

Passenger Decision Making Behavior and Implications for Airline Marketing: Case Emirates

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration

Tourism and Hospitality Management

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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Acknowledgement

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Abstract

The airline industry is facing tremendous changes linked to advances in Information and Communication Technologies which revolutionize consumer behavior by enhancing the availability of information and simplifying the booking process. Though success for airlines lies in understanding changing needs of customers little research has been done on the decision making process of passengers. The aim of this paper is to explore how passengers prefer to obtain information, which information sources they perceive as trustworthy, which distribution channels are used for bookings and the evaluation of distinct product attributes. The Arabian carrier Emirates was selected for an in-depth analysis, and a survey among Emirates' passengers was conducted in order to obtain up-to-date insight into their decision making behavior. Results show that passengers carry out extensive information searches and stress the need for integrated marketing communication. A trend towards disintermediation and re-intermediation was observed. As far as specific product attributes are concerned, Emirates' passengers place the most importance on safety, punctuality, staff and the seat pitch. Recommendations for Emirates and any other carrier include a proactive approach towards new Information and Communication Technologies and their integration as marketing tool.

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List of Abbreviations

ATW	Air Transport World
CRS	Computer Reservation System
EK	Emirates
ICT	Information and Communication Technology
IFEC	In-flight Entertainment and Communication
OAG	Official Airline Guide
OS	Austrian
UAE	United Arab Emirates

1 Introduction

The airline industry is one of the fastest-changing industry sectors in the world today (Kernchen, 2004). Changing market conditions including empowered customers, new distribution channels and a cogent trend towards disintermediation and re-intermediation constantly forces airlines to adopt and improve their operations and business models (Shaw, 2011; Kossmann 2006). Advances in the field of Information and Communication Technologies (ICT) contributed to the empowerment of customers who became more experienced, sophisticated and striving for individual and independent products (Buhalis & Law, 2008). The two authors conclude that in the tourism industry “the key success lies in quick identification of consumer needs and in reaching potential clients with comprehensive, personalized and up-to-date products and services that satisfy those needs”. This statement and the fact that so far there has been little discussion on passenger behavior support the need for further investigation. The aim is to detect how potential clients get information about an airline, which information and booking channels they prefer and which attributes of the airline product are most important for them. This paper aims to specifically explore the decision making process of passengers. The consideration of information channels, booking channels and the evaluation process of the airline product are to be examined in this research.

With regards to the organization of this paper, a division into seven parts was chosen. A brief introduction of the development of civil aviation in general emphasizes how fast market conditions changed. This section will further explore the impact of technologies and regulations and the ways in which airlines have adapted their business models throughout the years. Section 2 carefully analyzes the nature of the airline product aiming to accurately state which elements it comprises. An analysis was carried out in light of the extended marketing mix for services. The third section outlines basic theories on the science of consumer behavior and explores the consumer decision making process that served as a foundation for the research conducted. While the historic, the marketing and consumer behavior sections (3 & 4) are generally relevant for an investigation of any airline, the main section (5) of the literature part is a detailed analysis of the Arabian airline Emirates, which covers the development of Emirates and a critical evaluation of their strengths, weaknesses, opportunities and threats based on up-to-the-minute information. The research part examines how Emirates reaches their customers, which information and booking channels passengers prefer and how they perceive the importance of product attributes that Emirates offers. The conclusion combines findings from the empirical research conducted in this thesis and the literature review.

2 Historical Background of the airline industry

Compared to other industries the airline industry has a rather short history to look back at. Even though it is not possible to provide a single date which serves as a starting point for the airline business it is feasible to mention the Wright brothers who conducted powered air flights in 1903 and by doing that set the basis for personal aviation (Sheehan & Oclott, 2003). Six years after this flight the German general and aircraft manufacturer Count Zeppelin was the first business man to found an airline. On the 16th of November 1909 the Deutsche Luftschiffahrts-Aktiengesellschaft (DELAG) was established to operate passenger flights from the company's home base Frankfurt (Gunston, 1978). Bieger and Agosti (2005) developed a model of four stages which comprises the evolution of the airline business and divides it into four parts. The first stage mentioned is called technical stage and lasts until the beginning of World War II. In those early years travelling by air was rather suitable for adventurers. The business was a supply side business and airlines making profits could hardly be found. Stage two, called political stage covers the establishment of international regulations, agreements and standards which were set for the transportation industry. Important technological achievements were made in the 1950s with the development of jet planes which enabled airlines to start immense growth (Sheehan & Oclott, 2003). The airline business started putting more emphasize on quality and costs in the early 70ies. This third stage was also shaped by the introduction of open sky policies, new services, pricing schemes and competitors entering the market with new business concepts. The last stage, network and alliances, started in the 90ies with the introduction of low cost carriers (LCCs) and the process of forming alliances among already established carriers which completely changed market conditions. In Europe new established LCCs like Ryanair or Easyjet took advantage of the liberated European skies and managed to successfully position themselves in the market. At the same time many old-established full services carriers like Birtish Airways or Austrian Airlines faced severe financial problems. In 2002 Swiss Air who was renowned for service excellence was grounded, a scenario that at that time no one would have accepted for an established carrier. Swiss Air's grounding however stressed the need for airlines, regardless of how long they were already part of the airline market, to adapt their business model to the changing needs of customers. Current developments show that traditional full service airlines have to face new competitors like Emirates entering their home markets. How Emirates managed to successfully enter distinct markets around the world and continues to make profit is to be explored in this paper. Advances regarding Information and Communication Technologies (ICT) played a crucial role in the development of the airline business and are taken into consideration in the marketing and consumer behavior part of this thesis.

3 Product Analysis in Airline Marketing

3.1 Definition of the Airline Product

According to Wensveen (2007) the airline product is not a „physical item at all, but services that consumers find useful“. Rathmell (1966) argued that there was a general understanding for goods but that there was no clear description defining services. He defined “goods as a thing and services as an act” (Rathmell, 1966 cited by Mudie & Pirrie, 2006). Palmer (1994) named 5 characteristics of services, namely intangibility, inseparability, variability, perishability and no ownership (Palmer, 1994 cited by Kossmann, 2006) which is perfectly applicable for the service that passengers receive from airlines. Wensveen (2007) additionally pointed out that the service provided by airlines is personalized meaning that each passenger might perceive and experience it in a completely different way. Mechanical problems and forces beyond the control of companies such as weather conditions also characterize the airline product. The fact that services cannot be produced in individual units but only in bulks has also to be considered. The marketing mix analysis includes all controllable tactical marketing tools (Kotler et al., 2008) and can therefore be taken as a basis for analyzing any product. The basic analysis includes four components known as “4 Ps” consisting of product, place, promotion and price. For services these dimension have been extended by people, physical environment and process (Kossmann, 2006; Mudie & Pirrie, 2006; Wensveen, 2007). The following chapter aims to describe the features of the airline service by considering all components of the extended marketing mix analysis for services in detail.

3.2 The Extended Marketing Mix Analysis for Services

The analysis of the expanded marketing mix for services is performed by considering literature dealing with service management in general and by reviewing marketing mix analyses which have already been developed especially for the airline industry. In this sense it is possible to clearly distinguish the airline product from goods and from other services.

3.2.1 Product

Analysis typically starts with product dimension as the service product is the heart of a company’s marketing strategy. Even if all other dimensions of the marketing mix were designed and executed in an excellent manner, a company could not be successful with a poorly developed core product (Lovelock et al., 2008). The core service that customers purchase when they book a flight is simply getting from point A to B. The airline product further consists of aspects like safety, reliability in

terms of punctual departure and arrival, services provided prior to the flight which are mostly experienced at the airport, in-flight services including food and beverages, In-Flight Entertainment and Communication (IFEC), convenience regarding the seat itself and the available seat pitch, handling baggage, type of aircraft and equipment and the interaction with staff which will be analyzed in detail in Section 3.2.5 . Kossmann (2006) also includes the brand which makes sense as the reputation of an airline definitely depends on their brand image. Even though the product is many-faceted (Shaw, 2011) Wensveen (2007) argues that there is hardly space for product differentiation. He points out that especially on short-haul flights airlines mostly provide standardized products. Assuming that airline A and airline B provide the same service, for instance a light-meal service on a specific route, passengers are likely not to deduct a difference between the two products. As a consequence they may choose the carrier which offers most flights at a convenient time. Shaw (2011) mentions that in order to get a competitive advantage due to differentiation airlines have to be innovative. He illustrates this fact by providing evidence of two airlines which are among the most successful companies at the moment: Emirates and Singapore Airlines. Both companies are well known for their innovative services, especially for those offered on board of their Airbus 380 aircraft. It might be argued that double beds provided by Singapore Airlines or spa showers made available by Emirates have nothing to do with the core services of an airline and are rather unnecessary. These services are not likely to be adapted by other carriers and the companies managed to obtain public awareness and to show their willingness to innovate their products. In this case, the new product features might not be a competitive advantage in terms of the fact that customers prefer the two companies only because they actually find it as important to sleep in double beds and take a shower during their flight. However, customers might connect these attributes with the brand and see those companies as more innovative and attractive in comparison to competitors.

3.2.2 Price

Price is the most flexible element of the marketing mix and also the most problematic one (Kotler et al. 2008). Wensveen (2007) asserts that since the deregulation of the market price is the main competitive element for any airline. The price basically reflects the costs which arise for delivering a certain service. Marketers in general choose between various pricing strategies which follow a cost-based or value-based strategy. Following a cost-based approach, the price is determined by investigating the costs that occur for the company, a value-based strategy is not solely concerned about production costs, but takes the perceived value that customers have of a product or service

into consideration for making pricing decisions. (Kotler et al., 2010). As customers are very price sensitive (Wensveen, 2007), airlines might find a cost-based strategy more appropriate. When customers evaluate whether a service is “worth” buying they might however not solely consider the monetary outlay but also consider time and effort. Therefore marketers should consider how much time a passenger has to spend and which efforts are linked to purchasing and experiencing the service of his or her company when setting prices (Lovelock, 2008). The pricing process is actually among the most complex tasks to be handled in nowadays airline industry (Cento, 2009). Problems can arise as complicated fare structures with complex rules may not be understood by intermediaries as travel agents. Carriers with a complex fare structure are likely to have to invest more money in training intermediaries (Shaw, 2011). If this is not done in a proper way, agents would need extensive help from the airline which again costs money in terms of working hours paid to staff at the agency support center or they could even avoid selling tickets from particular carriers. Negative feedback may also be collected from customers as they probably expect to get the cheapest fair which is very often being communicated. Furthermore loyal customers who are willing to pay a “high” fare may find it distracting if the airline targets low-budget travelers and sells tickets at a significantly lower level. The disparity between product and price might cause a confused image. As outlined in Section 3.2.1 the product dimension is the heart of the marketing strategy and therefore prices should be set in a way that they are consistent with the product or service provided.

3.2.3 Place

The third dimension of the marketing mix comprises the process of making the service available to customers (Kottler et al., 2008; Lovelock et al., 2008). In the airline industry this dimension covers the selection of the right distribution channels which enable the company to reach their target market (Wensveen, 2007). The impact of Information and Communication Technologies (ICT) on airlines has always been predominant (Poon, 1993; Inkpen, 1994; O’connor, 1999; Wherthner and Klein, 1999 cited by Sismanidou et al. 2009). Hanlon (2007) strengthens this statement by stating that selling air transport tickets online is among the most successful e-commerce activities. The introduction of the first computer reservation system (CRS) in the 1950s by American Airlines set the beginning of the development of general distribution systems (GDS) (Belobaba et al., 2009) which revolutionized the distribution of tickets. General distribution systems enable intermediaries as travel agents to access information and to book various touristic products like airline tickets and hotel rooms word-wide. Today there are four main GDS called Amadeus, Sabre, Galileo and Wordspan. In the mid-1990s the importance of intermediaries and GDS however decreased as more and more people gained access

to the internet. The internet created countless new opportunities to maximize the performance and minimize costs by enabling customers to directly book on the company's website. Airlines try to support this development by constantly increasing the attractiveness of their electronic services (Buhalis & Law, 2008). To increase the profitability airlines try to switch business from indirect to direct channels. Moreover, they pay lower commission to intermediaries to save money. Besides trying to switch sales from indirect to direct channels airlines tend to lower commissions rates paid to travel agents significantly in order to increase profits (Hanlon, 2007). The process of selling tickets directly to customers without having to pay commissions to intermediaries or GDS providers is called disintermediation. The term re-intermediation refers to travel agencies which conduct their business only online. Sismanidou et al. (2009) argue that airlines will also try to shift business from online agencies to their corporate website. Even though most research rather shows a downward trend for intermediaries Reader (2011) strengthens the dependence of intermediaries on airlines and also highlights benefits which result from integrating intermediaries in the distribution chain. These include that intermediaries make the purchasing process much more convenient for customers and innovations regarding selling packages and distinct ways of marketing discounts. Ferrell & Pride (2011) suggest that selling products via intermediaries is more efficient. Wensveen (2007) however comes to the conclusion that the importance of travel agents for the airline industry will decrease rapidly. It is notable that even though passengers increasingly use online channels for information search, offline distribution channels are selected for the booking process due to privacy concerns (Kolsaker et al., 2004- cited by Buhalis & Law, 2008). Bauernfeind & Zins (2006) and Chen (2006) cited by Buhalis & Law (2008) advice companies to ensure that customers perceive their website as trustworthy and user-friendly in order to motivate them to book online.

3.2.4 Promotion

One of the main purposes of promotional activities is persuading potential customers to choose the product of the own company and not products from competitors (Armstrong et al., 2009; Lovelock et al., 2008; Shaw, 2011, Wensveen, 2007). Mudie & Pierrie (2006) encountered the relevance of customer involvement in services which can be vital before, during and after the service. Lovelock et al. (2008) concluded that since the impact of customers as co-produced is vital, promotional activities should also provide education to customers. This education can ensure an improved and smooth operation as customers will be likely to know and follow procedures fostering a smooth service process.

In the airline industry promotional activities are mainly about advertising, personal selling, loyalty

programs, sweepstakes, raffles and give away items (Wensveen, 2007). Nevertheless a company should not only focus on the communication with customers. The marketing communication system (Figure 1) illustrates the communication and interactivity of all parties including the company, intermediaries, consumers and publics. The graph also includes the pillars of the marketing communication mix which are advertising, personal selling, sales promotion, public relations and direct marketing. Kotler et al. 2008 point out that it is crucial for companies to make sure that a consistent message is delivered via all communication channels to prevent confusing customers. This concept of harmonizing promotional messages and sending them through distinct channels is known as integrated marketing communications (IMC) (Schultz & Kitchen, 2000; Schultz & Schultz, 2004; Picton & Broderick, 2008 cited by Kotler et al. 2008). Moreover Shaw (2011) mentions the that social media platforms should be integrated as interactive relationships and easy one-to-one marketing opportunities can be developed through them.

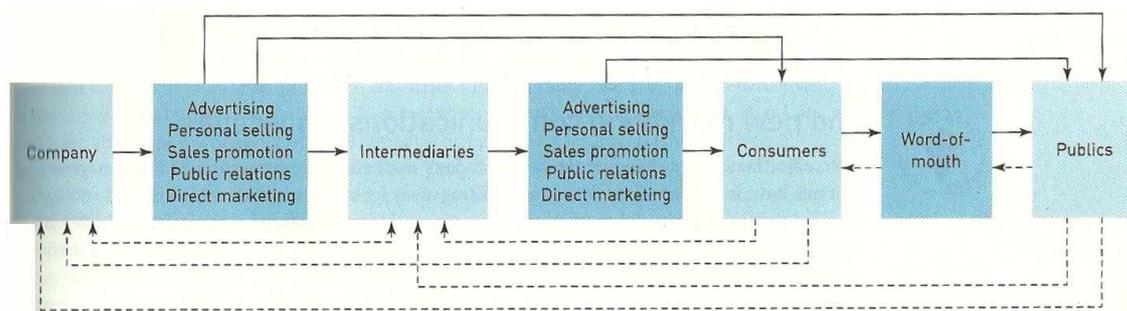


Figure 1 The Marketing Communication System, adopted from Kotler et al., 2008

3.2.5 People

As already mentioned in Section 3.2.1, it is a challenging task for airlines to differentiate their product. There are cases where the only difference between two service providers lies in the way the staff interacts with customers (Lovelock et al., 2008). Therefore emphasis should be put on carefully recruiting, training, motivating and rewarding staff (Kossmann, 2006; Lovelock et al. 2008). Lovelock et al. (2008) additionally highlight the impact of the behavior, number of staff and their uniform on the image of the company. A uniform plays a crucial role in how a customer perceives individual staff members and the company as a whole (Wheeler, 2009). Singapore Airlines understood the importance of their staff members and built a so called multi-sensual image around their flight attendants. The entire cabin design matches the distinct uniform and make-up which has to be worn by cabin crew. Furthermore all flight attendants have to use the same perfume which was especially designed for the airline. The perfume is also used for hot towels provided to passengers and diffused within the cabin via air condition systems. Singapore Airlines moreover uses specific music whenever

possible to strengthen the brand awareness. The company thereby wants their customers to experience their brand with all senses to establish emotional relationships between them and their brand (Steiner, 2011). Similar to Singapore Airlines Emirates also aims to attract attention by a unique uniform which includes red hats and white scarves for female flight attendants.

3.2.6 Physical Environment

The physical environment covers any tangible evidence of the image or service of a company. It therefore overlaps with the “people” dimension in terms of the employees’ uniforms and also includes aspects as the perfume or specific music developed by Singapore Airlines mentioned in Section 3.2.5 (Lovelock et al., 2008). As the main service takes place on board of the aircraft the aircraft type, cabin design and equipment play an important role. Moreover any printed material or report can be described as a physical evidence of a company (Kossmann, 2006; Lovelock et al., 2008). Marketers found out that the packaging of tangible products is extremely important as it visualizes the product. In the service industry evidence plays the same role as packaging does for physical products. Thus airlines should use physical evidence in a way that it accurately describes and successfully distinguishes their product (Verma, 2008).

3.2.7 Process

There is a strong interdependence between the process dimension and the dimensions people and promotion. Especially in face-to-face service settings routine service steps might never be executed in the same way which amongst other factors is due to different staff members (Lovelock et al. 2008). This refers clearly to the people dimension but also covers the fact that customers have an inhomogeneous ability or willingness to cooperate due to their knowledge about the service procedure which is linked to the promotion dimension. Vital aspects which have to be considered are the effective flow of activities, the standardization of procedures aiming at reducing the disparity between services and the need for making customers familiar with service procedures. The latter is extremely important when the level of customer involvement is predominant and self-services are integrated in the flow of services which is the case for services provided by airlines (Kossmann, 2006; Lovelock et al. 2008).

3.3 The Leisure Market

Understanding who can be seen as a customer is vital for airlines (Shaw, 2011). The author explains that customers are not always consumers. If an individual person books a flight himself on the company's corporate website and is going to take the flight himself he can be seen as customers and consumer. If a person however goes to a travel agent who handles the booking for him or her the customer would be the travel agent and the consumer the person. Characteristics of leisure travelers are that they are rather inexperienced compared to business travelers and therefore might seek more advice. Moreover leisure travel includes families with children, who have an influence as parents will evaluate the availability of IFEC, especially of video games for their children (Shaw, 2011). The need for cheap air fares can also be linked to the fact that in many cases holidays are taken with the whole family and therefore ticket prices will be multiplied and even small price differences might become relevant. Furthermore leisure passengers may have to decide between travelling with a prestigious but expensive airline and staying at budget or high class hotels. A trend can be observed that tourists are more willing to spend a high amount of money on for example accommodation as they will spend more time there than on board of an aircraft. (Shaw, 2011) Benefits for airlines when dealing with leisure passengers are connected with flight schedules. Leisure passengers do not need daily connections and arrival and departures can be scheduled all day and night long. Even though leisure passengers are not that time sensitive, they expect flights to be on time (Shaw, 2011).

3.4 The Business Market

Defining the customer in the business market is equally important for the business market as for the leisure market but even more complex. Shaw (2011) defines four different customers that can usually be found in the business market regarding decision-making. First of all the business traveler himself can make a decision, the second option would be that a secretary makes the travel decision. As in the leisure segment also intermediaries can be seen as customers as they buy the product from the airline. In addition to travel agents the author mentions company internal persons who handle the bookings of the whole company. If the traveler himself books the flight, he might consider various product attributes in order to make a decision. In all other cases decisions are likely to depend on the amount of commission that is paid by the airline to sell their tickets. While it's widely known that travel agents benefit from commissions and incentive trips, it is rather surprising that many airlines launched clubs for secretaries which include various loyalty incentives. Besides the monetary inducement persons booking flights certainly seek for easy booking conditions. Therefore

airlines have to be able to provide an easy and speedy booking channel and customers have to know that they can easily get in touch with airline staff if required. Shaw (2011) explains that the biggest challenge in business travel lies in defining and reaching the customers. As this is a highly intricate task, many airlines tried to be on the safe side by rewarding all potential customers. Paying incentives to the company, the travel agent who handles the bookings for the company and to the individual employee who is taking the journey, however, results in enormous selling costs.

4 Consumer Behavior

The previous chapter focused on the airline product itself and on numerous marketing activities which are crucial for a company's survival in the competitive airline market. Consumer behavior serves as a basis for any marketing activities (Swarbrooke & Horner, 1999). In this context the dimensions of the marketing mix can be seen as stimuli and the study of consumer behavior tries to find out how consumers response to those stimuli by analyzing the consumers' decision making process. The simplest approach addressing the consumer decision making behavior process, the basic model of stimulus and response strengthens the fact that there is uncertainty about what happens between being exposed to a stimulus and making a purchase decision. This vague part is referred to as "black box" and includes buyers characteristics as cultural, social, personal and psychological aspects and the whole decision making process (Schiffman & Kanuk, 2006 cited by Kotler et al., 2008). According to Kotler et al. (2008) Consumer behavior is an integrated science which includes parts of economics, marketing, psychology and sociology (Huang, 2009). Therefore it focuses on consumers as individuals and on their psychological and sociological features which influence their buying behavior. Consumer behavior can in some cases be straight-forward and decision making a rather simple task. This is mainly the case when the risk involved is rather low and consumers can easily evaluate alternatives. In case of choosing an airline, which is relevant in this paper, decisions are quite complex and linked to trade-offs (Lovelock et al., 2008). Researchers have developed four types of buying behavior which consumers apply in different situations. There is a variety-seeking, a dissonance reducing, habitual and complex buying behavior (Assael, 1988 cited by Kotler et al., 2008). Passengers choosing an airline are likely to apply complex buying behavior as the purchase is quite risky and expensive which leads to high consumer involvement (Kotler et al., 2008). Thus customers evaluate possible alternatives thoroughly and put more emphasize on information search than customers applying any other type of buying behavior (Pizam & Mansfeld, 1999). Swarbrooke & Horner (1999) stress the risk caused by the high monetary outlay and the intangibility of the service product which is involved in purchasing a holiday and even refer to the opportunity costs of an unsatisfying vacation as irreversible as holiday makers lack in time and money to make up an unsatisfying holiday. Buhalis and Law (2008) categorize travel and vacation costs among the highest costs than occur on a regular basis for consumers. Marketers have defined two broad product categories which separate products according to how people behave when buying them. On the one hand there are convenience goods such as washing powder or cigarettes which are usually

bought frequently and do not involve a high amount of money. On the other hand there are shopping goods which involve a high amount of money and are not bought that often. Those products include packaged holidays and parts of the holiday such as airline tickets or accommodation and make decision making more difficult, longer and a highly committed tasks for buyers (Swarbrooke & Horner, 1999). Moreover the two authors conclude that holidaymakers are extensively engaged in information search and consult individuals or groups such as friends and family or travel agents, organizations and media reports before making a buying decision. The impact of other people during the decision making process is described as very strong. Milestones regarding ICT (Information and Communication Technology) did not only revolutionize the way airlines distributed information and products but also had an impact on the situation of customers. The term “empowered customers” is generally used to describe a new type of customer who is more experienced and knowledgeable and therefore likely to have higher expectations and a preference for individual and independent holidays (e.g. Buhalis & Law, 2008).

4.1 Consumer Decision Making Process

Several models have been developed to describe the decision making process. In the previous Section (4) the simplistic model of stimulus and response was mentioned. More complex models usually comprise five stages (e.g. Engel et al., 1986; Kotler et al., 2008; Hawkins et al., 1995; Kozak & Decrop, 2009). A model which is commonly applied can be seen in Figure 3. For this paper the first stage about the point in time when a consumer explores the need to buy a product and the last stage about any behavior that is linked to the purchase and happens after the good is bought or the service has been delivered are not relevant and won’t be examined.

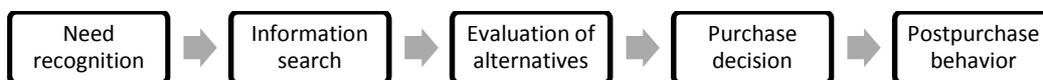


Figure 3 Buyer Decision Process adopted from Kotler et al. 2008

4.1.1 Consumer Decision Making Process: Information Search

In aftermath of the need recognition consumers start to collect information about the planned purchase. However, this stage and the stage of “evaluation of alternatives” can be skipped by consumers with a high drive who are directly exposed to a satisfying product (Kotler et al. , 2008). Customers who however engage in information search will first of all take advantage of their own knowledge and search for different alternatives to satisfy their need or solve their problem. If the alternatives retrieved are satisfactory, the process of information search can be stopped at that point

of time. If this is not the case, customers will engage in external information search (Pizam & Mansfeld, 1999). Numerous sources are available for information seeking consumers, Kotler et al. (2008) established four categories of external sources which are personal sources as friends and family, commercial sources (e.g., salespeople, advertising, internet), public sources as mass media and experiential sources which are about the personal usage, examination and handling of a product. Kotler et al. (2008) mentioned in addition that in general consumers acquire most information from commercial sources but personal sources are the most effective ones as they have the largest influence on the buying decision. Pizman and Masfeld (1999) detected common categorization by reviewing work of Beatty and Smith (1987), Assael (1987) and Hawkins et al. (1995). Those categories which partly overlap with the ones of Kotler et al. (2008) are personal sources (e.g., friends and family), marketer dominated sources (e.g., brochures, ads), neutral sources (travel agents and travel guides), and experiential sources (visits before purchase, inspection). Illustrating the importance of those sources the authors refer to Crotts' (1992) findings about the information search behavior of visitors of an historic attraction. In this specific study 39% of contestants did not collect any external information. Those who engaged in collecting information rated personal sources as most important which goes along with findings of Kotler et al. (2008). Kossman (2006) adds to this and explains that in a service context word of mouth as a personal source has the highest influence and convinces customers easily. The impact of neutral sources as travel agents or travel guides is also described as considerable as they are perceived as unbiased. Furthermore Pizman and Masfeld (1999) encountered that several authors also include the internet as one category of external sources for information search. Rational models suggest that information search is conducted as a part of the buyer decision process and should help customers to make a good decision based on facts. Kozak & Decrop (2009) on the contrary describe the information search of consumers in the tourism segment as non-rational and non-goal oriented. Travelers are in many cases involved in ongoing information search, meaning that they collect information even if they don't necessarily intend to purchase a product (Kozak & Decrop, 2009). Customers obviously might benefit from information collected in the past when making a buying decision but they also collect information from travel magazines, travel TV channels or from friends and family who share their travel experiences because the process of ongoing information search is perceived as enjoyable (Kozak & Decrop, 2009; Pizam & Mansfeld, 1999). Gaining knowledge about when customers switch from ongoing information search to goal oriented pre-purchase information search is critical for researchers (Pizam & Mansfeld, 1999). New ICTs, notably the introduction of the internet widely changed the process of information search. By

using ICTs customers can reduce the risk that is linked to purchasing a travel or holiday product and ensure a high quality of their purchase (Fodness & Murray, 1997 cited by Buhalis & Law, 2008).

4.1.2 Consumer Decision Making Process: Evaluation of Alternatives

Once a customer managed to satisfy his need for information he will start to evaluate different alternatives and weigh the advantages and disadvantages of each choice. Kotler et al.. (2008) state that there is no single evaluation process applied by customers when making a buying decision. Customers look for a product which offers the best solution to their “problem” or a product providing them with benefits that they seek. As most products consist of many layers and attributes customers will evaluate them according to their individual perception of attribute importance. Kozak and Decrop (2009) describe this approach as piecemeal process which is in contrast to the categorical process, where the product is seen from a holistic point of view, a more analytical process of evaluating alternatives. Hence it’s vital to understand which product attribute is most relevant for the buying decision. Evaluating alternatives might be easier when the customer is already familiar with the product or the service provider, otherwise he will base his evaluation on information gathered from external and internal sources (Kozak & Decrop, 2009). Customers don’t just obviously evaluate facts and information but they build perceptions based on information. A significant number of researchers agree that the perception that a customer has of a product or company is fundamental for his or her behavior (e.g. Chen, 2008; Gilbert & Wong, 2002; Huang, 2009; Park & Cheng-Lu, 2005; Zeithaml et al.. 1996). Thus marketers developed different tools to find out what potential customers think about their company. In the eighties Parasuraman, Zeithaml and Berry developed a diagnostic model called SERVQUAL which measures expectations and perceptions of consumers. Even though there is a certain degree of controversy the SERVQUAL model is widely applied (Huang, 2009; Pizam & Mansfeld, 1999) and Huang (2009) refers to it as one of the best models for analyzing perceptions and expectations. The SERVQUAL model assigns product attributes to one of five dimensions which are reliability, assurance, tangibles, empathy and responsiveness. Since its introduction in the mid eighties the SERVQUAL model has been modified, extended and adapted to certain industry (Pizam & Mansfeld, 1999). Categorizations according to the SERVQUAL dimension can also be found in surveys dealing with passenger behavior, e.g. “The Effect of Airline Service Quality on Passengers’ Behavioral Intentions Using SERVQUAL Scores: A TAIWAN Case Study” by Huang (2009) , “The effect on airline service on passengers’ behavioral intentions: a Korean case study” by Park et al. (2004), “Passenger expectations and airline services: a Hong Kong based study” by Gilbert & Wong (2002), “Expectations and perceptions in airline service: An analysis using

weighted SERVQUAL scores, “Pakdil & Aydm (2007) or “Investigating structural relationships between service quality, perceived value, satisfaction, and behavioral intentions of air passengers: Evidence from Taiwan” by Chen (2008).

4.1.3 Consumer Decision Making Process: Purchase decision

Table 1 Airline Product Comparison

attributes	Airline 1	Airline 2
connection	Direct flight	One stop
Meal service	average	Excellent
IFEC	Up-to date	Average
Baggage allow.	20kg	25kg
Price level	Rather high	moderate

Assuming that a customer succeeded in evaluating and ranking aspects of a product he will try to come to make a decision. There are two decision strategies which are particularly meaningful for this paper as their usage is to be explored in the conducted survey. Kozak & Decrop (2009) describe compensatory and non-compensatory decision strategies which can be commonly found in literature. An example for the airline industry could be the following: customer A and B decide between two airlines 1 and 2. The product offered by the two airlines can be seen in table 1. Customer A only cares about one attribute, about the flight duration and connection. His first priority is to have a direct flight as he hates flying and wants to reach his destination as fast as possible. Even though most attributes of company B are better the customer chooses airline A and thereby applies a non-compensatory decision strategy. Customer B likes to take advantage of the IFEC (In-flight Entertainment and Communication) system and therefore company A would satisfy his need. Nevertheless he considers that on average company B provides a better service and therefore the other attributes can compensate for the average IFEC system. He applies a compensatory decision strategy. If customers tend to engage in non-compensatory decision making, knowledge about which attributes are perceived as most important gains additional importance. Whether airline passengers rather apply compensatory or non-compensatory decision making is to be explored in the survey conducted in this study.

5 Emirates

This chapter seeks to explore the Arabian airline Emirates in depth. The carrier has already been mentioned in Section 3.2.1 on product differentiation and innovation. Starting with a review of the company's history this Section will carefully analyze Emirates business model and various success factors. Nevertheless this study also reviews evidence of threat and weaknesses. The last Section of this chapter emphasizes on Emirates and its development and current positioning in the Austrian market. The information outlined in the following Sections was obtained from official online and printed sources that the company has made available to the public. Furthermore information was obtained during an internship at Emirates' Austrian Sales Department in Vienna.

5.1 The Development of Emirates

As the carrier was founded in 1984 the history Emirates can now look back on almost three decades of operation. How Emirates managed to transform itself from an unknown airline with a fleet consisting of solely two aircraft into a global player in today's airline market is outlined in this Section of the paper. The chapter is divided into three parts, each of them represents a time frame starting with part one, the founding of the airline and part four ending in 2012. Detailed information on the development of Emirates was found on www.theemiratesgroup.com (the information below was retrieved on 10th Jan. 2012).

5.1.1 The Years 1984-1989

Three years after British colonialists left and the United Arab Emirates (UAE) became a nation, the governments of the United Arab Emirates, Qatar, Oman and Bahrain agreed in 1974 on founding an airline for the gulf region. Dubai has always pursued an open-skies policy and when Gulf Air demanded special conditions compared to other international airlines a conflict raised. As the government of Dubai did not show any intentions to meet Gulf Air's requests the airline stopped a significant amount of services from Dubai in 1984. The local government hoped that foreign airlines would close the gap created by Gulf Air but it soon became obvious that this would not be the case. Hence Sheikh Mohammed bin Rashid al Maktoum announced his plans for establishing his own airline. The vision and main goal was to create an airline which compares with the highest quality levels, a vision that remained unchanged throuout the years. In 1985 Emirates commenced operations with two aircrafts which were wet-leased by Pakistan International Airlines, the first Emirates flight was conducted on the 25th of October from Dubai to Karachi. During the first year of

operation Emirates also flew to Delhi and Mumbai. Two years after its founding Emirates managed to get landing permissions in Europe and introduced services to Frankfurt, London and Istanbul. In addition to this the airline started flights to Male and Airbus developed an aircraft tailored to meet Emirates superior requirements.

5.1.2 The Years 1990-1999

Celebrating its sixth anniversary in 1991 Emirates' network consisted of 23 destinations. Within the following year Emirates set new standards regarding IFEC by providing each passenger regardless of the cabin class with an individual entertainment system. Advances regarding IFEC took place two years later when telecommunication was made available to passengers. Another year of significance is 1995 where Emirates started flying to Africa, changed their fleet into an all wide-bodied aircraft fleet and opened the Emirates Flight Training Center. In 1998 Emirates received an OAG (Official Airline Guide) award for "Best Airline in the World" and took stake at Sri Lankan Airlines. Diversification of the Emirates Group could be seen in 1999 when the first hotel property was opened. Furthermore landing rights for the Australian market were received.

5.1.3 The Years 2000-2007

At the beginning of the new millennium Emirates launched its loyalty program Skywards, the company also placed orders for the Airbus 380 and bought additional Boeing 777-300 to grow its fleet. In 2001 contestants of the SKYTRAX survey vote Emirates for the first time as best airline of the year and the company opened its cargo center. In 2003 Emirates managed to raise global awareness among competitors by placing the largest order in civil aviation history until then. The company ordered 71 aircrafts worth 19 billion US dollars at the Paris Air Show. One year later Emirates signed a £100 million deal with British football club Arsenal and commenced services to North America. During the following year, in 2004, Emirates started flying from Dubai to Vienna. The development of the Austrian market is to be explored in Section 5.3 . Another coup regarding sponsorships was made in 2006 when Emirates became the first sponsor of the World Cup which took place in Germany in that year and was particularly unpleasant for competitors, especially for the German flag-carrier Lufthansa. Several goals were achieved in 2007 when the company placed orders worth approximately 34 billion US dollars, opened an engineering center, established its own flight catering company and became the first airline to offer direct flights from the Middle East to South Africa.

The Years 2008-2012

Emirates was the first airline introducing an in-flight mobile phone service and received its first Airbus 380 in 2008. As mentioned earlier in this paper they set new standards with their innovative product and reached public awareness with the introduction of their spa shower and onboard lounge facilities. Emirates opened its new Terminal 3 at Dubai International Airport and employed the 10.000th cabin crew member and moved into a new headquarter. The delivery of the 78th Boeing 777 in 2009 made Emirates the largest operator of this aircraft. Emirates Hotels & Resorts expanded and opened its first property outside the United Arab Emirates. Skywards celebrated its tenth anniversary by enhancing the program for its over 5 million members. In addition to this the millionth Emirates passenger could be welcomed on board. In 2010 Emirates looked back on a quarter decade of success and emphasized its ambitions for further growths by placing orders for additional 32 Airbus 380 and 30 Boeing 777-300ER aircraft. Emirates became the official sponsor of the FIFA World Cup in South Africa. The financial year ending in March 2011 revealed a profit of 1,6 billion US dollars. The company introduced two further European destinations by flying to Geneva and Copenhagen, signed a five years sponsorship agreement with the prestigious Victoria Racing Club and the 5th million passenger took advantage of the in-flight mobile phone service. Since its founding Emirates is a fully government owned company but does not profit from governmental support or protection. The Emirates Group currently employs over 55 000 people working for 50 distinct business units. Those business units form 19 business types which are:

- Air Transport
- Air Cargo Services
- Airport Aviation Services: Handling and Cargo
- Airport Aviation Services: Catering
- Call Centre
- Freight Forwarding & Logistics
- Airport Meet & Greet
- Engineering Services
- Hotels & Resorts
- Ground handling, Cargo Services and Travel
- Loyalty & Reward Programs
- IT Solutions
- Retail, Food & Beverage
- Retail
- Sports & Club Facilities
- Risk Management & Security
- Training
- Tour Operator & Events Management & Travel

The historic information was retrieved from www.theemiratesgroup.com (10th Jan. 2012).

5.2 Emirates' Business Model

The evaluation of Emirates' business model was conducted in order to detect best practices and success factors as well as areas where the company is not performing in an optimal or competitive way. O'Connell & Williams (2011) engaged in conducting a detailed analysis of the Emirates' business model, Knorr and Eisenkopf (2007) developed a SWOT – Analysis for the carrier. Information from those two authors were widely in accordance with each other and vital for this part of the paper. Further information sources include for instance work by Henderson (2006) or Wald et al. (2007) and official information sources of Emirates namely brochures and the official website www.emirates.com as well as www.theiratesgroup.com

which is the official webpage for the whole Emirates Group. Which aspects of their business model Emirates perceives as vital can be seen in Fig. 3. The figure provides a good snapshot of strengths of the company and all categories (people, service excellence, financial strengths, innovation and safety) will be explored within this paper.



*Emirates Values
(www.emirates.com, 2012)*

5.2.1 Home-base Dubai

The first advantage outlined in this paper is the location of Emirates' home-base Dubai. From Dubai Emirates has the possibility to reach several destinations worldwide with direct flights and Emirates is actually the only airline in the world offering flights to all continents. Dubai International Airport has a capacity of 70 million passengers per year, has very low airport charges and it is opened 24 hours. This opening hours enable the airline to schedule flights in a way that passengers

can easily catch connecting flights. In contrast to most other airlines Emirates passengers do not transfer from feeder flights with short duration to long haul flights, Dubai connects various long-haul flights. This process is referred to as wave movement aiming at offering arriving passengers a maximum amount of connecting flights. The wave movement starts at Dubai with late night and early morning arrivals from Europe, Africa and the Middle East from around 11 pm until 2 am. Departures to Asia and Australia are scheduled between 2 am and 4 am. Wave two starts at 4 am with inbound flights from Asia, Africa and Australia which are followed by departures to Europe, Middle East and America. Wald et al. (2007) also included the following aspects which are linked to the home base of the company as opportunities for the carrier. There are 3,5 billion people, many on the Indian subcontinent, living in an area of 8 flight hours from Dubai and the majority of those countries have emerging economies. Especially in Eastern markets the travel demand is on the rise as a consequence of an increasing income per capita. Moreover millions of emigrants can reach their home countries most convenient with Emirates via Dubai.

5.2.2 Emirates Service Concept

Emirates sets high standards in all cabin classes. The following section aims to analyze their product and organized according to their economy- business- and first class product. The Section on economy class (5.2.2.1) is the longest one as it includes services that are provided throughout all cabin classes. It has to be mentioned that not all aircraft feature the same service product. Differences among aircraft are mainly obvious in business class, in this paper figures regarding the seat pitch or size of TV screens are taken from the Airbus 380.

5.2.2.1 Economy Class

As indicated in Section 5.1 Emirates was a pioneer regarding IFEC (In-flight Entertainment and Communication). Today passengers in economy class can take advantage of their own 10.6 inch digital monitor and passengers of all cabin classes can choose among up to 12 000 different channels that include over 200 movies, more than 100 TV channels, around 500 audio channels and about 100 video games.

Flying Emirates does also enable passengers to stay in touch with the rest of the world via SMS, telephone and email during flight. Passengers can moreover make calls within the plane and play games together via the IFEC system. Customers can further use in-seat laptop power and access their own media with their USB stick and are provided with free headsets. In addition to electronic media all Emirates passengers, regardless of their booking class, are offered Emirates' complimentary in-flight-magazine, duty free magazines, an entertainment guide and a selection of international newspapers. Seat Pitch in Economy Class is 32 to 33 inches. Free drinks include alcoholic drinks as beer, wine, spirits and cocktails and complimentary meals are offered on all flights. As most of Emirates flights are long-haul flights the company tries to combat jetlag by installing advanced mood lighting systems which reflect the time at the destination and can simulate for example a starlit sky or sunrise. Hot towels after boarding and prior to landing are also typical of Emirates and available in all classes. One product differentiator is definitely Emirates' 30kg luggage permission in economy class which corresponds to Lufthansa's or Austrian's luggage permission for business class travelers. Passengers of all cabin classes can check-in online 24 hours prior to their departing flight.

5.2.2.2 Business Class

Emirates newest business class product which is installed on the Airbus 380 comprises seats that can be converted into a full flat bed, the seat pitch ranges from 79 to 87 inches. On demand flight attendants prepare the flat bed with mattresses and each seat has aisle access. The position of the seat can be controlled via a touch screen and a massage function is included. Each seat has a 17 inch widescreen TV. Printed media for first and business class includes additionally to media provided in economy class a range of international magazines. Business class seats provide additional space to place personal belongings and a mini bar. Meal services include menus by world famous five star chefs. Passengers are provided with Royal Doulton fine bone china and cutlery from Robert Welch. Business class guests are welcomed with a glass of Champagne during boarding and are offered a broad selection of alcoholic and non-alcoholic beverages during the flight which are far more exclusive than those in economy class and feature vintage beverages. On the Airbus 380 drinks are prepared by a bartender in the onboard lounge where a range of snacks is available during the entire flight. The lounge is accessible for first class passengers as

well and should stimulate socializing and offer diversion during the flight. In premium classes luxurious amenity kits featuring products by Bvlgary are provided on night flights. The baggage allowance is 40kg and includes priority baggage handling. Passengers of Business- and First Class can also access Lounges at the airport at many destinations. Lounges feature first class food and beverages, relaxation areas, shower facilities, entertainment facilities and business centers. At some airports for instance at Dubai or Brisbane passengers can directly board their plane from the lounge. Even before arriving at the airport passengers of premium classes can benefit by taking advantage of a chauffeur-drive service. This service is available at many destinations and provides complimentary transfer to and from the airport. Processes at the airport are often simplified by providing passengers with priority cards which enable them to avoid queues at security or immigration.

5.2.2.3 First Class

First Class passengers can enjoy privacy in their own suites. All suites have sliding doors, a mini bar, vanity table, mirror and wardrobe and a 23 inch digital wide screen. In first class the seat pitch is 82 inches. Regarding food and beverage the product is similar to the business product but even more luxurious and the variety of the menu is larger. On the Airbus 380 first class passengers can use the spa- shower which has been described as an innovative product differentiator in the marketing part of this paper. In order to make sure that all passengers can experience the spa-shower passengers are asked to contact staff to make an appointment for the spa. The spa shower is cleaned and prepared for each passenger.

5.2.3 Employees

With respect to labor the United Arab Emirates offer appealing conditions for all companies from distinct industries. Income in the UAE is tax free and labor laws prohibit any kind of strike and the formation of labor units. Emirates outsourced business units which are highly labor intensive to Asian countries like Bangladesh, India or Pakistan. Immigration law makes it easy for people around the world to work in the United Arab Emirates, to increase tourist arrivals visa is not required any more for most travelers. O'Connell & Williams (2011) detected that therefore labor costs of Emirates are about 64% lower than those of the European carrier British

Airways. Obviously Emirates award-winning staff contributed to high profits. About 12 000 cabin crew members from 125 different countries of the world spoil guests on board and altogether provide services in 50 languages. In addition to staff members who are in direct contact with passengers, Emirates is also said to have excellent managing staff (e.g.: O'Connell & Williams, 2011). All Emirates staff regardless of their position get a profit share, staff in Dubai is furthermore provided with accommodation and transportation.

5.2.4 One Owner Principle

Emirates insists on not receiving any sort of protection or favorable treatment from the government. The fact that Sheikh Mohammed bin Rashid al Maktoum is not only the owner of Emirates but also in charge of the airport authority and the minister of civil aviation probably enables speedy and synergetic decision making. The United Arab Emirates have a master plan developed for the time when their economy can no longer rely on oil exports and Emirates plays a vital part in this plan. Therefore conditions which foster further growths are likely to be provided and according to O'Connell & Williams (2011) airports or airlines which inhibit this growth might have to expect unfavorable consequences. Emirates as an airline can receive services like ground handling or catering from sister companies. Ground handling costs which takes an important place in any airline's income statement are not that high for Emirates as their ground handling service provider Dnata does not only operate in Dubai but expanded operation to 18 different airports around the world.

5.2.5 Branding

Emirates spends 4% of their revenue on marketing activities and spends half of it on advertising and the remaining half on sponsorship. In order to create brand awareness in new markets within a short period of time, the airline has an extremely proactive approach regarding sponsorships (O'Connell & Williams, 2011). Target customers are diverse and therefore the airline tries to display their brands in sports appealing different markets. Sponsorships include football, rugby, golf, cricket and horse riding, yacht- and powerboat racing, auto racing and tennis. Cultural activities and sponsorships include the International Film Festival in Dubai, the Emirates

Festival of Literature, and the Australian Symphonies. Wald et al. (2007) refer to Emirates' marketing as excellent and their brand-policy as outstanding.

5.2.6 Young, Fuel-efficient Fleet

Low fuel costs are often linked to the idea that Emirates benefits from cheaper fuel. With respect to fuel savings Kopelsky (2009) mentions the benefits of low fuel consumption of Emirates' young fleet. Costs regarding maintenance and repair also increase gradually with the age of the aircraft and therefore Emirates costs in this area are kept quite low. The Economist (2010) cited by O'Connell & Williams (2011) proclaims that Emirates is likely to operate 400 wide bodied aircraft in 2020 with a total of 80 million passengers per year. The authors also states that for the next six years Emirates will receive two additional wide-bodied aircraft monthly. Emirates does not only order a high number of aircraft but is frequently among the first companies to order newly developed aircrafts which results in significant discount. Emirates also manages to achieve an extremely high rate of aircraft utilization with an average of daily 18 operating hours per aircraft. Milestones with regards to Emirates' fleet have already been discussed in Section 5.1. Emirates' passenger fleet includes Airbus 330-200, Airbus 340-300/500, Airbus 380 and Boeing 777-300ER/300/200LR/200. No other airline has more or the same number of Airbus 380 or Boeing 777 in their fleet and Emirates is still waiting for planes worth almost 66 billion US dollars which are to be delivered by Airbus and Boeing.

5.2.7 Ability to Expand Vastly

Emirates is already perceived as a major threat for airlines around the world. The airline pursues two different growth strategies. First of all they intend to be the carrier providing most flights from major cities. This strategy was already explained in the description of the product dimension of the marketing mix. Emirates, however, also flies to secondary airports where flag carriers don't offer direct flights. Passengers are likely to choose a direct flight with Emirates in contrast to a connecting flight with small aircraft to the main hub of the flag carrier followed by a long-haul flight. How drastic Emirates increased services to certain areas can be observed by focusing on the following destinations. In 2000 the airline provided 25 weekly flights to India, seven to Australia and eight to China. In 2010 there were 184

flights to India per week, 97 to Australia and 49 to China. Knorr and Eisenkopf (2007) expect a high rate of new services as in contrast to many other airlines Emirates still does not take full advantage of their air rights.

5.2.8 Heterogeneous Revenue Streams

Emirates' balanced distribution of sales among all continents is another factor for ongoing success. While Air France for instance sells about 70% of their tickets within their home market, Emirates does not rely on the economic condition of one area and is thereby rather reluctant to economic regression. Emirates' focus on the cargo market considerably contributes to their success. During their financial year 2010/2011 17,4 % of their total income was made from freight business. A total of 1.8 million tons of freight were carried, 65% of goods were transported in the belly of passenger aircraft. The company also has a pure freight fleet consisting of eight freight planes and also serves freight only destinations as Gothenburg, Toledo or Zaragoza.

5.2.9 Disadvantages and Threats

O'Connell & Williams (2011) detected that distribution costs of Emirates are significantly higher than those of competitors. Compared to Singapore Airlines they are 110% higher. Emirates puts the outmost focus on providing information and services to travel agents, this might be partly justified by the fact that one third of all booking come from countries in the Middle East, West Asia or Africa where the willingness to book online is rather low. It's needless to mention that social media has become an important information and distribution channel. Social media is not only used by global enterprises but also by small and medium sized enterprises belonging to any industry. Shaw (2011) describes their integration as important for airlines. Myriad researchers frequently publish new papers that aim to explore the importance and impact of social media and ways of successful integrating them. Thoroughly analyzing them would certainly exceed the scope of this paper. With regard to the airline industry "The Passenger Has Gone Digital and Mobile: Accessing and Connecting Through Information and Technology" by Taneja (2011) probably manages to illustrate the need for a proactive strategy of implementing social media in the best way. Emirates is currently not fully taking advantage of social

media platforms such as facebook or twitter. Until April 2012 the company did not even have an official facebook account. The recent integration of social media is in line with the newly launched brand and the campaign “Hello Tomorrow”. The campaign is targeted to reach end-customers directly and places the customers in the centre of the company’s activities. In the future Emirate’s wants to position itself not only as a travel but also as a lifestyle brand. Facebook enables users to actively display that they like certain products or companies. The number of people who like a company enables carriers to benchmark their performance. Emirates currently has about 400.000 likes, however more than 1 million customers liked Lufthansa and Southwest even reached the 2 million mark (facebook.com, 2012) which strengthens the need for a improved utilization of facebook as an information channel. Though the company has a state-of-the-art IFEC system the company has not developed mobile applications for smartphone like many competitors did. Passengers can access a mobile version of Emirates’ website but there is no special application available for smartphones. Not fully benefiting from social media’s function as information channel while competitors are constantly increasing their activities in this field is definitely a weakness and the resulting disadvantages are likely to grow. Knorr and Eisenkopf (2007) only mention one weakness in their SWOT analysis which deals with the fact that E-WOM suggests that the performance of cabin crew decreased over the years. However they come up with some possible threats. One threat which was also critical for the Austrian market are protective measures by governments of other flag carriers. Disputes with flag-carriers occurred around the world for example in Europe with Lufthansa, Austrian and Air France, in North America with Air Canada and in Australia with Qantas. Competitors often make Emirates accountable for financial losses and this message could create a negative reputation and customers might also see Emirates as a threat to the national carrier of their home-country. Even though many airlines can’t compete with the growth of Emirates due to high legacy costs there are some new airlines like Qatar Airways or Ethihad which are able to more or less apply the same business model as Emirates. The development of Emirates is only one part of a master plan for the United Arab Emirates. If Emirate’s home base Dubai as a destination suffers it is likely to impact Emirates. Henderson (2006) made an in-depth analysis of Dubai as a destination and encountered weaknesses and factors that might hinder further growth of the

destination. Dubai originally did not have factors that would foster the development of a tourist destination. Extremely hot climate, lack of historic sights and the proximity to countries like Iraq which are not perceived as safe are only some of the barriers that Dubai has to deal with. Extensive growth in previous year comes at a price and results in shortage of land, problems raising from modifying activities of the natural landscape, high traffic causing pollution and noise and hotel overbuilding. Furthermore the new shape of Dubai is referred to as sterile and homogenous. Boussa (2003) cited by Henderson (2006) illustrates the homogeneity by claiming that Dubai's skyline has lost uniqueness and can't be differentiated from any other skyline of a modern city. The author points out that the strong focus on tourism with high investments in this field caused a dependency on tourism which is not among industries that are perceived as very stable. Dubai's growth is certainly controversial and an end of the success story may turn the close relationship that Emirates has with the government from an advantage into a major threat.

5.2.10 SWOT – Analysis

In order to summarize positive and unfavorable aspects of Emirate's business model and external factors a SWOT analysis was conducted. SWOT analysis is a tool for integrated analysis of companies. The method assesses the current situation of a company by exploring its strengths and weaknesses and reveals potential strengths and threats that the enterprise might face in the future (Böhm, 2009). Findings of the analysis are to be found in Table 2 SWOT – Analysis, on the following page.

Table 2 SWOT - Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Home-base Dubai • Product & Service • Staff & Management • Brand • Fleet • Heterogeneous revenue streams • Capital for expansion 	<ul style="list-style-type: none"> • Perceived as threat for home carriers • Keeping up high standard of cabin staff • High distribution costs • Mobile applications • Social media
<ul style="list-style-type: none"> • ability to serve new markets • ability to increase capacity on existing routes • direct selling 	<ul style="list-style-type: none"> • proximity to Iraq • terrorism • dependency on economic situation in the UAE • Unfavorable regulations in foreign markets • New regulations in the UAE • Competitors offering same products (e.g. Qatar Airways)
OPPORTUNITIES	THREATS

All the aspects mentioned in table 2 have been reflected on in detail in Sections 5.2.1 to 5.2.9 . The impact of Dubai as a home-base and the United Arab Emirates (UAE) as a home- country can currently be seen as a strength as there are many favorable conditions linked to it. As outlined in Section 5.2.4 Emirates is part of an overall master plan for Dubai and therefore the economic situation in the region is influential for the carrier. Economic downturn or new regulations which were explored by Henderson (2006) in Section 5.2.9 could also seriously restrict the airline in conducting its business. While aspects of the categories strengths, weaknesses and opportunities are mainly to be controlled by the carrier, the Section on threats (5.2.9) widely covers factors that are out of Emirates' control. However, the company could identify those threats and develop strategies and actions in order to face such threats in case they ever occur.

5.3 Development of the Austrian Market

Emirates introduced daily services from Vienna to Dubai in June 2004. At the beginning the airline operated flights to Austria with its Airbus 330-200 aircraft offering space for 237 passengers in three cabin classes. Due to the high demand Emirates intended to increase the capacity on this route and from October 2008 operated flights with a Boeing 777-300ER which increased the capacity to 364 passengers per flight. It soon became obvious that another daily connection would be required to meet the increasing passenger demand but resulting from delayed aircraft delivery the airline was not able to increase flights to Austria until 2011.

Since that Emirates can offer their already existing EK127 flight from Dubai to Vienna, their EK128 from Vienna to Dubai operated with Boeing 777-300ER on a daily basis and furthermore their new EK125 from Vienna to Dubai and EK126 returning from Vienna to Dubai. Those additional flights are conducted six times a week and operated with Airbus 340-500 aircraft. Compared to the Boeing 777-300ER the Airbus 340-500 has a smaller capacity, offering space for 258 passengers. In the early years when flights were operated with A330-200 aircraft Emirates had the capacity to carry 3.318 passengers between Dubai and Vienna per week which results in 172.536 possible passengers per year. With the aircraft change in 2008 5.096 tickets

Table 3 Development of Dubai- Vienna route

Year	services per week	aircraft	Capacity	
			weekly	Annual
EK 2004	7	A330-200	3.318	172.536
EK 2008	7	B777-300ER	5.096	264.992
EK 2011	13	B777-300ER, A340-500	8.192	425.984
OS 2011	7	B767-300ER	3.220	167440

. EK = Emirates, OS= Austrian
sources: <http://www.austrian.com/Info/Flightinformation/OurFleet>;
http://www.emirates.com/english/flying/our_fleet/ :retrieved on
12 Jan. 2012

per week could be offered to passengers enabling a total of 264.992 passengers to fly with Emirates on this route. Since March 2011 seats to be sold reached 8.192 per week and this double daily service results in 425.894 seats a year. Consequently Emirates managed to offer more than twice as many seats compared to when

the route was started. Apart from Emirates there is only one airline offering direct flights from Vienna to Dubai. Austrian flies daily with a Boeing 767-300ER with two cabin classes and 230 seats. Looking at the total of seats provided on direct flights between Dubai and Vienna, Emirates has a share of 72% leaving the flag carrier Austrian with 28%. The capacity development is summarized in table 3, calculations are based on stated aircraft types for a period for 12 months regardless of aircraft changes that might have occurred.

5.3.1 Emirates' Marketing Activities in the Austrian and Slovakian Market

It is fairly obvious that most factors of the marketing mix of Emirates are the same in all regions. Austrian market benefits from global promotional activities as the FIFA sponsorship but Emirates also supports Austrian events like the annual Austrian Gold Opening. Emirates has a city office in Vienna which consists of a Sales and Finance department and is in charge of the Austrian and Slovakian market. The main focus of Emirates sales activities is on supporting intermediaries and providing team with information. Travel agents can reach sales and customer support agents via telephone or email and business partners are frequently visited by sales executives. An important sales tool is the Agent Net which is an extranet accessible to Austrian and Slovakian travel agents. The aim of the site is to provide up-to date information and agents should be enabled to find answers to all questions which might occur during booking or informing clients. Furthermore special offers are heavily promoted on the webpage. In addition to this users receive a monthly newsletter and raffles which are mostly sales oriented or stimulate agents to inform themselves about the product are executed. Agents are also invited to events which include movie nights, concerts or dinner parties aiming at increasing the interactivity and stress the fact that staff cares about agents and is physically available in Austria.

6 Primary Research

The literature review with chapters on the history of the airline business, the airline product from a marketers' perspective, consumer behavior and in-depth analysis of Emirates served as foundation for the following research part. This chapter consists of detailed outlines of the applied methodology, questionnaire design, sampling process, survey setting, development of hypothesis, analysis and interpretation of findings.

6.1 Methodology

The aim of the research was to explore the decision making behavior of Emirates' passengers. A quantitative research method was chosen as information was to be obtained from a larger sample and should enable generalization to all Emirates passenger. Questionnaire based methods are most frequently used in tourism research as their conduction is rather simple (Veal, 2006). Compared to other methods questionnaire based surveys can easily be conducted, handled and results are expressed in numeric terms and quantifiable. Thus the method is described as transparent as it clearly outlines which information was obtained and how this information was analyzed. It certainly has to be taken into consideration that the quality and accuracy of the outputs depend on the information provided by each contestant. Resulting inaccuracy has to be seen as limitation of this research technique. Veal (2006) describes five different types of questionnaire based techniques namely household, street, telephone, mail, site or user survey and captive survey. For this paper a specific kind of site surveys, the en-route or intercept survey technique was selected. Such surveys are usually conducted on airplanes or at airports. Questionnaires can be completed by the interviewer or the interviewee. In this setting respondent completion was selected as it is less time consuming. To enable respondents to fill in the questionnaire themselves and to keep the response rate high it is vital to keep the questionnaire simple, open-ended questions are to be avoided and in the ideal case respondents complete the survey by ticking boxes (Veal, 2006). The significance of obtained results was tested by a range of analytical procedures as Normal Distribution Approximation of Binominal Distribution, t—tests or Wilcoxon test. In light of parsimony the time dimension played a big role and consequently the survey was designed in a way that it could be

completed easily and within short time. Moreover, the setting allowed many passengers to complete the survey at the same time. Further details on the questionnaire design, the sampling process, the survey setting and the development of hypothesis are included in this chapter. Findings and interpretation of the results are included at the end of the research part.

6.2 Questionnaire Design

The development of the questionnaire was based on the literature review which covered marketing and consumer behavior aspects that are necessary to understand the nature of the airline product and models and classifications for passenger's behavior in general. As the aim was to find out more about the behavior of Emirates' passengers several questions and answer options have been designed in a way that match Emirates' service product. Other studies in the field of passenger behavior and passenger's perception by Chen (2008), Gilbert & Wong (2002), Huang (2009), Pakdil & Aydin (2007) and Park, Robertson and Wu (2005) were also considered especially in light of their questionnaire design. Guidelines from Veal (2006) were integrated and therefore the questionnaire started with simple questions (e.g. duration of stay, booking class), the questionnaire was kept short and neat, only closed questions which could mostly be answered by ticking a box were included and in two cases where rankings were required, respondents only had to define one most important attribute instead of assigning multiple ranks. The questionnaires were available in both, English and German, the English version can be found in Appendix 1.

6.2.1 Part 1: General Information

The first part of the questionnaire included some general information, passengers were asked to indicate their booking class, state the total duration of their trip, whether they had booked their flight as a part of a packaged holiday or separately and whether they were on a leisure or business trip. The separation between booking classes and between leisure and business passengers was chosen in order to explore differences among different target groups. Findings could enable a more customized marketing approach.

6.2.2 Part 2: Information Search

The part on information search dealt with the first dimension of the decision making process (information search) which was thoroughly discussed in Section 4.1.1 as it is a vital step in consumer’s decision making process. The first question „Which of the following information sources did you consider before choosing Emirates?“ was designed to find out whether passengers engaged in information search at all and if they did so the sources considered could be detected. Sources were categorized according to dimensions found in the work by Kotler et al. (2008), Pizman and Mansfeld (1999) who based their categories on work by Beatty and Smith (1987), Asseal (1987) and Hawkins (1995). Categories are indicated in table 4 more on the applied categorization can be found in Section 4.1.1 on information search.

Table 4 Questionnaire: Information Sources

CATEGORY	SOURCE
experiential	Personal experience from previous flights with Emirates
personal	Recommendations from friends and family Online reviews
marketer dominated	Emirates website: www.emirates.com Emirates Service Hotline Emirates Reservation Desk at the airport Emirates billboards Emirates ads in newspapers and magazines Information and adds found in travel catalogues
neutral	Recommendation from travel agent
alternative answers	I did not consider any of the information sources mentioned above This flight has been booked for me, I have not been involved in information search or decision making

The second question of part 2 „Which of the information sources mentioned above do you perceive as most credible?“ did not offer a multiple choice option like the first question. Passengers had to appoint only one choice which made it easier to significantly detect the source which is perceived as most credible. As stated in Section 3.2 .3 airlines have to select the right distribution channel in order to be able to reach their target market (Wensveen, 2007)

6.2.3 Part 3: Distribution Channels

This part is connected to the stage of purchase decision (4.1.3) of the consumer decision making model. To collect information on the purchase behavior and booking channel utilization the question „How did you book your flight?“ was included in the questionnaire. Possible answer options were adjusted to Emirates’ sales channels. Four categories were established which allow a distinction between sales via Emirates and via Intermediaries and offline or online sales.

Table. 5 Questionnaire: Distribution Channels

Online		Offline
Emirates	www.emirates.com	Emirates Hotline Emirates reservation desk at the airport
Intermediary	online but not at www.emirates.com	travel agency

In addition to those five options which can be seen in the table 5 participants could affirm that they were not involved in the booking process.

6.2.4 Part 4: Product Attributes

The last part of the survey explores the perceived importance of numerous product attributes and is the most complex part. As a first task passengers were asked to indicate the perceived importance of 26 product attributes (*Please indicate the importance of the following product attributes*). A five point Likert scale was designed and respondents could opt between „very important“ (=5), „rather important“ (=4), „rather unimportant“ (=2) and „completely unimportant“ (=1). Most of the product attributes were included in previous research, this is indicated in the table 6. In some cases the wording of the attribute is identical, in other cases the attributes are similar or in more or less detail. Moreover, few attributes were designed as they are important for Emirates’ product. The second question „Which of the product attributes mentioned above is most important for you“ was added to explore a single most important factor. Passengers could only mention one product attribute.

Table 6 Questionnaire: Product Attributes

Nr.	Product attributes	Source
1	External appearance of plane	Chen (2008); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
2	Seat pitch	Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
3	Baggage allowance	Park, Robertson and Wu (2005)
4	Diversity of entertainment program	Park, Robertson and Wu (2005)
5	Own screen for entertainment program	Chen (2008); Gilbert & Wong (2002); Huang (2009) * as part of in-flight entertainment facilities
6	Up-to date news	
7	Staying connected via e-mail; SMS and telephone	Chen (2008); Gilbert & Wong (2002); Pakdil & Aydin (2007)
8	Private media can be brought along and accessed via entertainment system	
9	Newspapers; magazines	Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
10	In-flight shopping	Chen (2008)
11	Quality and choice of meals	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007), Park, Robertson and Wu (2005)
12	Quality and choice of drinks	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
13	Loyalty program	Chen (2008); Gilbert & Wong (2002); Park, Robertson and Wu (2005)
14	Fast check-in at the airport	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
15	Online check-in available	
16	Safety	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
17	Punctuality	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
18	Reputation of airline	Chen (2008); Huang (2009); Pakdil & Aydin (2007)
19	Nationality of airline	

20	Friendly and helpful staff	Chen (2008); Gilbert & Wong (2002); Huang (2009); Pakdil & Aydin (2007); Park, Robertson and Wu (2005); Park, Robertson and Wu (2005)
21	Appearance and behaviour of staff is competent	Chen (2008); Gilbert & Wong (2002); Pakdil & Aydin (2007)
22	Foreign language skills of staff	Huang (2009); Pakdil & Aydin (2007)
23	Non-stop flight	Gilbert & Wong (2002); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
24	Short transfer time between flights	Chen (2008); Gilbert & Wong (2002); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)
25	Many flights a day enable flexible booking	Gilbert & Wong (2002); Pakdil & Aydin (2007)
26	Convenient departure- and arrival times	Chen (2008); Gilbert & Wong (2002); Pakdil & Aydin (2007); Park, Robertson and Wu (2005)

The framework behind the twenty-six product attributes above is a construct of five categories. Those categories were defined in light of the SERVQUAL model which is explored in Section 4.1.2 . In addition to this model the categorization from the surveys conducted by Chen (2008), Gilbert & Wong (2002), Huang (2009), Pakdil & Aydin (2007), Park, Robertson and Wu 2005) were of significance for the categorization process. In this survey the five chosen categories were: “product and services” (attribute 1 to 13), “responsiveness” (attribute 14-15), “reliability” (attribute 16 to 18), “staff” (attribute 19 to 22) and “schedule” (attribute 23-26). Findings could enable Emirates to communicate attributes that are perceived as most important more aggressively. In the long run findings in this area could be helpful when making investment decisions.

6.3 Sampling and Setting

The survey was conducted at Vienna International Airport on the 15th of February 2012. As the questionnaire was tailored to Emirates, only passengers who actually booked the airline were included in the sample. Emirates’ flight EK128 from Vienna to Dubai on the 15th of February was selected because demographics as age or gender were explored as a typical mix for this route and therefore could be seen as representative sample. Furthermore the flight was fully booked which allowed to randomly select 70 participants out of 364 passengers. The survey was conducted on

a voluntary basis, passengers were asked for their support and the purpose of the survey was explained. Passengers travelling together who consequently made a mutual buying decision were only provided with one questionnaire. Questionnaires were distributed to passengers directly at the gate, after passing the security check when entering the waiting area. Participants completed the survey on their own but had the chance to get support if the questions were not fully understandable at any time. Before entering the aircraft, when handing over boarding passes for inspection to gate agents, passengers were asked to return their questionnaire. This setting was chosen for two reasons. In the first place it enabled a fast distribution of the questionnaires as only Emirates passengers who were on the EK128 flight were able to enter the area where the survey was conducted. Resulting from this any passenger within the area was a potential participant. This setting also allowed passengers to make themselves comfortable in the waiting area and take as much time as they needed to complete the survey. All passengers had at least 30 minutes to complete the survey and therefore a careful and thoughtful completion of the questionnaire was ensured.

6.4 Hypothesis Development

Four hypotheses were developed in order to investigate the information search behavior, the value of distinct booking channels and the perceived importance of various product attributes. Several hypotheses were developed in light of the literature review and findings of similar surveys. At the same time characteristics of Emirates were considered in order to tailor hypothesis to the carrier.

6.4.1 Hypothesis 1

H: The majority of airline passengers considers more than one information source before choosing an airline and thereby engages in information search.

H0: The majority of airline passengers considers only one information source before choosing an airline and thereby engages in information search.

The aim of this hypothesis is on the one hand to find out how many passengers considered information sources and thereby engage in information search and on

the other hand findings can illustrate which information sources are actually used. Results can enable a focus on most frequently used channels and thereby make marketing activities more efficient. Support for the hypothesis that passengers engage in information search was outlined in the opening paragraph of the chapter dealing with consumer behavior and was based on research by e.g. Kotler et al. (2008) and Swarbrooke & Horner (1999). The model of integrated marketing communication which was described in part (Promotion) suggests that harmonized messages should be sent via different information channels (Schultz & Kitchen, 2000; Schultz & Schultz, 2004; Picton & Broderick, 2008 cited by Kotler et al., 2008). A successfully implemented integrated marketing communication could result in passenger's choosing more than one info source.

6.4.2 Hypothesis 2

Personal sources will be perceived as most credible.

H0: All sources will be perceived as evenly credible.

Detailed background information can be found in Section 4.1.1 on information search. The hypothesis is backed by findings of Crotts (1992), Kotler et al. (2008), Kossmann (2006) and Pizman & Mansfeld (1999). As outlined in the questionnaire personal sources were divided into two categories which enables a distinction between word of mouth of friends and family and electronic word of mouth.

6.4.3 Hypothesis 3

More bookings will be done through distribution channels of intermediaries than through Emirates' direct sales channels.

H0: The number of bookings generated from Emirates' direct distribution channels equals the number of bookings aggregated by intermediaries.

A critical reflection of Emirate's sales and distribution policy was presented in part 5.2.9 . This can be seen on a global but also on the national level where the company

for example puts emphasize on providing intermediaries with up-to-date information via an extranet while not informing end-customers directly via social media platforms. As marketing and sales efforts cover mostly intermediaries it is assumed that most tickets are issued by travel agents and not booked directly through Emirate's own channels.

6.4.4 Hypothesis 4

Safety will be ranked as the most important attribute by passengers.

H0: All attributes are perceived as equally important by passengers.

Gilbert & Wong (2002) explored in their study that safety, on-time operation and the behavior of staff are most relevant. Those single attributes were part of the categories assurance and reliability. Emirates' new fleet, careful selection of staff and intense training at modern facilities indicate that the airline does not compromise on safety. The trade magazine ATW (Air Transport World) rewarded Emirates amongst other factors also for their high efforts regarding safety the ATW Airline of the Year Award in 2011 (Air Transport World, 2012). Various web-portals provide data on airline incidents and plane crashes. The website www.planecrashinfo.com enables users to compare the safety of different carriers which is calculated based on the number of flights were at least one fatality had been reported. Assessing the safety of a career merely on fatal events is certainly controversial but the fact that Emirates never had to report any fatality might be a reason why passengers who are very concerned about safety might choose Emirates. Pakdil & Aydin (2007) and Huang (2009) concluded from their research that responsiveness was of highest importance for passengers. Park, Robertson and Wu (2005) investigated the impact of product attributes on the image of an airline and stated that in their case in-flight services, convenience and accessibility were most frequently mentioned as important.

6.5 Analysis of Findings

In order to ensure an accurate statistical procedure for capturing data obtained from questionnaires, analyzing frequencies and testing hypothesis the computer software PASW was selected. Frequency analysis was conducted for interview questions. Direct outputs from PASW have been converted into less detailed charts and graphs to improve the readability. Distinct measures for significance testing were applied and are stated with the results.

6.5.1 Analysis of General Information

The share of Economy passengers made up the vast majority (83.8%) and therefore a meaningful comparison between differences related to booking classes was not possible. For the total duration of the vacation a median of 14 days could be obtained. This duration can be seen as typical for holidaymakers and matches the detected share of leisure passengers amounting to 83.3%. Only 32.3% of the respondents booked their flight as part of a packaged holiday which shows that the majority booked flights individually.

6.5.2 Analysis of Hypothesis 1 and Information Sources Considered

Ten percent of the total sample indicated that they were not involved in information search at all as the flight had been booked by someone else for them. Another 8, 6% of the total sample stated that they did not consider any source before choosing

Table 7

Analysis: Consideration of information sources

Cat.	Information Source	Percentage
EX	Personal experience	45.61%
PE	WoM family & friends	38.60%
PE	Online Reviews	24.56%
NE	Travel agent	22.81%
MA	Travel catalouge	10.53%
MA	www.emirates.com	8.77%
MA	Billboards	7.02%
MA	Newspaper & Mag.	5.26%
MA	Reservation Desk	3.51
MA	Service Hotline	1.75%

Emirates.

As a consequence 90, 6% percent of the sample (excluding only passengers who were not involved in the decision making process) engaged in information search. Passengers who were not involved or did not consider any source were not considered for the frequency analysis shown in table

7. The category of the information source is indicated in the first column (EX= experiential sources, MA= market dominated sources, PE= personal sources).

Remarkable is that out of the passengers who considered an information source 45.61% had already experience with Emirates before booking the trip which included the EK128 flight from Vienna to Dubai for which the survey was conducted. Looking at the total sample this means that 37% have been flying with Emirates before booking the flight about which they completed the survey. Furthermore, all market dominated sources belong to those who have not been used that frequently. Hypothesis 1 assumed that *“The majority of airline passengers considers more than one information source before choosing an airline and thereby engages in information search.”* In order to test the hypothesis a t-test was performed. The outcome was significant as the result p-value was below 0.05. Therefore, the hypothesis that the majority of respondents used at least only one information source can be maintained.

6.5.3 Analysis of Hypothesis 2 and the Perceived Relevance of Information Sources

Table 8 Analysis: Perceived Credibility of Information Sources

Cat.	Most credible information source	Percentage
EX	Personal experience	40.70%
PE	WoM family & friends	30.50%
MA	www.emirates.com	13.60%
NE	Travel agent	6.80%
PE	Online Reviews	5.10%
MA	Service Hotline	1.70%
MA	Reservation Desk	1.70%
MA	Billboards	-
MA	Newspaper&Mag.	-
MA	Travel catalouge	-

The frequencies shown in Table 8 visualize that experiential sources were most often selected as the most credible information source followed by personal sources. In regards to personal sources it is remarkable that a major differentiation is made between the credibility of word of mouth from family and friends and electronic word of mouth which turns out to

be perceived as drastically less credible. In addition the ranking of neutral sources such as advice from travel agents is remarkable as it only ranks fourth regarding credibility and even the company’s website which belongs to the market dominated channels is seen as more trustworthy. Apart from the website all other mass dominated sources were rarely stated as being most credible. Billboards, ads in newspapers and magazines and information and ads in travel catalogues have not been named at all. H2 *“Personal sources will be perceived as most credible which is*

supported by numerous surveys done in the field of passenger decision making.”

In order to statistically test the hypothesis the remaining three categories were pair-

$$z = \frac{k - np}{\sqrt{npq}}$$

wise tested by applying the formula for Normal Distribution Approximation of Binomial Distribution (Fig. 4) with the aim to detect significant differences among the categories. Two tailed

testing was applied and comparison between personal and market dominated

sources (p=0.07) and personal and experiential sources (p=0.551) lead to insignificant results as the observed p-value is larger than

0.05. Consequently for those sources the H0 assumption had to be maintained and

no differences could be explored. Testing personal and neutral sources

(recommendation from travel agent) however led to a significant result (p=0.001)

and in this case H0 can be rejected as the result is smaller than 0.05. Trying to detect

significant results by comparing the distribution of personal sources to the average

of all other sources did also lead to insignificant results (p=0.206) and again H0 had

to be maintained.

6.5.4 Analysis of Booking Channels and Hypothesis 3

Table 9 Analysis: Distribution Channels

Booking Channel	%
Travel agency	44,26%
www.emirates.com	32,79%
online but not at www.emirates.com	18,03%
Emirates Hotline	4,92%
Emirates reservation desk at the airport	-

Table 9 summarizes the outcome of the frequency analysis. Those passengers who were not involved

in the booking process were not included in the table and further analysis. It can be seen that the

offline intermediary source travel agency was most frequently used (44.26%) followed by Emirates’

online sources (32.79%). The company’s offline channels namely the Emirates hotline and the

reservation desk at the airport make up only 4.92%. Comparing Emirates’ channels

to channels of intermediaries it can be seen that 65% of all bookings are made by intermediaries while

38% of the passengers booked their flight directly with Emirates. Hypothesis 3 suggested that “More bookings will be done through

distribution channels of intermediaries than through Emirates’ direct sales channels.”

And Normal Distribution Approximation of Binomial Distribution with a one-tailed testing design was executed in order to test whether significant differences between

the amount of bookings done via intermediaries and Emirates own channels can be detected. After computation a p-value of 0.04 was encountered. This value enables the rejection of H0 and the hypothesis can be maintained which states that more bookings are done by intermediaries

6.5.5 Evaluation of Product Attributes and Hypothesis 4

Passengers were asked to rate the importance of 26 product attributes. For each attribute the mean value was computed and table 10 presents those attributes starting with those featuring the highest mean on the left side until those attributes who received the lowest importance rating on the bottom right. The dimension of each attribute is indicated in the table (REL = reliability, RES = responsiveness, SCH = schedule and availability, STA = staff and people, TAN = tangibles)

Table 10 Analysis: Product Attributes

Dim.	Attribute	Mean	Dim.	Attribute	Mean
REL	Safety	3.75	TAN	Quality and choice of drinks	3.26
REL	Punctuality	3.75	SCH	Non-stop flight	3.2
STA	Friendly and helpful staff	3.74	SCH	Many flights a day enable flexible booking	3.09
STA	Appearance and behaviour of staff is competent	3.74	TAN	Own screen for entertainment program	2.97
TAN	Seat pitch	3.6	TAN	Newspapers, magazines	2.89
RES	Fast check-in at the airport	3.52	TAN	External appearance of plane	2.87
SCH	Short transfer time between flights	3.41	TAN	Diversity of entertainment program	2.68
SCH	Convenient departure- and arrival times	3.41	TAN	Loyalty program	2.59
TAN	Quality and choice of meals	3.34	TAN	Up-to date news	2.29
RES	Online check-in available	3.33	REL	Nationality of airline	2.29
REL	Reputation of airline	3.33	TAN	Private media can be brought along and accessed via entertainment system	2.22
STA	Foreign language skills of staff	3.33	TAN	Staying connected via e-mail, sms and telephone	2.11
TAN	Baggage allowance	3.26	TAN	Inflight shopping	1.71

A mean value of 3.06 and a mean range of 2.04 could be detected. Hypothesis 4 "Safety is the most important attribute for passengers". Based on the data from fig.

5.8 twenty-five individual Wilcoxon tests were conducted in order to explore if there are significant differences between the rating of safety and the other 25 product attributes. The H0 for all paired Wilcoxon tests would have been that there are no differences observable between the mean values of the two tested variables. This turned out to be true for the factor punctuality which has the same rank (3.75) as safety and the other three attributes (friendly and helpful staff, appearance and behavior of staff is competent and seat pitch) which can be found among the top 5 ranked brought insignificant results. In those cases H0 has to be maintained and no significant differences could be observed. In all other 21 tests the results were however significant ($p < 0.05$). Only a slight deviation of mean values can be observed among the top rated attributes safety, punctuality, friendly and helpful staff and appearance and behavior of staff is competent. The first two attributes belong to the category reliability, the latter are part of the staff dimension. More evidence for the significance of Hypothesis 4 is given in Fig. 5 which illustrates the share of those product attributes that were mentioned by passengers when they were asked specifically to name the most important attribute. It can be observed that the majority (58.8%) selected safety as most relevant attribute. The first five items on this table are also among the top five items of the table Fig. 6.7 which shows the detailed mean ranking of all factors. The factors punctuality, short transfer time between flights, convenient departure- and arrival times, baggage allowance, diversity of entertainment, quality and choice of meals and fast check-in at the airport were only mentioned by less than 3% of the sample and therefore their percentages were aggregated and visualized as "others" in the pie chart.

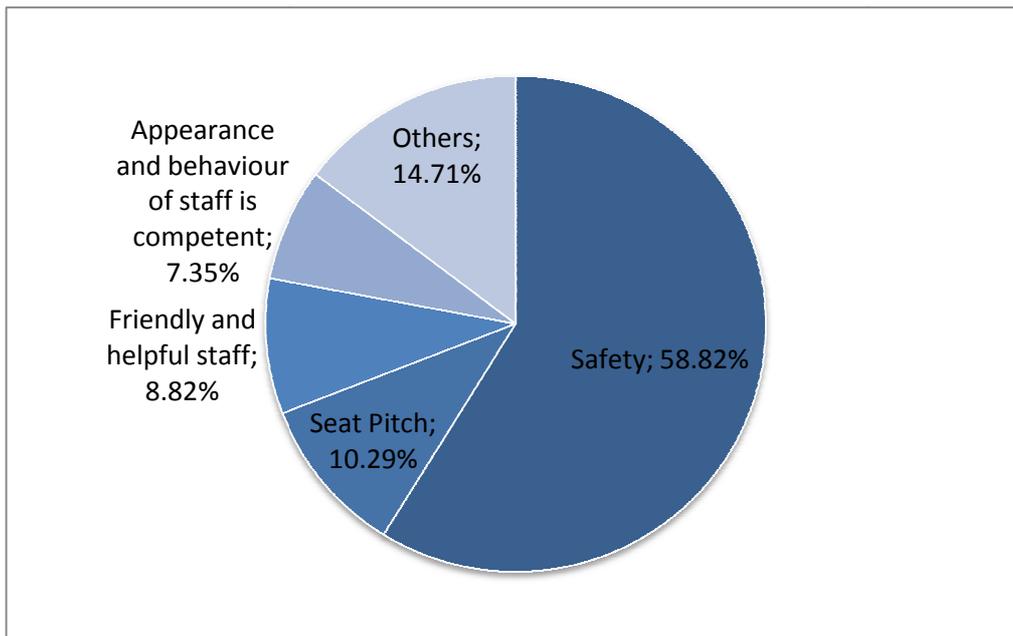


Fig. 5 Analysis: Most important product attribute

6.6 Interpretation of Findings

The following part aims to link attained findings from the survey with ideas and assumptions explored in the literature review. Attention will be paid to finding out in how far the answers of Emirate's passengers match already existing ideas on passenger behavior.

6.6.1 Interpretation of General Information

Even though a comparison among customers traveling in different cabin classes or leisure and business travelers was not possible the obtained outcomes still yield some useful information. The average encountered duration of vacation is 14 days which is typical for the leisure customers. From this long duration it can be concluded that the expenditure for this vacation in total might be rather high and therefore a high risk is linked to it. Consequently the sample would demonstrate high consumer involvement and engage in complex buying behavior (Kotler et al., 2008) and therefore spend more time on information search (Pizam & Mansfeld, 1999) as outlined in Section 4.

6.6.2 Interpretation of Information Sources Considered (Hypothesis 1)

The main outcome of this section is the confirmation that passengers do engage in information search. Over 90% of the passengers who were involved in the travel decision considered at least one source, the majority even took advantage of more than one source. This striking result supports work outlined in Section 4 (e.g. Kotler et al. , 2008; Swarbrooke & Horne, 1999). Kotler et al. (2008) concluded that most of the information that a customer attains is from commercial sources which are referred to as marketer dominated sources in the survey. Findings of Emirate's passengers are in contrast to their conclusion. All marketer dominated sources (travel catalogue, www.emirates.com, billboards, newspapers and magazines, reservation desk and service hotline) were ranked as less frequently used. In total 37% of the contestants considered those sources in their search process. Striking is that 37% of the total samples did not have to engage in external information search which was described by Pizman and Mansfeld (1999) in Section 4.1.1 as they could base their decision on personal experience with Emirates. The low consideration of travel agents (22.81%) that shows that their role as information source is no longer pre-dominant is also striking. The high ranking of personal sources, namely word of mouth of family and friends and online reviews supports findings by Crotts (1992), Kotler et al. (2008) and Kossmann (2006). For Emirates these findings strengthen the need for providing high standards and fostering positive word of mouth by maintaining or improving customer relationships which could for instance be done by further developing their loyalty program Skywards.

6.6.3 Interpretation Perceived Relevance of Information Sources (Hypothesis 2)

The highly perceived importance of word of mouth (30.5%) from friends and family goes in line with Kossman (2006) who explains that they are most persuasive among information sources. Travel agents are categorized as neutral sources (e.g. Pizman & Masfeld, 1999) and are described as unbiased. In this survey however only 6,8% of Emirate's passengers perceive their opinion and advice as credible. Almost twice as many passengers named Emirate's official website when asked about the most credible source which should motivate the company to inform and convince their customers through an appealing website.

6.6.4 Interpretation of Booking Channels (Hypothesis 3)

The high share of bookings generated by intermediaries (62%) has already been dealt with in Section 5.2.9. O'Connell & Williams (2011) investigated the high distribution costs that Emirates faces as a result of focusing on selling through intermediaries. A comparison among all booking channels indicates that passengers opting to book directly via channels of the carrier prefer to book online while passengers choosing intermediaries more frequently engage in offline booking at a travel agency. With respect to online booking channels Emirates' website already generates the majority of bookings (60%). This also emphasizes the high potential of an appropriate website not only as source of information- but in this case as booking channel. In regards to offline bookings only 10% of the passengers book directly through Emirates' channels via telephone or the ticket counter at the airport. A controversial aspect is that only a minority of passengers (6.8%) perceived the advice of travel agents as credible but for bookings travel agents are obviously still the preferred channel (44.26%). Compared to travel agents almost twice as many customers perceive the carrier's website as most credible but regarding the generation of bookings the website is only ranked second. Reasons for this relationship can't be clarified from the data obtained but as mentioned in Section 3.2.3 Reader (2011) argued that intermediary channels make the purchasing process more convenient for customers. This statement might explain why Emirates' passengers, even though they do not see travel agents as credible information sources, prefer to have their bookings handled by travel agents.

6.6.5 Interpretation of Product Attributes' Evaluation (Hypothesis 4)

Passengers were asked to indicate the importance of 26 product attributes from 4 (very important) to 1 (completely unimportant). The high mean range of 2.04 with the obtained ratings range from mean values of 3.75 and to 1.71 resulting in a mean range of 2.04. This shows that passengers certainly distinguish between the importance of product attributes. Placing different weight on product attributes implies that passengers apply the piecemeal approach mentioned by Kozak & Decrop (2009) for product evaluation that suggests that consumers evaluate a product not in a holistic way but distinguish between product components. The high ranking of attributes related to staff is in accordance with the assumption of

Lovelock et al. (2008) that in some service settings staff is the only product differentiator. It is striking that besides the seat pitch most attributes belonging to the tangibles and service dimension received a prominently low ranking. As outlined in Section 5.1 on the carrier's history and its current product Emirates has always been a pioneer regarding In-flight entertainment and communication (IFEC) and seeks to provide a state-of-the-art entertainment and communication system for all cabin classes. Therefore it is surprising that none of the product attributes linked to IFEC received a high rating. The outcomes illustrate that physical media like newspapers and magazines were perceived as more important than the diversity of the entertainment system or receiving up-to date news during the flight phase. Along with in-flight shopping accessing private media and staying connected via e-mail, SMS and telephone have been ranked as least relevant. This is particularly surprising as Emirates uses those attributes as product differentiators. Of course interpretation has to be made in light of the fact that the majority of passengers who participated in this survey were leisure passengers. It could be suggested that attributes like sending and receiving SMS, emails or making phone calls is of more importance for business travelers. Among the differences between leisure and business passengers which were outlined in Section 3.3 and 3.4 was also the suggestion by Shaw (2011) that leisure passengers are not concerned about arrival and departure times. This is not supported by the results of the survey as both the attribute convenient departure- and arrival times reached a mean value of 3.41 which is close to the highest possible rating 4 (very important) and explains why the item is still ranked among the lower 10 most important attributes. It could be suggested that for business passengers attributes about schedule and availability would have an even greater importance. Attention should also be paid to the ranking of baggage allowance which is with a mean value of 3.26 somewhere in the middle of all attributes even though the fact that the allowance is quite high compared to competitors and intended to attract customers. In regards of the results of this survey Emirates should most certainly continue to place high importance on the selection and training of their staff. With regards to the low rating of most tangible aspects it could be questioned which attributes are already taken for granted by customers and which ones could really convince a potential passenger to select a certain carrier. This analysis could be based on the

differentiation between hygiene and motivator factors which can be found in literature dealing with organizational development and business administration as well as consumer behavior related research. In this case the information available is limited to the outcomes of the survey. From the obtained data it could be concluded that a state of the art IFEC is not a motivator for choosing Emirates as it has not a high importance rating.

6.7 Managerial Response to Survey Findings

Results of the survey were presented to the top Management of Emirates' Austrian Representation in order to gain additional insight thus fostering a multifaceted interpretation of findings. Results that were perceived as particularly striking and therefore have been discussed in detail are outlined in this Section of the paper as well as in areas which were identified for further research. The explicitly low rating of the credibility of travel agents was recognized with compunction as providing services to travel agents is the main activity of Emirates' Sale staff in Vienna. Emirates is certainly aware of changes in consumer decision making behavior and links the decreasing importance of travel agents as information sources to the fact that information can be accessed easily via new channels like the internet with is in accordance to findings previous research (e.g. Buhalis & Law, 2008) and outlined in Section 4.1.1 . Managing staff raised the need to investigate to which extent distinct information channels are able to satisfy the search needs of customers in order to improve and adjust information provided to the needs of customers. The obtained usage rate of distinct distribution channels matched Emirates' expectations and illustrates the fact that on the one hand travel agents are the most important distribution channel for them but on the other hand bookings generated through direct online sources yield further opportunities. Regarding product attributes the high ranking of safety and staff confirmed that extensive investments in recruiting and training staff and safety measures is recognized by passengers. The rather low rating of factors linked to IFEC (Information and Communication Technology) was not expected but the question was raised in how far passengers take certain product attributes or services for granted and thereby do not perceive them as important. This statement supports the need to investigate motivation and hygiene factors that have been outlined in the previous Section (6.6.5). With regard to the SWOT-

analysis outlined in Section 6.2.10 it should be mentioned that Emirates perceives the increasing fuel prices as a major threat for their company as well as for any other carrier. The impact of Arabian competitors offering similar products like Qatar Airways or Etihad is not experienced as imminent threat as Emirates assures that those competing companies do not necessarily take business away from each other. This sentiment further rebuts the introduction of protective policies that could hinder the growth of Emirates as the company is confident to prove that for example in Austria no business is taken away from other carriers by the introduction of their services. Detected weaknesses in the implementation of social media as information channel and addressing customers directly are as mentioned in Section 5.2.9 to be overcome by the new “Hello Tomorrow” campaign that sets the customer and an integrated marketing communication as main priority.

7 Conclusion

The importance of understanding how passengers make decisions was outlined in this paper and detailed insights on the process were obtained from the survey. Countless internal and external factors that regularly revolutionize the airline industry and affect various stakeholders were explored in this paper and it seems that airlines nowadays more than ever have to be highly responsive to changes. The marketing mix analysis visualizes how fast competitive advantage can be lost if new opportunities are not considered or products are not improved and re-shaped. The need to create an understanding of customer decision-making process became evident when analyzing consumer behavior which is sensitive to change. The case study on Emirates revealed various strategies that foster success and could serve as best practices for other airlines. Critical reflection showed that even though Emirates is positioned as an innovative company, for instance in regards to superior onboard facilities (e.g. spa-shower, suites, IFEC), a certain degree of inertia towards the integration of new information and distribution systems can be detected.

Findings of the survey were limited, as it was not possible to make any distinction between business and leisure travelers could be made due to the small percentage of business travelers among respondents and the rather small sample. Obtained data supports the need for proactive responses to changes in consumer behavior. The most striking outcome of the survey is doubtless the fact that the vast majority of customers performs information searches and uses on average more than one information source. Furthermore it has to be considered that travel agents who receive a high degree of service and attention from Emirates are no longer perceived as highly credible information sources by the customers. Integrated marketing communication that includes new information channels should be of highest importance for Emirates. More research on the impact of distinct product attributes on the decision making of passengers is evidently needed, but responding to findings of this paper the company should try to further establish trust and highlight their award-winning staff in marketing communication.

The current brand re-launch envisioned by the campaign “Hello Tomorrow” states that Emirates is aware of shortcomings observed in this paper. The forward looking theme “Hello Tomorrow” should consistently be put into practice and further inertia regarding the integration of any new marketing tool or channel that simplifies or enriches processes for customers should strictly be avoided.

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Appendices

Appendix 1

Questionnaire Passenger's decision making behavior

PART1: GENERAL INFORMATION

Destination _____ airport: Booking Class: <input type="checkbox"/> Economy <input type="checkbox"/> Business <input type="checkbox"/> First	Duration of _____ days journey: Are you <input type="checkbox"/> with children travelling with <input type="checkbox"/> without children? children
<i>Did you book your flight separately or as part of a packaged holiday? (in combination with accommodation)</i>	<input type="checkbox"/> packaged holiday <input type="checkbox"/> flight booked separately
<i>Are you on a business or leisure trip?</i>	<input type="checkbox"/> business trip <input type="checkbox"/> leisure trip

PART 2: INFORMATION SEARCH

Which of the following information sources did you consider before choosing Emirates?

1	Recommendations from friends and family	<input type="checkbox"/>
2	Online reviews	<input type="checkbox"/>
3	Personal experience from previous flights with Emirates	<input type="checkbox"/>
4	Emirates website: www.emirates.com	<input type="checkbox"/>
5	Emirates Service Hotline	<input type="checkbox"/>
6	Emirates Reservation Desk at the airport	<input type="checkbox"/>
7	Emirates billboards	<input type="checkbox"/>
8	Emirates ads in newspapers and magazines	<input type="checkbox"/>
9	Information and adds found in travel catalogues	<input type="checkbox"/>
10	Recommendation from travel agent	<input type="checkbox"/>
11	I did not consider any of the information sources mentioned above	<input type="checkbox"/>
12	This flight has been booked for me, I have not been involved in information search or decision making	<input type="checkbox"/>

Which of the information sources mentioned above do you perceive as the most credible? (please choose one channel only)

Number or name of information source: _____

PART 3 : BOOKING

How did you book your flight?

Emirates website: www.emirates.com	<input type="checkbox"/>
Travel agency	<input type="checkbox"/>
Online but not at www.emirates.com	<input type="checkbox"/>
Emirates Hotline	<input type="checkbox"/>
Emirates reservation desk at the airport	<input type="checkbox"/>
This flight has been booked for me, I was not involved in the booking process.	<input type="checkbox"/>

PART 4: PRODUCT EVALUATION

Please indicate the importance of the following product attributes

	Product attributes	very important	rather important	rather unimportant	completely unimportant
1	External appearance of plane	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Seat pitch	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	Baggage allowance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	Diversity of entertainment program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	Own screen for entertainment program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6	Up-to date news	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7	Staying connected via e-mail, SMS and telephone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8	Private media can be brought along and accessed via entertainment system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9	Newspapers, magazines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10	In-flight shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11	Quality and choice of meals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12	Quality and choice of drinks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13	Loyalty program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14	Fast check-in at the airport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15	Online check-in available	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16	Safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17	Punctuality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18	Reputation of airline	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19	Nationality of airline	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20	Friendly and helpful staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21	Appearance and behaviour of staff is competent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22	Foreign language skills of staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23	Non-stop flight	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24	Short transfer time between flights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25	Many flights a day enable flexible booking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26	Convenient departure- and arrival times	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Which of the product attributes mentioned above is the most important for you?
(please choose only one attribute)*

Number or name of the product attribute : _____

Thank you for your valuable support!

Enjoy your flight.