travel and I think how kid-friendly things are	price	staff treatment	fuss free travel
R1	We've introduced training for staff to improve service, we've introduced mobile to make it easy for customers to access products and manage their booking from their phone	Staff training	innovative technology	
R2	We aim to provide as much information as possible to educate these consumers on our LCC business model	Information		
R2	The main strategy I think is to ensure our airfares remain as low as possible as consumers mostly want value for money.	low fares		
R2	Jetstar has a dedicated Customer Care team to handle customer complaints and consequentially customer retention. There are also other initiatives such as customer service training programs	Well trained staff		
R3	Low fares and safety are key also important. Service, or at least perceived service is also a factor.	Low fares	service focus	good safety records
R3	We're working hard on customer care. Frontline staff are perpetually trained to ensure they are meeting standards as the face of our company.	Frontline staff training		
R4	The company is investing in post-travel NPS measures and from that launching related working groups on key issues of poor NPS using a cross section of operational and service staff to revise and design customer policies	operational policies review		
R5	Good value fares will always drive customers. However cost will only influence customers to a point. Brand image will play a part,	good value fares	brand image	
R5	Jetstar aims to enhance its brand image and build a loyal customer base.	Brand image	loyal customers	
R6	With social media platforms, we've had a few feel good stories went viral and gives us a great brand image.	Brand image		

Appendix M(ii): QDA Process for Future Behaviour: Example of Data Reduction – Grouping the Similar Codes   QDA Process: Data Reduction – Categorising Based on the Emerging Codes

	Relevant Quotations	Code Grouping
R1	The factors that influence on future behaviours is price (although not the most important one these days, there's been a shift), how the customer felt when travelling with us, the emotions it raises when they think back as well as how our staff treated them, ease of travel and I think how kid-friendly things are	price
R3	Low fares and safety are key also important. Service, or at least perceived service is also a factor.	Low fares
R5	Good value fares will always drive customers. However cost will only influence customers to a point. Brand image will play a part,	good value fares
R2	The main strategy I think is to ensure our airfares remain as low as possible as consumers mostly want value for money.	low fares
R3	Low fares and safety are key also important. Service, or at least perceived service is also a factor.	Low fares
R5	Good value fares will always drive customers. However cost will only influence customers to a point. Brand image will play a part,	good value fares
R8	Our customer base is certainly price sensitive, and we have active strategies in place to meet that need. However, the service aspect is an increasingly important aspect of the decision process.	price
R8	Again, as a maturing brand, we retain customers with low pricing and also the soft side – the service side.	Price
R1	The factors that influence on future behaviours is price (although not the most important one these days, there's been a shift), how the customer felt when travelling with us, the emotions it raises when they think back as well as how our staff treated them, ease of travel and I think how kid-friendly things are	staff treatment
R1	We've introduced training for staff to improve service, we've introduced mobile to make it easy for customers to access products and manage their booking from their phone	Staff training
R2	Jetstar has a dedicated Customer Care team to handle customer complaints and consequentially customer retention. There are also other initiatives such as customer service training programs	Well trained staff
R3	We're working hard on customer care. Frontline staff are perpetually trained to ensure they are meeting standards as the face of our company.	Frontline staff training
R3	Low fares and safety are key also important. Service, or at least perceived service is also a factor.	service focus
R8	Our customer base is certainly price sensitive, and we have active strategies in place to meet that need. However, the service aspect is an increasingly important aspect of the decision process.	service

**Appendix M(iii): QDA Process for Future Behaviour: Data Reduction –
Categorising Based on the Emerging Codes   QDA Process: Data Reduction –
Theming Based on the Emerging Categories**

R1	price	Pricing
R3	Low fares	
R5	good value fares	
R2	low fares	
R3	Low fares	
R5	good value fares	
R8	price	
R8	Price	
R3	service focus	Customer Service
R8	service	
R8	service	
R6	customer service	
R1	staff treatment	Staffing
R1	Staff training	
R2	Well trained staff	
R3	Frontline staff training	
R5	brand image	Brand Image
R5	Brand image	
R6	Brand image	
R6	technology	Technology
R1	innovative technology	
R7	marketing strategies such as Jetmail	Other retention strategies
R3	good safety records	
R2	Informating and educating	
R4	operational policies review	

Appendix M(iv): QDA process for future behaviour using data reduction with theming based on the emerging categories

Category
Pricing
Customer Service
Staffing
Brand Image
Technology
Other retention strategies

Theme

Positive future behaviour
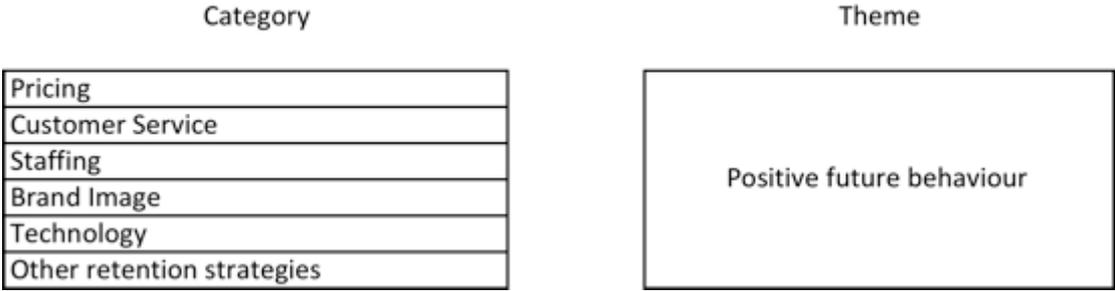
Appendix N: T-test

T-test for experience quality

<table>
<tr><td colspan="11" align="center">Independent samples test</td></tr>
<tr>
<td></td><td></td>
<td colspan="2">Levene's test for equality of variances</td>
<td colspan="7">t-test for equality of means</td>
</tr>
<tr>
<td></td><td></td>
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<td></td><td></td>
<td></td>
<td>Mean differenc e</td>
<td>Std. error differen ce</td>
<td colspan="2">95% Confidence interval of the difference</td>
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<td></td><td></td>
<td>F</td><td>Sig.</td>
<td>t</td><td>df</td>
<td>Sig. (2-tailed)</td>
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<td>Lower</td><td>Upper</td>
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<td rowspan="2">exp_posit iveexp</td>
<td>Equal variances assumed</td>
<td>15. 08 9</td><td>0.000</td>
<td>3.532</td><td>314</td>
<td>0.000</td>
<td>0.350</td><td>0.099</td>
<td>0.155</td><td>0.546</td>
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<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>3.527</td><td>299.9 54</td>
<td>0.000</td>
<td>0.350</td><td>0.099</td>
<td>0.155</td><td>0.546</td>
</tr>
<tr>
<td rowspan="2">exp_inter personals killsofsta ff</td>
<td>Equal variances assumed</td>
<td>1.5 92</td><td>0.208</td>
<td>2.798</td><td>314</td>
<td>0.005</td>
<td>0.270</td><td>0.096</td>
<td>0.080</td><td>0.459</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>2.798</td><td>313.9 40</td>
<td>0.005</td>
<td>0.270</td><td>0.096</td>
<td>0.080</td><td>0.459</td>
</tr>
<tr>
<td rowspan="2">exp_inter personals killsofsta ff</td>
<td>Equal variances assumed</td>
<td>0.1 16</td><td>0.734</td>
<td>2.947</td><td>314</td>
<td>0.003</td>
<td>0.340</td><td>0.115</td>
<td>0.113</td><td>0.567</td>
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<tr>
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<td></td><td></td>
<td>2.949</td><td>312.2 15</td>
<td>0.003</td>
<td>0.340</td><td>0.115</td>
<td>0.113</td><td>0.566</td>
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<td rowspan="2">exp_truly memorab le</td>
<td>Equal variances assumed</td>
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<td>2.732</td><td>314</td>
<td>0.007</td>
<td>0.317</td><td>0.116</td>
<td>0.089</td><td>0.545</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>2.734</td><td>311.3 31</td>
<td>0.007</td>
<td>0.317</td><td>0.116</td>
<td>0.089</td><td>0.545</td>
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<tr>
<td rowspan="2">exp_nice ambience</td>
<td>Equal variances assumed</td>
<td>1.9 39</td><td>0.165</td>
<td>6.058</td><td>314</td>
<td>0.000</td>
<td>0.601</td><td>0.099</td>
<td>0.406</td><td>0.797</td>
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<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>6.055</td><td>311.7 51</td>
<td>0.000</td>
<td>0.601</td><td>0.099</td>
<td>0.406</td><td>0.797</td>
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<td rowspan="2">exp_excit ingexp</td>
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<td>0.1 96</td><td>0.658</td>
<td>2.350</td><td>314</td>
<td>0.019</td>
<td>0.258</td><td>0.110</td>
<td>0.042</td><td>0.474</td>
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<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>2.349</td><td>313.4 30</td>
<td>0.019</td>
<td>0.258</td><td>0.110</td>
<td>0.042</td><td>0.474</td>
</tr>
<tr>
<td rowspan="2">exp_fune xp</td>
<td>Equal variances assumed</td>
<td>0.2 27</td><td>0.634</td>
<td>2.860</td><td>314</td>
<td>0.005</td>
<td>0.307</td><td>0.107</td>
<td>0.096</td><td>0.518</td>
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<tr>
<td>Equal variances not assumed</td>
<td></td><td></td>
<td>2.859</td><td>313.5 54</td>
<td>0.005</td>
<td>0.307</td><td>0.107</td>
<td>0.096</td><td>0.518</td>
</tr>
<tr>
<td>exp_shar eexpwith others</td>
<td>Equal variances assumed</td>
<td>1.6 17</td><td>0.204</td>
<td>1.592</td><td>314</td>
<td>0.113</td>
<td>0.182</td><td>0.115</td>
<td>-0.043</td><td>0.408</td>
</tr>
</table>

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
	Equal variances not assumed			1.592	312.592	0.112	0.182	0.115	-0.043	0.408
exp_enjo ypeaceof mind	Equal variances assumed	8.6 70	0.003	6.969	314	0.000	0.669	0.096	0.480	0.858
	Equal variances not assumed			6.966	311.6 76	**0.000**	0.669	0.096	0.480	0.858
exp_relax ed	Equal variances assumed	9.5 56	0.002	6.228	314	0.000	0.586	0.094	0.401	0.771
	Equal variances not assumed			6.227	313.5 91	**0.000**	0.586	0.094	0.401	0.771
exp_phys icallycom fortable	Equal variances assumed	1.2 31	0.268	4.278	314	**0.000**	0.474	0.111	0.256	0.692
	Equal variances not assumed			4.279	313.7 19	0.000	0.474	0.111	0.256	0.692
exp_take nseriousl y	Equal variances assumed	2.9 09	0.089	1.774	314	**0.077**	0.176	0.099	-0.019	0.372
	Equal variances not assumed			1.775	310.3 74	0.077	0.176	0.099	-0.019	0.372
exp_felti mportant	Equal variances assumed	6.2 79	0.013	2.507	314	0.013	0.270	0.108	0.058	0.482
	Equal variances not assumed			2.509	309.4 94	**0.013**	0.270	0.108	0.058	0.482
exp_choi ce	Equal variances assumed	1.1 15	0.292	3.282	314	**0.001**	0.357	0.109	0.143	0.571
	Equal variances not assumed			3.282	313.9 99	0.001	0.357	0.109	0.143	0.571
exp_kepti nformed	Equal variances assumed	2.5 43	0.112	3.552	314	**0.000**	0.347	0.098	0.155	0.539
	Equal variances not assumed			3.551	313.1 44	0.000	0.347	0.098	0.155	0.539
exp_flexi bility	Equal variances assumed	4.4 01	0.037	3.335	314	0.001	0.365	0.109	0.150	0.580
	Equal variances not assumed			3.336	313.5 54	**0.001**	0.365	0.109	0.150	0.580
exp_enjo yable	Equal variances assumed	4.3 49	0.038	5.178	314	0.000	0.512	0.099	0.317	0.706
	Equal variances not assumed			5.175	311.1 25	**0.000**	0.512	0.099	0.317	0.706

T-test for brand image

		Levene's test for equality of variances		t-test for equality of means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. error difference	95% Confidence interval of the difference	
									Lower	Upper
brand_leader	Equal variances assumed	1.798	0.181	3.718	314	**0.000**	0.380	0.102	0.179	0.581
	Equal variances not assumed			3.716	312.665	0.000	0.380	0.102	0.179	0.581
brand_localbrand	Equal variances assumed	1.680	0.196	0.047	314	**0.962**	0.005	0.110	-0.211	0.221
	Equal variances not assumed			0.047	312.501	0.962	0.005	0.110	-0.211	0.221
brand_colourful	Equal variances assumed	0.232	0.630	0.556	314	**0.579**	0.069	0.124	-0.175	0.313
	Equal variances not assumed			0.556	313.964	0.579	0.069	0.124	-0.175	0.313
brand_goodreputation	Equal variances assumed	0.011	0.915	1.418	314	**0.157**	0.116	0.082	-0.045	0.278
	Equal variances not assumed			1.417	313.008	0.157	0.116	0.082	-0.045	0.278
brand_uptodatetech	Equal variances assumed	0.367	0.545	1.833	314	**0.068**	0.150	0.082	-0.011	0.311
	Equal variances not assumed			1.832	311.454	0.068	0.150	0.082	-0.011	0.311
brand_modernair	Equal variances assumed	0.287	0.592	2.391	314	**0.017**	0.187	0.078	0.033	0.340
	Equal variances not assumed			2.390	311.806	0.017	0.187	0.078	0.033	0.340
brand_friendlystaff	Equal variances assumed	0.098	0.754	0.261	314	**0.794**	0.022	0.085	-0.144	0.189
	Equal variances not assumed			0.261	313.893	0.794	0.022	0.085	-0.144	0.189

Table header: Independent samples test

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
brand_positiveattstaff	Equal variances assumed	0.623	0.430	0.347	314	**0.729**	0.028	0.082	-0.133	0.189
	Equal variances not assumed			0.347	310.123	0.729	0.028	0.082	-0.133	0.190
brand_peer	Equal variances assumed	1.572	0.211	-1.193	314	**0.234**	-0.125	0.105	-0.331	0.081
	Equal variances not assumed			-1.194	310.231	0.234	-0.125	0.105	-0.331	0.081
brand_stable	Equal variances assumed	0.397	0.529	1.725	314	**0.086**	0.151	0.087	-0.021	0.323
	Equal variances not assumed			1.724	311.739	0.086	0.151	0.087	-0.021	0.323
brand_innovative	Equal variances assumed	4.696	0.031	1.922	314	0.055	0.187	0.097	-0.004	0.378
	Equal variances not assumed			1.920	305.955	**0.056**	0.187	0.097	-0.005	0.378
brand_socialcontri	Equal variances assumed	0.914	0.340	-0.561	314	**0.575**	-0.062	0.111	-0.281	0.157
	Equal variances not assumed			-0.561	312.212	0.575	-0.062	0.111	-0.281	0.156
brand_association	Equal variances assumed	0.101	0.750	-1.188	314	**0.236**	-0.135	0.113	-0.358	0.088
	Equal variances not assumed			-1.188	312.088	0.236	-0.135	0.113	-0.358	0.088
brand_relaxingatmos	Equal variances assumed	0.104	0.747	1.270	314	**0.205**	0.108	0.085	-0.059	0.274
	Equal variances not assumed			1.270	311.996	0.205	0.108	0.085	-0.059	0.274
brand_fussfree	Equal variances assumed	0.756	0.385	0.534	314	**0.594**	0.043	0.081	-0.116	0.202
	Equal variances not assumed			0.534	313.994	0.594	0.043	0.081	-0.116	0.202
brand_goodsafetyrec	Equal variances assumed	2.724	0.100	1.830	314	**0.068**	0.139	0.076	-0.010	0.289

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
	Equal variances not assumed			1.829	312.865	0.068	0.139	0.076	-0.011	0.289
brand_trust	Equal variances assumed	0.091	0.763	0.742	314	**0.459**	0.059	0.080	-0.097	0.215
	Equal variances not assumed			0.742	313.602	0.459	0.059	0.080	-0.097	0.215
brand_highqualserv	Equal variances assumed	0.029	0.866	1.265	314	**0.207**	0.105	0.083	-0.058	0.268
	Equal variances not assumed			1.264	311.958	0.207	0.105	0.083	-0.058	0.268
brand_goodvalue	Equal variances assumed	0.011	0.917	-1.598	314	**0.111**	-0.119	0.075	-0.267	0.028
	Equal variances not assumed			-1.599	313.511	0.111	-0.119	0.075	-0.266	0.028

T-test for perceived value

		\multicolumn{2}{c}{Levene's test for equality of variances}	\multicolumn{7}{c}{t-test for equality of means}
							Sig. (2-tailed)	Mean difference	Std. error difference	95% Confidence interval of the difference
		F	Sig.	t	df				Lower	Upper
PV_bookingprocess	Equal variances assumed	1.253	0.264	2.177	314	**0.030**	0.170	0.078	0.016	0.324
	Equal variances not assumed			2.176	311.542	0.030	0.170	0.078	0.016	0.324
PV_checkin	Equal variances assumed	3.230	0.073	2.198	314	**0.029**	0.190	0.086	0.020	0.360
	Equal variances not assumed			2.196	306.245	0.029	0.190	0.086	0.020	0.360
PV_boarding	Equal variances assumed	7.467	0.007	2.678	314	0.008	0.247	0.092	0.066	0.429
	Equal variances not assumed			2.674	298.837	**0.008**	0.247	0.092	0.065	0.429
PV_infltserv	Equal variances assumed	16.524	0.000	3.945	314	0.000	0.363	0.092	0.182	0.544
	Equal variances not assumed			3.941	303.049	**0.000**	0.363	0.092	0.182	0.544
PV_baggage	Equal variances assumed	1.791	0.182	3.384	314	**0.001**	0.278	0.082	0.116	0.440
	Equal variances not assumed			3.380	304.142	0.001	0.278	0.082	0.116	0.440
PV_staffknewjob	Equal variances assumed	0.007	0.935	2.368	314	**0.018**	0.189	0.080	0.032	0.346
	Equal variances not assumed			2.367	311.557	0.019	0.189	0.080	0.032	0.347
PV_staffempathy	Equal variances assumed	0.157	0.693	1.314	314	**0.190**	0.124	0.095	-0.062	0.311
	Equal variances not assumed			1.314	313.928	0.190	0.124	0.095	-0.062	0.311

PV_kindstaff	Equal variances assumed	0.008	0.929	1.072	314	**0.284**	0.097	0.090	-0.081	0.274
	Equal variances not assumed			1.072	313.951	0.284	0.097	0.090	-0.081	0.274
PV_staffreadytohelp	Equal variances assumed	0.008	0.927	1.962	314	**0.051**	0.172	0.087	-0.001	0.344
	Equal variances not assumed			1.962	313.999	0.051	0.172	0.087	-0.001	0.344
PV_smartandprofstaff	Equal variances assumed	0.143	0.706	2.785	314	**0.006**	0.221	0.079	0.065	0.377
	Equal variances not assumed			2.783	308.622	0.006	0.221	0.079	0.065	0.377
PV_goodimage	Equal variances assumed	7.034	0.008	5.271	314	0.000	0.482	0.091	0.302	0.661
	Equal variances not assumed			5.264	297.371	**0.000**	0.482	0.091	0.302	0.662
PV_betterimage	Equal variances assumed	1.415	0.235	6.928	314	**0.000**	0.696	0.100	0.498	0.893
	Equal variances not assumed			6.923	308.809	0.000	0.696	0.100	0.498	0.893
PV_usedbypeopleiknow	Equal variances assumed	0.001	0.975	1.329	314	**0.185**	0.129	0.097	-0.062	0.321
	Equal variances not assumed			1.329	313.987	0.185	0.129	0.097	-0.062	0.321
PV_peoplethinksthatitisgood	Equal variances assumed	0.390	0.533	2.303	314	**0.022**	0.221	0.096	0.032	0.410
	Equal variances not assumed			2.303	313.999	0.022	0.221	0.096	0.032	0.410
PV_seats	Equal variances assumed	2.238	0.136	4.279	314	**0.000**	0.474	0.111	0.256	0.692
	Equal variances not assumed			4.279	313.739	0.000	0.474	0.111	0.256	0.692
PV_space	Equal variances assumed	2.012	0.157	3.392	314	**0.001**	0.414	0.122	0.174	0.654

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
	Equal variances not assumed			3.393	313.158	0.001	0.414	0.122	0.174	0.654
PV_punctualflts	Equal variances assumed	17.691	0.000	5.631	314	0.000	0.554	0.098	0.360	0.747
	Equal variances not assumed			5.625	304.406	**0.000**	0.554	0.098	0.360	0.748
PV_timetables	Equal variances assumed	9.584	0.002	3.675	314	0.000	0.337	0.092	0.157	0.518
	Equal variances not assumed			3.673	311.399	**0.000**	0.337	0.092	0.157	0.518
PV_compaints	Equal variances assumed	3.073	0.081	1.594	314	**0.112**	0.146	0.091	-0.034	0.326
	Equal variances not assumed			1.595	312.329	0.112	0.146	0.091	-0.034	0.325
PV_happy	Equal variances assumed	8.804	0.003	5.234	314	0.000	0.476	0.091	0.297	0.655
	Equal variances not assumed			5.229	303.546	**0.000**	0.476	0.091	0.297	0.655
PV_goodvibes	Equal variances assumed	1.402	0.237	2.730	314	**0.007**	0.256	0.094	0.072	0.441
	Equal variances not assumed			2.730	313.949	0.007	0.256	0.094	0.072	0.441
PV_faresreasonable	Equal variances assumed	4.076	0.044	-1.917	314	0.056	-0.182	0.095	-0.369	0.005
	Equal variances not assumed			-1.917	313.801	**0.056**	-0.182	0.095	-0.369	0.005
PV_goodserviceforthepricepaid	Equal variances assumed	0.010	0.921	-0.191	314	**0.849**	-0.018	0.093	-0.200	0.165
	Equal variances not assumed			-0.191	313.909	0.849	-0.018	0.093	-0.200	0.165
PV_wastedtime	Equal variances assumed	0.633	0.427	-2.286	314	**0.023**	-0.308	0.135	-0.574	-0.043
	Equal variances not assumed			-2.286	313.971	0.023	-0.308	0.135	-0.574	-0.043

		13.409	0.000	4.813	314	0.000	0.425	0.088	0.251	0.599
PV_overse rvqual	Equal variances assumed									
	Equal variances not assumed			4.806	294.8 95	**0.000**	0.425	0.088	0.251	0.599

T-test for behavioural intentions

		Levene's test for equality of variances		t-test for equality of means					95% Confidence interval of the difference	
Independent samples test										
		F	Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. error difference	Lower	Upper
Behavint_positivethings	Equal variances assumed	14.146	0.000	4.580	314	0.000	0.414	0.090	0.236	0.592
	Equal variances not assumed			4.575	302.008	**0.000**	0.414	0.090	0.236	0.592
Behavint_encourage	Equal variances assumed	3.290	0.071	3.775	314	**0.000**	0.371	0.098	0.178	0.565
	Equal variances not assumed			3.772	310.195	0.000	0.371	0.098	0.178	0.565
Behavint_usegain	Equal variances assumed	1.604	0.206	5.304	314	**0.000**	0.486	0.092	0.306	0.667
	Equal variances not assumed			5.295	292.978	0.000	0.486	0.092	0.306	0.667
Behavint_firstchoicefornexttime	Equal variances assumed	14.386	0.000	5.758	314	0.000	0.656	0.114	0.432	0.880
	Equal variances not assumed			5.750	299.806	**0.000**	0.656	0.114	0.432	0.881

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Appendix O: ANOVA results

Experience quality - On positive things

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119.322	17	7.019	21.639	.000[b]
	Residual	96.662	298	.324		
	Total	215.984	315			

On encourage others

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	128.935	17	7.584	18.503	.000[b]
	Residual	122.154	298	.410		
	Total	251.089	315			

On using the airline again

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.684	17	7.334	21.294	.000[b]
	Residual	102.642	298	.344		
	Total	227.326	315			

On first choice for next time

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	180.770	17	10.634	18.072	.000[b]
	Residual	175.341	298	.588		
	Total	356.111	315			

Brand image - On positive things

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.607	19	2.400	4.170	.000[b]
	Residual	170.378	296	.576		
	Total	215.984	315			

On encourage others

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.933	19	2.733	4.062	.000[b]
	Residual	199.155	296	.673		
	Total	251.089	315			

On using the airline again

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.954	19	2.313	3.734	.000[b]
	Residual	183.372	296	.619		
	Total	227.326	315			

On first choice for next time

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.582	19	3.083	3.067	.000[b]
	Residual	297.529	296	1.005		
	Total	356.111	315			

Perceived value - On positive things

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	142.922	25	5.717	22.691	.000[b]
	Residual	73.062	290	.252		
	Total	215.984	315			

On encourage others

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	154.923	25	6.197	18.688	.000[b]
	Residual	96.165	290	.332		
	Total	251.089	315			

On using the airline again

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	143.602	25	5.744	19.896	.000[b]
	Residual	83.724	290	.289		
	Total	227.326	315			