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Criteria Selection for International Aviation Passengers

Case: Regular Flights between two Nordic Countries

Thesis

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Thesis abstract

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The purpose of this commissioned thesis is to discover the most important factor for the airline's passengers flying between two Nordic countries. Satisfaction with the airline's current performance was measured to provide a comprehensive baseline for a possible review of strategies by the airline.

The theoretical part of the thesis includes the following topics: aviation, aviation in Finland and marketing management in aviation. The empirical part includes the results of the survey and an analysis of the results. The results were collected with quantitative and qualitative research methods by conducting a survey to the airline's passengers travelling on this route. A total of 160 responses were received. The responses were analyzed with the SPSS statistics program and charts.

The results show that the most important factor for the airline's passengers flying between two Nordic countries is price. The results provide the airline valuable information about their current performance and the passengers' criteria selection, as well as offer the company the opportunity to clarify their pricing and route strategies by comparing the results of the survey to the organization's current strategies.

Keywords: aviation, criteria selection, marketing management

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Opinnäytetyön tiivistelmä

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Tämän toimeksi annetun opinnäytetyön tarkoitus on selvittää, mikä on tärkein tekijä matkustajille, jotka matkustavat reitillä kahden Pohjoismaan välillä. Tyytyväisyyttä lentoyhtiön nykyiseen suoritustasoon mitattiin kattavan lähtökohdan antamiseksi mahdolliseen strategioiden uudelleen tarkasteluun.

Opinnäytetyön teoreettinen osa sisältää seuraavat aiheet: ilmailu, ilmailu Suomessa ja markkinointijohtaminen ilmailussa. Työn empiirinen osa sisältää tutkimuksen tulokset sekä tulosten analysoinnin. Tulokset kerättiin kvantitatiivisella ja kvalitatiivisella tutkimusmenetelmällä. Tutkimus toteutettiin kyseisen reitin matkustajille, ja kokonaisuudessaan kerättiin 160 vastausta. Tulokset analysoitiin SPSS-tilasto-ohjelman ja kuvioiden avulla.

Tulokset osoittavat, että tärkein tekijä kahden Pohjoismaan välisen reitin matkustajille on hinta. Tulokset tarjoavat lentoyhtiölle arvokasta tietoa nykyisestä suoritustasostaan ja matkustajien kriteerivalinnasta, sekä tarjoavat yhtiölle mahdollisuuden selkeyttää hinnoittelu- ja reittistrategioitaan vertaamalla tutkimuksen tuloksia yrityksen nykyisiin strategioihin.

Avainsanat: ilmailu, valintakriteerit, markkinointijohtaminen

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Terms and abbreviations

Code share	Two or more airlines sell a specific flight with their own flight number and price, but in reality the flight is operated with one and the same airplane.
Alliance	Agreement for cooperation made by two or more airlines to expand their route map and enhance their operation. Alliances do not have economical connections or cross-ownerships. Airlines within the alliance usually have code share on each other's flights.
Joint Venture	An agreement between two businesses to develop a new company in which they share the expenses and revenue.

IATA	International Air Transport Association
LCC	Low Cost Carrier
ISO	International Standardizing Organization
ICAO	International Civil Aviation Organization
PR	Public Relations

Tables and figures

1 INTRODUCTION

Today passengers have a great variation of forms of transportation to choose from. They all have a reason why they choose one form of transportation over the other. They all weigh the options, some of them consciously some more subconsciously. In addition to competing only with other forms of transportation, the competition within the field of aviation gets harder as more and more airlines spread their route maps to cover the same routes as other airlines. The airlines are competing for passengers with prices, services and schedules. In order to succeed in the competition, the airline needs to find out whether their strategies correspond to the passengers' needs. By finding out the factors that are most important to passengers, the strategies may have to be modified and the airline gains valuable information about their strengths and weaknesses.

This thesis will research aviation, aviation in Finland and some of the most well known marketing theories from the aviation point-of-view. As a case study, an airline passenger survey was conducted by sending them the survey via email in order to gain insight of the aviation passengers' criteria selection. The commissioner of this thesis has wished that the name of the organization would not be revealed in this thesis, so we will be talking about an airline flying between two Nordic countries.

The purpose of this commissioned thesis is to discover the most important factor to the airline's passengers flying between these two Nordic countries. The thesis has two sub goals, to discover the differences in the criteria selection of different passenger profiles and to learn the passengers' opinions on the airline's current performance. The aim of this thesis is to provide the commissioner airline such information about passengers' needs and criteria for selection on this specific route, that they will be able to clarify their pricing and route strategy by comparing the results of the research to the their current strategies. This way the airline will gain a competitive advantage by altering their strategy towards the passengers'

needs, if needed. Since the airline's current strategies are confidential information, the possible review of strategies will be conducted by the airline and will not be discussed on this thesis.

2 AVIATION

2.1 What is aviation?

"Aviation is designing, building and flying of aircraft." (A.S. Hornby 2010, 89). It consists of everything that is connected to the scientific and technological perspectives of flying. According to McGraw-Hill (2004, 235) aviation can be divided into three categories: military, air transport and general aviation. The following sections will take a closer look in to these different forms of aviation.

2.1.1 Military aviation

Military aviation consists of all kinds of aviation that is connected to military operations. It can be airplanes manufactured to military activity or airplanes that are used to transport military personnel or equipment. Military aviation is commonly centred to military airports. These airports are usually located near important military operations and used for training, war, transportation and reconnaissance purposes. In Finland there are three military airports that are maintained by Finavia, two of them in cooperation with the defence forces (Finavia Undated(1)). Military aviation is generally kept separated from air transport and general aviation; the airports may have private aviation but not scheduled flights. (Verhelä 1998, 40.) (unofficial translation)

2.1.2 Air transport aviation

Air transport aviation can be divided into scheduled and charter traffic. Scheduled traffic can also be called regular flights. Scheduled traffic refers to scheduled

flights on a specific route transporting passengers or cargo. On scheduled traffic the airline plans the route and sells tickets to passengers for these pre-determined flights. International Air Transport Association (IATA) coordinates the route planning. IATA closely follows the development of regular flights and gives recommendations to the governments. The rights for the new regular flight route are given to the airline only after both of the governments (departure and destination) have reached an agreement on the new route. (Verhelä 2000, 59; Verhelä 1998, 40.) (unofficial translation) IATA also ensures common understanding of aviation data processing systems and announcements by requiring the use of international abbreviations, approved by the International Standardizing Organization (ISO), for cities, airports, airlines and currencies. (Verhelä 1998, 54.) (unofficial translation) For example IATA-code for Helsinki-Vantaa airport in Finland is HEL and the currency used is EUR (euro). Finnair's IATA-code is AY, Blue1's is KF and Flybe's is BE. The competition on scheduled traffic has heavily increased since new airlines come to the market and this leads to competing with prices and services. Market competition will be discussed more on section 3.2 where the connection between growing competition and deregulation in Finnish aviation is discussed.

Charter traffic is a form of business where the customer or tour operator rents an aircraft from the airline to the passengers' own use. This is commonly used on tour operator's holiday flights and when many people, for example from a company or a sports team, are travelling to the same destination on the same date or when airline's existing route map does not serve the group of customers on their trip. The customer has strong decision making power over the date and route of the flight. (Verhelä 2000, 75-76.) (unofficial translation)

2.1.3 General aviation

The concept of general aviation includes everything that is not military or air transport aviation. It refers to all aviation that is non-commercial, like for example all flights flown by a private person holding a pilot's license. In general aviation the term "non-commercial" can be interpreted in a number of ways; the pilot may re-

ceive financial compensation for the flight but no tickets are sold. Generally non-commercial refers to the opposite of scheduled flights where the aim is to gain profit for the operation. Even though air transport aviation is the most visible of all forms of aviation, general aviation is the largest category covering all sky-sports, rescue, police and ambulance flights and flights flown by a private person. General aviation belongs to the group of civil aviation together with air transport aviation. (Verhelä 1998, 40.) (unofficial translation)

2.2 Passenger profiles

Passengers are commonly divided into two main groups: business and leisure travellers. Business travelling is considered to be all travelling that is in any way linked to working; it can be travelling to a meeting or to training or visiting the company's other office. Leisure travelling is opposite to business travelling. Leisure travelling is considered to be all travelling that is not connected to working. It can be for example travelling for a holiday or to visit relatives. (Verhelä 2000, 13-14, 60.) (unofficial translation)

Business travellers. Business travellers form the biggest share of all passengers on regular flights. Business travelling also brings the biggest cash flow to the airlines, partially because they pay higher ticket price than leisure travellers. (Verhelä 2000, 60.) (unofficial translation) An explanation for the higher prices could be the ticket sales channel they use: tickets that are booked, by the customers themselves or by a companies travel secretary, from travel agencies almost always include service/travel agency fees. Business travelling's distribution channels are represented on Figure 1.

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┌─────────────────────────────────────────────────────────────────────────┐
│  Service providers: transportation companies, accommodation businesses,   │
│        programme service providers etc. in Finland and abroad             │
└─────────────────────────────────────────────────────────────────────────┘

┌──────────────┐        ┌─────────────────────────────────────────┐
│              │        │      Foreign travel agency (agent)       │
│  Direct      │        └─────────────────────────────────────────┘
│  purchase /  │
│  internet    │        ┌──────────────────────────────┐
│              │        │    Domestic tour operator      │
│              │        └──────────────────────────────┘
│              │
│              │              ┌──────────────────────────┐
│              │              │  Business travel agency   │
│              │              └──────────────────────────┘
└──────────────┘

┌─────────────────────────────────────────────────────────────────────────┐
│          CUSTOMER = payer of the service / decision maker                 │
└─────────────────────────────────────────────────────────────────────────┘

┌─────────────────────────────────────────────────────────────────────────┐
│         BUSINESS TRAVELLER = consumer of the service                      │
└─────────────────────────────────────────────────────────────────────────┘
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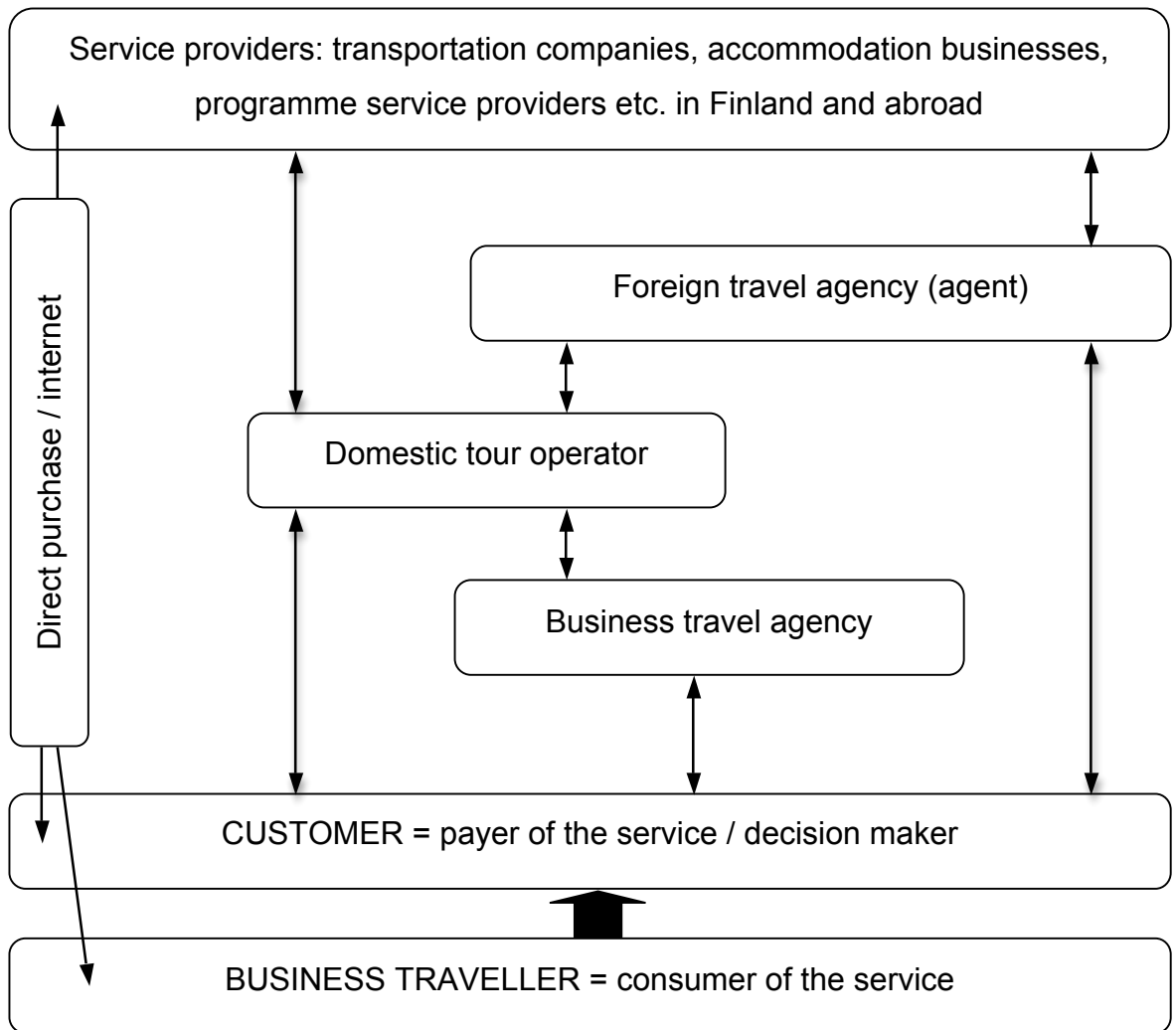
FIGURE 1. Business travelling's distribution channel. (Verhelä 2000, 11) (unofficial translation)

Another explanation could be that business travellers book their flights into a business class where the ticket prices are higher. On air transport aviation it is common that the ticket prices get higher as the departure date gets closer. When a company books the ticket for a business trip, the booking date is usually quite close to the flight and all the cheaper tickets are already sold out at this point. These things could explain the fact of higher cash flow from business travellers to airlines. Business travellers have higher demands for their travel; they highly value transportation's punctuality, high quality service and trouble-free travelling (Page 2007, 266). Travelling is part of their business, and problems on transportation can cause economical losses and conflicts on customer-relations.

Leisure travellers. The main differences between leisure and business travellers can be seen in: the payer and decision maker of the service, destination and the distribution channels used to make the booking. Leisure travellers plan their trip for a longer period of time and their travelling is usually focused to the holiday seasons. Their trips are often targeted to beach resorts and sights whereas business travellers' travel to economically bigger cities in developed countries. (Verhelä 2000, 13-14.) (unofficial translation) Middleton (1994, 87-88) suggests that leisure travellers weigh five different issues when selecting their holiday location: environment, services, accessibility, destinations image and the price. As discussed earlier, business travellers purchase their tickets only days before the departure and the employing company determines the location. Leisure travellers value environmental attractions, level of service and facilities, the convenience of transportation at the location, passengers'/other peoples' attitude towards the destination and the overall price of the trip. Unlike with business travellers, leisure travellers pay for the trip themselves and this naturally brings more consideration into the decision making. Figure 1 can represent also leisure travelling's distribution channel after few minor alterations:

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┌─────────────────────────────────────────────────────────────────────┐
│ Service providers: transportation companies, accommodation businesses,│
│         programme service providers etc. in Finland and abroad        │
└─────────────────────────────────────────────────────────────────────┘

┌──────────────┐              ┌──────────────────────────────────────┐
│              │              │      Foreign travel agency (agent)    │
│ Direct       │              └──────────────────────────────────────┘
│ purchase /   │
│ internet     │      ┌──────────────────────────────┐
│              │      │     Domestic tour operator     │
│              │      └──────────────────────────────┘
│              │              ┌──────────────────────────────┐
│              │              │        Travel agency          │
│              │              └──────────────────────────────┘
└──────────────┘

┌─────────────────────────────────────────────────────────────────────┐
│              LEISURE TRAVELLER / CUSTOMER =                            │
│       consumer and payer of the service / decision maker              │
└─────────────────────────────────────────────────────────────────────┘
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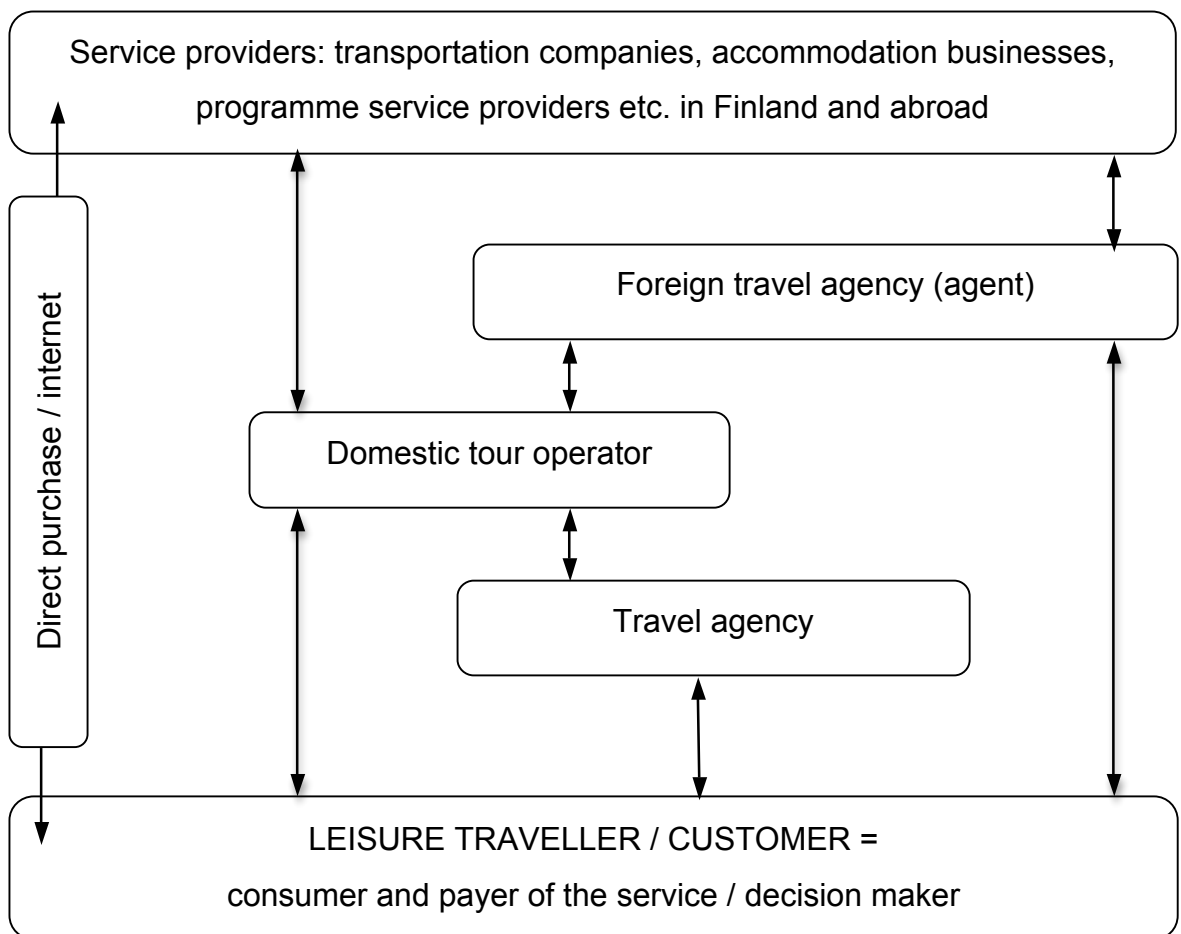
FIGURE 2. Leisure travelling's distribution channel. (Verhelä 2000, 11) (unofficial translation)

As presented on Figure 2, leisure travellers go directly to the travel agency, tour operator or service provider. Unlike on Figure 1, where the company was the customer, in leisure travelling the passenger is the decision maker in the service.

2.3 Chapter summary

This chapter described the different forms of aviation and passengers and their characteristics. Military, air transport and general aviation include all the operations that are categorized as characteristics of aviation. Military aviation is designing, building and flying aircrafts for military purposes, where air transport and general aviation form together the category of civil aviation. What separates air

transport and general aviation is the commercialism of operations. General aviation refers to all non-commercial aviation whereas the aim of air transport aviation is to make profit. All aviation is being monitored by other parties, IATA being the largest of these associations. IATA ensures common understanding of aviation data systems and coordinates the development of scheduled flights.

All passengers may share partially common interests, but their purpose of travel divides them clearly into two groups. Passengers whose travel is connected to work are categorized as business travellers and passengers left out of this classification are called leisure travellers. The sales channel for these two groups differ only slightly from one another. On leisure travelling the passenger is the decision maker but for business travellers the decision maker is commonly someone else within the company with higher decision making power. Airlines need to be able to offer both passenger types the kind of service that suits their differing needs. Even though the characteristics of the travel distinguish the passengers, the question is; to which group can we categorize passengers who are doing business during their holiday or vice versa?

3 AVIATION IN FINLAND

This section will take a deeper look into aviation in Finland. Even though there are a few foreign airlines operating from Finnish cities to European destination, the focus of this section will be on domestic airlines and routes.

There are currently less than ten Finland-based airlines in operation. Blue1, Finnair, Flybe Finland and Air Åland offer both domestic and international scheduled flights, while Air Finland is offering only charter and scheduled flights to European holiday destinations. Two of these Finland-based airlines, Turku Air and Jetflite, offer only charter flights for business travellers. In addition to the above-mentioned airlines, there is a wide range of airlines offering taxi, ambulance and charter flights. According to Kauppalehti's list of registered companies there are tens of airlines listed as active but the information whether the airlines are operating, cannot be confirmed (Kauppalehti Undated). Next there will be a short introduction of the three most well-known Finland-based airlines; Finnair, Flybe Nordic and Blue1.

Finnair is an airline that is mainly owned by the Finnish government. The company was founded 1923 and today it's wide route map consists of more than 60 scheduled flight and about 60 charter flight destinations. In addition Finnair has a lot of co-operation flights based on Oneworld –alliance and mutual agreements with other airlines. Finnair's operation's main focus is on air traffic between Asia and Europe via Helsinki. The company has several subsidiaries operating on businesses that support their flight operations or that closely joints to aviation business. (Finnair Undated(1); Finnair Undated(2).)

Flybe Nordic started its operation 30th of October 2011. The company was formed after Finnair and Flybe announced a joint purchase of FinnComm Airlines 1.7.2011. Flybe owns 60% and Finnair 40% of the joint venture that was named Flybe Nordic. Today Flybe Nordics route map consist of 25 destinations in Fin-

land, Sweden, Norway, Denmark, Estonia and Poland. The company announced on their press release (1.7.2011) that their vision is to build a leading regional airline in to the Nordic and Baltic countries. Flybe Nordic has a codeshare agreement with Finnair for all of their existing routes. (Flybe Nordic 1.7.2011; Finnair 24.8.2011) (unofficial translation)

Blue1 is a Finnish-based company, which came a part of the SAS Group on year 1998. On their internet pages (2012a), the company says that their focus is on improving their Premium-business traveller product but still keeping also leisure travelling in mind. Blue1 has 29 destinations among the most important cities of Finland, Scandinavia and rest of the Europe. The company was one of the first Nordic network airlines to pass ISO14001-environmental audit.

When discussing aviation in Finland, it is important to mention Finavia who is responsible for airport services on most of the Finnish airports. Finavia Oyj is a government owned company whose responsibility is to provide airport and Safety of Air Navigation services. Finavia is responsible for maintaining its airports, providing guidance, checking passengers and luggage and ensuring airplanes' safe departures and landings. There are 27 airports in Finland; 21 of these are Finavia's airports that have scheduled flights, four are Finavia's other airports, three of them with military aviation and one with training and private aviation, and two of these 27 are other airports that have scheduled flights but are maintained by other than Finavia. (Finavia's Air Traffic Statistics 2010, 5, 24; Finavia Undated(1).)

3.1 Current state and future

At the beginning of the century, the aviation industry was struggling because of the economical and the political situation around the world and the sars-epidemic. Lindgren (2003, 156) tells that in order to save money, the industry had to cut more than 400 000 jobs just within few years. Lindgren still points out that even though airlines lost billions during 2002, the passenger flow in Finland decreased only by 6%. (unofficial translation) At the end of that year the flows, and the indus-

try itself, slowly started growing again.

Even today media sometimes gives out the impression that the aviation industry is in economical trouble and its future is uncertain. Duval (2007, 151) suggests that this is mainly because the media tends to pay closer attention to this specific form of transportation as the impact of air transport's fall can cause massive economical issues locally and nationally. Aviation industry is fluctuating all the time; as presented in table 1, the growth of Finnish aviation had a turning point year 2009 and got the industry on the alert. During 2010 the industry turned around once again. According to Finavia's Air Traffic Statistics (2011, 3) the year 2011 was extremely successful for Finnish aviation, passenger flows broke records on many airports and the total amount of passengers increased +16% from year 2010. (unofficial translation)

TABLE 1. Passenger traffic in Finland 2002-2011. (Finavia 2012)

	DOMESTIC TRAFFIC				INTERNATIONAL TRAFFIC				
YEAR	SCHEDULED	CHARTER	GENERAL AVIATION	TOTAL	SCHEDULED	CHARTER	GENERAL AVIATION	TOTAL	GRAND TOTAL
2002	5 489 993	11 531	4 531	5 506 055	6 491 401	1 038 986	4 574	7 534 961	13 041 016
2003	5 357 051	11 968	4 019	5 373 038	6 656 339	1 159 824	3 993	7 820 156	13 193 194
2004	5 671 150	18 739	3 291	5 693 180	7 511 912	1 408 434	4 008	8 924 354	14 617 534
2005	5 580 179	22 053	3 109	5 605 341	7 972 272	1 558 679	3 912	9 534 863	15 140 204
2006	5 798 331	37 277	3 683	5 839 291	8 990 957	1 516 667	5 831	10 513 455	16 352 746
2007	5 689 466	43 784	3 468	5 736 718	10 070 849	1 501 894	2 800	11 575 543	17 312 261
2008	5 376 047	40 129	3 355	5 419 531	10 376 256	1 752 876	4 609	12 133 741	17 533 272
2009	4 733 043	23 528	2 248	4 758 819	9 880 580	1 556 378	3 201	11 440 159	16 198 987
2010	4 446 810	20 472	2 147	4 469 429	10 391 554	1 585 076	3 496	11 980 126	16 449 555
2011	5 447 341	19 552	1 604	5 468 487	11 599 955	2 019 094	1 543	13 620 592	19 089 089

The future of this changing industry is hard to predict. Finavia reported on September 2011, that three new airlines have entered the Finnish market and the ones that have already been in the Finnish market have increased the amount of flights on their existing routes. More and more airlines show interest towards this market, and the demand for flights increases. This can be a sign of a bright future in the Finnish air transport, but it also tells that the competition is going to get

harder and the airlines have to find new means to compete. Page (2007, 171) states that the continuing growth of air travel will result in serious environmental consequences if the fuel emissions are not included in the environmental laws. In 2003 in the UK, the environmental effects of aviation's growth were summarized during the creation of new airport expansion program. Increasing land-take, effect on residents, emissions and congestions were listed, but aviation fuel taxation and the need for realistic pricing for LCC's were left out. (Page 2007, 170-171.) If these aspects are not taken into consideration on governmental level, LCC's will continue expanding rapidly with the help of these subsidies, as other forms of transportations suffer for their diminishing market share. The law of aviation emission agreement (2010) dictates that all aviation will be included in this agreement in 2010-2012. The airlines have the right to buy and sell emission rights; the price of these rights has been 30-40€ per emission ton during the last years. This way all forms of transportation and industries will share common rules; a certain amount of emission can be produced without costs but all emissions exceeding it will be charged from the company. (Verhelä 2010, 93.) (unofficial translation)

Agreements on emissions and aircraft noise have lead to the need of constant aircraft development. International Civil Aviation Organization (ICAO) has set limits for aircraft noise, and these limits are constantly monitored. (Verhelä 2010, 92.) (unofficial translation) The life span of an aircraft shortens as these limitations are adjusted to correspond with the new technology. New expenses arise, as the airlines need to update their fleet to fill the agreements' limitation and to be able to operate. To cover the costs they try to find other means to decrease their consumption of energy and production of emissions.

3.2 Competition and deregulation's effect

Aviation can be called the most regulated form of transportation. Air spaces and the airline's ability to fly between two locations are strictly controlled by one-to-one agreements. The locations could have more capacity for tourists, but with these agreements the government level can control the flow of tourists into the desired

direction. (Duval 2007, 151.)

Paris Convention at the 1920s gave countries exclusive rights over their air space. This led to the agreement (Chicago Convention 1944) on exchange of air traffic rights and control of tariffs, fares, frequencies and capacities. The air traffic rights are always bilateral agreements between countries. The seven aviation rights are:

- First freedom: foreign carrier is allowed to fly over the home country without landing.

- Second freedom: foreign carrier is allowed to land to a specified place at the home country for fuelling and maintenance, but not for loading passengers.

- Third freedom: foreign carrier is allowed to set down traffic that is returning to the home country.

- Fourth freedom: foreign carrier is allowed to pick up traffic that is returning to the foreign country (to the carriers origin).

- Fifth freedom: foreign carrier is allowed to set down and pick up traffic to/from home state on route between two foreign countries.

- Sixth freedom: foreign carrier is unofficially allowed to set down and pick up traffic to/from home country (third and fourth freedom combined).

- Seventh freedom: foreign carrier is allowed to set down and pick up traffic to/from home country. (Page 2007, 178-180.)

Regulation can be a burden to airlines, because in some cases where no bilateral agreements have been made, it can have a negative impact on their route planning. The airplane may need to go a further way to make it to the destination, or they may have to land on a less ideal state for maintenance/fuelling. In some cas-

es the road to the agreement can be rocky and the negotiations may stand still because of the disagreements of the two states involved.

Regulation can cause extra costs to the airline, but regulation can also be positive thing. International regulations ensure that all the airlines are supervised and operating on a safe manner. They set the technical standards that airlines and their staff (on board and at the ground operations) have to meet and the non-economic regulations protect aviation's safety and guidelines. With the help of the regulations, set by the civil aviation bodies in each country, the state can ensure that aviation has as small effect as possible to their environment and population. (Page 2007, 178.)

Page (2007, 177) states that during the last two decades there has been pressure for governments to give up some of these regulations and allow competition enter the market. Countries tend to protect their "flag-carriers", airlines that are state-owned, -run or designated. The first step to a more un-regulatory aviation was when US 1978 deregulated their domestic airlines and the other countries slowly followed. Domestic airlines started to transform into international and alliances were formed to gain market benefits. These events lead to the "Open skies" policies (1992), which were a natural next step of deregulation. (Page 2007, 181.)

Yle news (9.2.2012) reported that the Finnish government is preparing to give up their majority ownership on Finnair, the Finnish flag-carrier. This statement is based on Finnair's recent announcement where the airline released that they are planning to transfer their Nordic and European operations to another airline, in order to focus their operations on the profitable Asian air traffic. According to Minister for International Development and ownership steering issues, Heidi Hautala, the government's majority ownership is secondary and it can be given up if it is required to secure Finnish air connections and direct connections to Europe. (unofficial translation)

Verhelä (2000, 59) names six impacts that deregulation has had into the aviation industry: increasing competition with prices and services, new airlines entering the

market, unprofitable routes are suspended, traffic jams in the air space, increasing importance of safety and more options for the passengers. (unofficial translation) Because of deregulation in Europe, it is easier for new companies to enter the aviation industry inside of Europe and in Finland this can be seen as foreign companies opening routes to/from Finland. For example Air Baltic operates from six Finnish cities to Riga and Umea and Norwegian flies Finns from six cities to various city- and holiday destination around Europe.

According to Finavia's Air Traffic Statistics (2011, 3) the passenger flows of 2011 increased in Finland because of the wider supply of air transport aviation. (unofficial translation) New airlines enter the market and airlines that are already operating there broaden their route maps and increase the amount of flights per day to their destinations. With the help of deregulation, low cost airlines spread their operation and challenge the existing airlines in the market with their ability to decrease ticket prices to the level where they are even cheaper than ground transportation. (Duval 2007, 161) In order to compete with the constantly expanding low cost carriers (LCC), other airlines are forced to re-evaluate their pricing strategies. Duval (2007, 184) also states that as the aviation fuel prices go up, the airlines have to add charges into their ticket prices. As expenses increase, lowering prices is not an option for the airline. It is inevitable for the companies to find other ways to compete.

In addition to ticket prices, airlines are competing with services and environmental-friendliness. US-based Southwest Airlines can be used as an example of LCC competing with prices and services. The airline has managed to lower their cost structure in a way that it is well below their revenue; they try and keep their flight sectors short to increase their revenue per kilometre. They have cut all travel agent commissions and removed on-flight services, like seat allocation and serving other food than snacks, which create costs. (Page 2007, 185.) On top of competing with cheap prices, this airline offers a great deal of in-flight and extra services to all their passengers free of charge. It is common that LCCs charge their passengers for extra services like baggage, seating and snacks. As mentioned earlier, Southwest Airlines offer their passenger free seating and complimentary

snacks and beverages in order to cut costs. The passenger sees these cuts as free services and as means to save money themselves. Their ticket prices include two pieces of baggage in hold and their tickets are refundable and are applicable to future travel. The airline allures business travellers by offering the opportunity to purchase cheap WiFi-connection on board. They give the passengers the opportunity to work effectively during their travel. (Southwest Airlines 2012a; Southwest Airlines 2012b.) It seems that somehow this LCC has managed to decrease their expenses in a way that they can compete with cheap prices as well as complimentary services.

Today people are more environmentally conscious and small per cent of people already make their choices based on environmental-friendliness. Some airlines like Finnair and Blue1 already advertise on their internet pages that the company pays attention to the environmental questions and tries to decrease the load their operation causes to nature. Both airlines say that they will operate in such manner in all their operations that the environmental effect is as small as possible. Finnair decreases the environmental load by using a modern fleet and flying the shortest way possible to their destination. Blue1's environmental system has been ISO 14001-certificated so they advertise that their operations are always developed according to international standards. (Finnair Undated(3); Blue1 2012b (unofficial translation).)

Finnish based airlines have not adopted services into their means of competing. In the Finnish market, the airlines still tend to use only their route selection and ticket prices as their competitive weapons. This can be because the level of competition does not require any further actions at this point or the passengers' demand does not cover services. In future the trend of services and environmental-friendliness is very likely to spread to Finnish aviation as well and when it does, the competition will get more diverse and the airlines will need to take more actions in order to get the customer on board.

3.3 Chapter summary

This chapter described the Finnish aviation's current state and future, as well as the industry's path from regulatory environment into the concept of open skies and its effect on the market competition. The aviation industry has started slowly growing since the struggle at the beginning of the century. Aviation is important for local and national economies, and therefore the media tends to closely follow the industry and intensively report especially about the negative developments. This makes many people believe that the struggle continues. The future of this industry is almost impossible to forecast, and this leads into guessing. The present economic situation can only be seen by studying the statistics published by trusted sources. These statistics can also give a hunch of the future, but one must always remember that on this fluctuating industry even the best guess can easily go wrong.

Peoples' environmental awareness has started to show on the field of air transport as well. On year 2010, the law of aviation emission agreement dictated that airlines have to join other forms of transportation on the emission agreement. This agreement together with ICAO's limits for aircraft noise have lead to a "tread wheel" as new less-emission and more quiet aircraft are developed and at the same time the limits are adjusted to meet the new aircraft technology.

The demand for air transportation services has increased as a result of growing supply that deregulation enables. Year 2011 was extremely successful for Finnish aviation, the passenger flow increased by 16% but at the same time Finavia reported that new airlines have entered the market to compete for the increasing demand. Airlines are now competing on the same market with LCC's and are forced to re-evaluate their strategies. As the airlines' expenses go up and lowering ticket prices may not be an option, other means of competing need to be found. The airlines' route planning has become more impulsive to ensure the highest possible profit. Passengers are allured with additional services and environmental-friendliness. The airlines operating in the Finnish market can still trust on their pricing and route selection as competitive weapons, but as the competition on the market increases, they will have to implement other forms of competition as well.

4 MARKETING MANAGEMENT IN AVIATION

The focus of this chapter will be on the marketing management tools, strategies and most importantly market segmentation and target markets from aviation point of view. Marketing management is somewhat broad field of study, so this chapter's content is limited to correspond the purpose of the thesis, which is to discover the most important factor to the airline's passengers flying between these two Nordic countries.

Marketing is the organisation's operations and processes to create, communicate and deliver value to the customers and for sustaining customer relationships in a way that is beneficial to the organization (Kotler & Keller 2009, 45). Marketing management helps the companies to locate, communicate and keep their target groups. Marketing management is also a way for the company to find out their customers needs and, by producing needed services, stand out from competitors operating on the same area. This way marketing management is an important part of market competition and without it, it is almost impossible for the company to succeed.

4.1 What is marketing management in aviation?

In aviation, services are being marketed to consumer markets. In the 21st century, the customers are more price and service sensitive and this has lead to fact that it is vital for the airline's services to meet the customer's needs. Page (2007, 183) states that according to Page (2002) airline services marketing can be presented as a four-stage process:

1. The airline conducts a research to identify their markets.

2. The airline does a market analysis to discover the features of the product that needs to be offered. At the stage of product planning it is essential to know the markets needs, competitors' existing and future products and their costs and estimated maximum price the customers would pay for the product.

3. The airline creates a marketing plan to define the sales points. Advertising and promotion channels will be outlined and the expected effect of these channels needs to be included in the planning.

4. The airline's ability to meet the service standards are supervised and studied with the help of sales figures, customer satisfaction surveys, complaints and future development plans.

It is highly unlikely for companies to adopt above-mentioned process precisely in this form. The culture and the structure of the company, and the target market have a relatively high effect on the flow of the marketing process. The process varies throughout the years, as the market needs change constantly and in addition to satisfying the whole markets needs, the airlines have to serve the needs of individuals. (Lumsdon 1997, 31-32.)

On aviation sector marketing, there is a heavy emphasis on forecasting demand. The airlines need to possess knowledge of future demands in order to avoid marketing mistakes, which tend to be highly costly in this industry (Lumsdon 1997, 113.) Without forecasts, there lies a great risk of over- or underestimating future demands. The methods for forecasting can be qualitative or quantitative; qualitative techniques may involve data analysis but the focus is on available knowledge of the market and expert opinions. Qualitative forecasting uses subjective analysis where e.g. sales staffs and managements opinion are heard, or a purchase intention survey is conducted to the customers. Quantitative techniques forecast the future demand by studying previous data. The problem with quantitative techniques is that if possible future variables are not taken into consideration, the forecast has a high risk of being corrupted. (Lumsdon 1997, 107-110.)

Marketing on transport industry is a highly complex process. It contains many variables and there is not one right way to market the services. The most important role is on marketing management. On the next three sections the tools and strategies of marketing management that are the most relevant for this research are being discussed more deeply.

4.2 Marketing mix in aviation: the 4P's

Marketing mix, also known as the four P's, is a set of variables that the company blends to gain the wanted response from the target market. The marketing mix includes all the means the company has to influence the demand of their product or services. (Kotler, Armstrong, Wong & Saunders 2008, 49.) Middleton (1994, 64) suggests that the variables of marketing mix are constantly changed to meet the market conditions and to respond to the market competition. Product, price, place, and promotion are all factors that have a high influence on customer decision making. On the following sections these variables are discussed more in detail. On every section, there are examples on what these variables include in the aviation industry.

4.2.1 Product

Product can be an item, service, place, person, organisation, an idea or a combination of two or more of the above mentioned features, that is offered to the market to satisfy the markets and consumers need (Kotler, Armstrong, Wong & Saunders 2008, 49). This variable of the marketing mix includes all the features that the product possesses: the design, features, name, packaging, quality, services and the terms of warranty and return (Kotler & Keller 2009, 63). Ruskin-Brown (2006, 104) suggests that consumers do not tend to buy the product; they buy what the product will do for them. The external features like brand logo or packaging do not have as much influence on the purchase decision as the internal features, e.g. on aviation services, the airline and the design of the airplane have a smaller effect

on decision making than the services received during the travel and the fact that the airline takes the customer where he is willing to go. The above-mentioned statement refers more to consumer's first-time purchase from the product segment, and should not be confused with brand-loyalty.

Service product components include four main characteristics: basic design, presentation, service element and branding. Basic design refers to facilities the service possesses, presentation is the atmosphere created to these facilities, staff, their appearance and willingness to serve form the service element and branding refers to creating a product family with a similar and unique name and image that is easily recognisable. Branding is a focus of product promotion, because if the company is able to brand their products and manage all the variables of marketing mix in an efficient way, this leads to brand-loyalty and lasting customer relationships which both are desired outcomes of the marketing mix strategy. (Middleton 1994, 64.)

In aviation the product is rather wide as it includes all the services that the customer experiences all the way from purchasing the ticket to the moment when he leaves the destination airport. If one of these components of the service fails, the customer can easily think the whole product as inadequate and the process of building a customer relationship is forced to end right at the beginning. Therefore managing the product variable efficiently is crucial for the airline's operation and image.

4.2.2 Price

Price is what the customer pays for the product or service (Kotler, Armstrong, Wong & Saunders 2008, 49). It includes all the published and negotiated terms of the purchase, e.g. list prices, discounts and payments (Middleton 1994, 64). Price is the only variable of marketing mix that produces revenue. Being the most flexible variable, price can be altered quickly. (Kotler, Armstrong, Wong & Saunders 2008, 639). Middleton (1994, 64) states that by altering the price variable, the

company seeks to reach their predetermined sales as the potential customers aim to maximize the value they get in return for their money by comparing different products and services. This statement is another proof to the earlier discussed fact that pricing is the most important mean of competition on today's market. Kotler, Armstrong, Wong & Saunders (2008, 639, 649) are concerned that today's trend is to quickly cut down prices instead of differentiating the product to be worth a higher price. An example of increasing the value of the product in aviation is adding flexibility to the more expensive tickets. According to Verhelä (2010, 71) the cheapest "carrier-prices" have the strictest rules whereas IATA Flex Fares (IATA YY) i.e. common prices applying all airlines that are a member of IATA, are the most expensive but are fully flexible during the whole period of validity. (unofficial translation) This price-flexibility relation is presented in Figure 3.

*Within the limitations of competition legislation
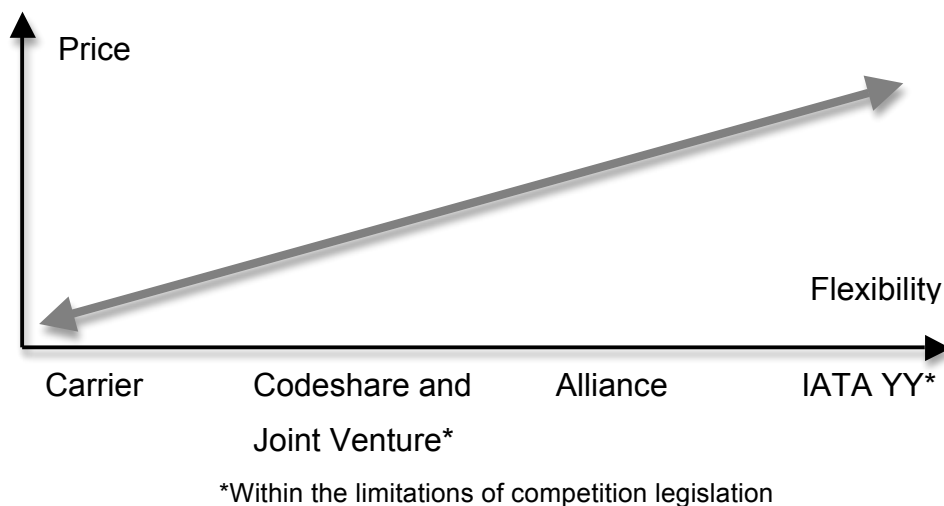
FIGURE 3. Airline tickets' price-flexibility relation. (Verhelä 2010, 71) (unofficial translation)

How the companies perform on their pricing and whether they take the other variables of marketing mix into consideration as well, have a great impact on creating value for customers and on building lasting customer relationships.

Pricing in aviation is e.g. determining the terms of business and tourist class fares, standby prices and prices for charter services. In addition to regular ticket fare

basis' there are promotional and discounted prices e.g. for certain buyer segments with special needs (e.g. groups, infants, seniors) and for certain market condition such as launching a new route or seasonal destinations. (Middleton 1994, 66.) Travel agencies can negotiate "negotiated fares" with airlines. These fares need to be confirmed by IATA and are agency-specific. Travel agencies usually negotiate also contract and Inclusive Tour prices with the airlines. These prices are for travellers who purchase a package tour from the agency. The differences between these two prices are that contract prices are agency-specific and Inclusive Tour prices are for package tours that include at least ground services (e.g. hotel, transportation). (Verhelä 1998, 64, 68-69.) (unofficial translation) Puustinen & Rouhiainen (2007, 193) claim that today on the aviation industry's price competition there can be as many prices for a same flight as there are seats on the airplane. (unofficial translation) Some airlines have their own frequent flyer program which over time entitles the passengers to purchase special priced tickets. The customers can collect points for purchased flights and once enough points are collected, they get a heavy discount by partially paying their ticket with the collected points.

4.2.3 Place

According to Kotler, Armstrong, Wong & Saunders (2008, 50) place represents the company's activities that they perform to make the product available to the market and it's customers. These activities are such as delivery channels, locations, inventories, transport and the coverage of the delivery process (Kotler & Keller 2009, 63). Verhelä (2010, 78) points out that on the service distribution channels instead of physical items, information is moving; the distribution channels' task is to provide the potential customer enough information for their purchase decision, and give them the possibility to reserve and purchase the service. (unofficial translation) The distribution channels on airline industry were discussed more in detail on section 2.2. where was discovered that there can be up to four agents between the service provider and the final customer. These agents' task is to help the service provider and potential customer to find each other. On transportation and

tourism industry the agents delivering the service from the provider to the customer have higher power over the demand than on any other industry. The delivery road has the means to control the demand and a steady position purchasing services from the provider, and therefore during time the delivery road has been able to affect the service providers' product portfolio, prices and even their marketing. (Verhelä 2010, 78.) (unofficial translation)

Place can be said to have a strong influence on the rest of the market mix components' efficiency. It does not matter if product, price and promotion are well planned and performed, because if place is inadequate or missing, the customer will not be able to purchase the product (Ruskin-Brown 2006, 116). Location of sales channels has a great effect on the customers' decision making and Middleton (1994, 201) states that choosing the location is the company's most important decision. Customers appreciate accessibility, and therefore tend to purchase the service where it requires least effort even if the prices may be higher. Airline tickets are sold on various locations: internet, city offices, airports, travel agencies, customer service telephone and in some cases even in other airline's sales channels. This proves that aviation industry's delivery and sales channels' coverage possibilities are almost limitless, but not all airlines use this whole spectrum. For these airlines, the need for promotion is even more emphasized.

4.2.4 Promotion

Kotler & Keller (2009, 63) state that sales promotion and personnel, public relations, advertising and marketing form the fourth component of marketing mix – promotion. Promotion is the set of activities that the company does to bring the product or service and its value to the target market's awareness. With promotion, the company aims to convince the target market that the product or service meets their needs and to persuade them to purchase it. Promotion does not lead straight to the purchasing decision; it starts a six-stage process that the potential buyer goes through before making it to the sixth stage, which is the positive purchase decision. These six stages are: awareness, knowledge, liking, preference, convic-

tion and purchase. (Kotler, Armstrong, Wong & Saunders 2008, 50.) Promotion increases product awareness within the target market, and for those who already are aware of the product or service, promotion gives information that allows the potential customers to move to the next stage in the decision making process.

Middleton (1994, 65) suggests that as promotion increases product awareness, promotional techniques have the means to stimulate demand. Advertising and public relations provide general and sales-related information to potential customers further away from the points of sale. These promotional techniques aim to influence the customers in a way that once the customer enters the point of sale, the purchase decision has already been made and the sales personnel only supports the made decision. Sales promotion manages short fluctuations on demand by offering incentives that offer such value to the customer that the purchase is made. (Middleton 1994, 169, 177, 187-188.)

Promotion is differently managed on all organisations, and therefore one general example cannot be given (Middleton 1994, 66). Promotion techniques and their use highly depend on the organisations branch of business and their target market, for example on aviation all the airlines operate on the same field, but one can target their marketing to leisure travellers as another allures business travellers. On aviation, all the services are promoted differently as cultures and target market needs vary between cities and countries. Promotional tools and marketing channels are discussed more deeply on section 4.4.

4.2.5 Marketing mix variations

Today there are numerous variations of the marketing mix. Middleton (1994, 65) proposes that authors have added new elements, especially for service products' marketing mix's, because of the high importance of the sub-elements that all the original P's include. Lumsdon (1997, 77, 198) introduces the augmented marketing mix, originally presented by Booms & Bitner (1981), where in addition to product, price, place and promotion, Booms & Bitner added people, physical evidence and

processes components into the mix. Lumsdon (1997, 77) suggests that people needed to be separated from the original promotion component as the importance of staff has increased because today service quality has become more and more essential for customers. Processes component includes all the processes that are the base of the service, e.g. travel agents or airline's booking system. Physical evidence refers to the facilities the service possesses and to the atmosphere and environment in these facilities. (Lumsdon 1997, 77.) Puustinen & Rouhiainen (2007, 192-194) and Lumsdon (1997, 204) state that as services are intangible and consumed immediately, people tend to seek for something tangible from the service, something that will set the level of service they experience. (unofficial translation) Therefore service providers set a great weight on for example the facilities and their interior as well as the staff's appearance. All the elements that Booms & Bitner added to the marketing mix are important features on transportation and tourism service products (Middleton 1994, 65). All marketing mix components are highly important factors to the customers and the outcome of these components' strategy planning has a great impact on their decision making.

4.3 Segmentation, target markets and positioning

The purpose of this thesis is to discover what is the most important factor to the passengers flying on an airline's specific route, i.e. to discover whether the offered services meet the target markets needs. Therefore it is important to discuss how the markets are segmented, how target markets are formed and how companies identify the target markets for a specific product or service. Passenger profiles were discussed on Chapter 2. This section will look into how companies identify their target markets and buyers amongst the passengers of these profiles.

Segmentation. Kotler & Keller (2009, 53) define market segmentation as dividing buyers into groups by examining buyers' demographic, psychological and behavioural differences. Each group is formed by buyers that share common needs and buyer behaviour, and this allows the company to offer each group products that are targeted and tailored specifically for their needs (Albanese & Boedeker 2002,

134). (unofficial translation) Lumsdon (1997, 66-67) claims that all the identified market segments have to have the following six characteristics, the segment has to be:

1. Identifiable. All the people in the segment have to share similar needs.

2. Cohesive. The segment needs to be easily identifiable and differentiate from other market segments.

3. Measurable. The segment's size and potential spend should be able to be estimated.

4. Accessible. The segment should be reached effectively with marketing.

5. Substantial. The identified segment needs to be large enough, or generate enough revenue in other way, e.g. smaller group with higher spend.

6. Actionable. The people's characteristic that is the basis of the segment needs to be such that the company can action their database. An effective market segment for an airline can be for example first class travellers, a group of people that is commercially reachable.

Customers can be segmented based on various characteristics, for example the benefits they seek, their buyer behaviour, place of residence, lifestyle or values. The company can do market segmenting by combining these variables or segment a market segment again. The latter is called multilevel segmenting where the company first segments the market for example by the benefits they seek for, and then the identified segments are divided into smaller segments based on their age, gender, etc. (Lumsdon 1997, 67-71.) The segmentation possibilities are limitless, and therefore each company should closely plan the segmentation in a way that the identified market segments serve the company and the company serves the segments in the most efficient way.

Target markets. As mentioned earlier, segmentation helps the companies to achieve higher efficiency on their supply meeting the identified market demand (Middleton 1994, 73). However the companies do not usually target all the identified market segments; the company, i.e. the marketer, evaluates which segments have the greatest opportunity and set those segments as their target markets (Kotler & Keller 2009, 53). The chosen target market needs to be attractive to the company and correspond the marketing objectives the company has set. The market's demand should be equivalent to the company's existing and attainable resources. Kotler & Keller (2009, 268-269) have identified five different patterns in companies' target market selection. The authors describe the patterns as following:

When a company chooses only one of the identified segments as their target market, it is called *single-segment concentration*. This enables the companies to gain accurate knowledge of the chosen segment's needs. Albanese & Boedeker (2002, 135) state that companies usually choose single-segment concentration when they believe the segment is their strongest proficiency area. (unofficial translation) There is a great potential of leadership as the companies focus all their supply and marketing management actions into one market, but there also lies a great risk as a competitor may enter the segment. Therefore companies usually choose more than one target market.

On *selective specialization* pattern, the company chooses more than one target market. These markets are similarly attractive to the company, but usually do not share common features. This strategy helps the company to spread and lower the risk of market competitor invasion.

Product specialization is a form of target market selection, where the company produces a certain product or service that will serve more than one target market. The company produces the same product with slightly different characteristics for different target groups. There lies a risk also in this pattern, as on a competitive market the whole product can easily be replaced by competitor's similar product with newer technology.

On *market specialization* the company serves more than one need of a specific target market. The company can produce for example all the equipment for fitness clubs. By using market specialization, the company builds a strong image within the market and easily becomes the only channel the customers use for purchasing additional product. The downside is that the company's income depends on this one segment and if the customer's operation or budget decreases, the company's income is immediately affected.

The fifth pattern that Kotler & Keller identified is *full market coverage*. The companies using this target market selection try to serve all the target markets with all the products and services that there is demand for. Only large companies can adopt this strategy. Full market coverage can be obtained by undifferentiated or differentiated marketing. In undifferentiated marketing the company offers one product or service for the whole market, ignoring the differences between the market segments whereas on differentiated marketing the company designs and offers differentiated products or services for different market segments. Differentiated marketing creates higher costs for the company than undifferentiated marketing, but the amount of sales is respectively higher.

On aviation industry, all these target market selection patterns can be implemented. The airline can offer only charter flights for business travellers, or add regular flights for leisure travellers into their offerings. They can offer charter flights for both passenger types or regular and charter flights for one passenger group. Full market coverage is not rare on this branch of business, but commonly the airlines undertaking this strategy have higher focus on some market segments than others. Airlines' target markets usually have synergy, i.e. share partially common needs. Some passengers may demand flights to Asia, some to Europe but all the passengers share the need for fast air transportation to the desired destination.

Positioning. As discussed earlier, each identified target market has different needs and they seek for different benefits from the product or service. Therefore it is important for the company to develop a differentiated market offering for all the target markets. These offers are then brought to the knowledge of the target

groups by positioning. Positioning is designing the product or service and the company's image in a way that it stays on the customers' minds. It is how the customer sees the company and its offering compared to the other companies operating on the same market. (Lumsdon 1997, 74; Kotler & Keller 2009, 308.) By setting the image of the brand into the potential customers' minds, the company aims to maximise their profit.

Kotler & Keller (2009, 309) suggest that positioning is the base of customer-focused value proposition; it gives the target market a reason to purchase the products. Based on Kotler & Kellers value proposition examples (2009, 209), an example of value proposition in aviation could be an airline offering direct flights to Europe. Their target customers are leisure travellers seeking for fast and convenient travel and therefore the airline offers the customers fast transportation without connecting flights at a moderate price. The value proposition given to the customer is fast and direct transportation to Europe at a reasonable price. In other words, if the airline's target market is convenience-minded customers, the airline positions their flights as the fastest and most convenient the customers can buy.

According to Lumsdon, (1997, 75) Kotler (1996, 244) divides the positioning process into three steps. The first step is to identify the competitive advantages, e.g. price, quality. This step is also known as differentiation, the process of making the company's product different and distinguished from competitors' similar products and communicating the image of higher value to customers (Kotler & Keller 2009, 316-317). The second step is prioritizing these identified advantages to meet the target markets sensitiveness, e.g. in the airline's value proposition above, the target market was convenience-minded customers and therefore the optimal advantage to be highlighted would be convenience. The third step is communicating this selected advantage, i.e. position, to the selected target market.

4.4 Marketing tools

As discussed earlier on this chapter, marketing is the organisation's operations and processes to create, communicate and deliver value to the customers and for sustaining customer relationships in a way that is beneficial to the organization (Kotler & Keller 2009, 45). Middleton (1994, 163-224) states that the principal promotion tools used in the marketing process are advertising and public relations, sales promotion and merchandising, distribution channels and direct marketing. Distribution channels, i.e. place, were discussed on section 4.2., where the variables of the marketing mix were introduced. This section will briefly introduce the other principal marketing tools, but the focus of will be on the different media types and the role of advertising in transportation and tourism.

Advertising and Public Relations. Advertising and public relations (PR) are the key elements of marketing communication. Advertising and PR aim to influence people away from the sales and delivery points by using mass medias such as newspapers, magazines and television. These elements are the most visible to the consumers, mainly because of the means of influence used in the marketing campaigns. (Middleton 1994, 163.) The advertising process starts with identifying the target group that the company wants to reach. After the identification, a specific message that appeals to the target audience is determined. (Middleton 1994, 169 according to Rodger 1968, 198.) This stage is closely connected to the second and third stage of positioning process discussed on the previous sector, where the company selects an advantage that is communicated to the customers to whom this advantage appeals. The third step is selecting the most effective media to reach the target audience. The next three stages on the advertising process are planning the frequency and timing of the chosen media, planning the advertising budget and measuring the results. (Middleton 1994, 169 according to Rodger 1968, 198). These last three stages are not relevant for this thesis, and therefore will not be discussed.

Creating the advertising message is the most crucial step in advertising process (Middleton 1994, 169). The message needs to be clear, short and especially memorable; for example Finnairs message on their mid 2000s advertising was "Illaksi kotiin", that can be translated "Home for the evening". The message suggests that Finnair offers fast and easy transportation. It contains all the key elements that the airline wants to communicate to their potential customers in few words. All advertising messages have an objective, and they can be divided into four categories based on whether the purpose is to inform, persuade, remind or reinforce. Informative advertising communicates knowledge about the brand and new products. Persuasive advertising aims to persuade potential customers to purchase the product and communicate a value proposition that creates liking and preference. With reminder advertising, the companies aim to get the customers to repeat the purchase and reinforcement advertising aims to assure the customers that their choice of purchase was right. (Kotler & Keller 2009, 539.)

Companies have a wide range of media types to choose from when communicating their advertising message to the public. Middleton (1994, 170) and Albanese & Boedeker (2002, 208) have identified the most commonly used media types in transportation and tourism: national and regional newspapers, magazines, brochures, TV and cinemas, radio and internet. (unofficial translation) Albanese & Boedeker (2002, 208) have identified the advantages and disadvantages of the above-mentioned media types:

- Newspapers are a reliable and quickly influencing advertising channel and have good national coverage, but have a short-term affect.

- Similarly to newspapers, regional papers are flexible and high accessibility but the commitment to media and media-image are low.

- Magazines have long-term influence, media-image is high and the advertising can easily be targeted to the target market but are an inflexible and expensive advertising channel.

- Brochures are inexpensive and the media-image is high, but they are inflexible and the commitment to the media is low.

- Television advertising offers national accessibility, the campaigns can easily be repeated and the advertising can be geographically targeted but is expensive, level of commitment to the media is low and the number of advertisements can cause "noise", i.e. cause the advertisements to lose their effect or be completely ignored.

- Radio advertising is inexpensive and offers repeatability and high local accessibility but similarly to television advertising, the commitment to the media is low and involves "noise".

- Cinema advertising has high media-image and repeatability, however accessibility and people's commitment to the media is low. Cinema advertising is suitable when the target market is rather young or people living in cities.

- Advertising on the internet offers international accessibility and has high media-image. Internet is flexible and interactive media, but rather expensive, untrustworthy and involves "noise". (unofficial translation)

All the above-mentioned media types share partially similar characteristics, but highly differ in terms of market coverage and therefore it is extremely important for the companies to identify their target markets geographies and decide which media covers these geographic areas in a most effective way. (Albanese & Boedeker 2002, 208.) (unofficial translation) All the above-mentioned aspects need to be taken into consideration on the company's media planning to ensure the advertising processes ideal efficiency.

Where the role of advertising is to send controlled sales-related messages, Public Relations (PR) aims to send messages that create goodwill and positive attitude towards the company and its products or services. PR's activities are for example

press releases and launches, events and promotional visits, activities that support the advertising process by maintaining the awareness and the positive attitudes. (Middleton 1994, 169.) In todays technological society "grapevines", i.e. informally circulated information from person to person, have moved to the internet and especially to social medias. Evans & Bratton (2008, 37) propose that companies should see social media as an extension of the other marketing channels. The effect of social media is powerful and it is based only on sharing information and experiences on a genuine basis. Marketers should never try to control the social media audience, but to influence the market only by genuine participation. (Evans & Bratton 2008, 36, 38.) Therefore social media is a marketing channel that can be seen as a part of PR activities as well as advertising.

Advertising and PR are often the potential customers' first contact to the company. As the aim of these two marketing tools is to provide information and knowledge of the company and their products and services and to persuade the target market to purchase the product, the biggest interest for the company are the people who still have not made the purchase. Advertising reaches up to 75% of the target market, but only 12% purchases the product (Middleton 1994, 165). For these 12%, the company targets their reminding and reinforcing advertising, but for the remaining 63% of the people whom the marketing reached the company sends persuasive messages. The 25% who the advertising message did not reach, the company either repeats the campaign or creates a new one to cover the rest of the target market.

Sales promotion and merchandising. As discussed on section 4.2., sales promotion manages short fluctuations on demand by offering incentives that offer such value to the customer that the purchase is made. (Middleton 1994, 187-188). Shimp (2008, 446) indicates that companies use these incentives to change their brand's value temporarily by persuading customers to make the purchase earlier, more regularly, in larger amounts or to commit to some other behaviour that will be beneficial for the company. Incentives can be for example coupons, rebates or additional gifts to purchasers. Merchandising can be seen as sales promotion at the point of sale (Middleton 1994, 179). Sales promotion is short-term and this is

what makes it so effective. The company gives the potential customers an offer, and emphasizes that the offer will be only for the day or week. (Shimp 2008, 446.) The promotion will last for a pre-determined period and once the period is over, the brand's value will return to the original.

Direct marketing. Stone & Jacobs (2007, 5) define direct marketing as the use of advertising media that aims to achieve immediate purchase behaviour that can be recorded, traced and analysed in a database and used in marketing programs in the future. Direct marketing is interactive communication between the marketer and the potential buyer. The range of direct marketing medias is continuously increasing; direct marketing has come to affiliate all the media types discussed earlier in this chapter. (Stone & Jacobs 2007, 5.) Direct marketing interaction involves the use of computer databases, which records the actual and potential customers' demographics, buyer behaviour and their response to the media or the company's product or service (Middleton 1994, 215). The company does not only collect information on the attitudes towards their products and services; direct marketing databases also enable the company to effectively plan and conduct segmentation and target marketing. By using direct marketing, the marketer receives an immediate response for the prospective purchase.

4.5 Chapter summary

This chapter introduced the 4P's of marketing mix, market segmentation, identifying target markets and positioning the company's products and the marketing tools implemented in transportation and tourism. Marketing management is crucial for all companies. Companies have to identify the market's needs and understand them to be able successfully satisfy them. Product development will unlikely create profit for the company if the market's needs aren't sufficiently understood. Marketing process starts with identifying the markets and segmenting the customers into groups based on e.g. their demographics, buyer behaviour, or the benefits they seek from the purchase. After the segmentation, the company identifies their target groups and conducts a market analysis to research the market's needs. Based

on the results of the market research, the company creates a marketing plan and starts a positioning process in which they identify their advantages, prioritizes them and communicates this advantage, i.e. position, to the selected target market.

The 4P's of marketing mix, product, price, place and promotion, are company's means to influence the demand of their products and services. By altering these four variables, the company is able to gain the wanted response from the target market. All these variables are important to the company's marketing process, but without an adequate and carefully planned product it is impossible for companies to reach optimal results from the process. Price, place and promotion may all be ideal for the market, but if the product is not what the market needs, potential customers will not turn into actual ones. All the four variables of the marketing mix need to be a result of a careful planning process in order to carry out a profitable marketing management process. All these variables support one another and contribute the company's sales process.

This chapter discussed the marketing tools, their characteristics and implementation. Advertising and PR are the most visible marketing tools to the potential customers, and therefore are important tools in communicating knowledge, persuading prospective customers and encouraging customers to build a brand loyalty and lasting customer relationship. Advertising processes involve identifying the markets that need to be reached, creating an advertising message and choosing the right media to communicate the message to the target market. All medias share partially common characteristics, but the marketers need to be aware which choice of media meets their needs in terms of trustworthiness, coverage, influence, media-image, targeting ability and peoples commitment to the media. PR supports the advertising process by sending messages to create goodwill and positive attitudes towards the company. Sales promotion manages short-term fluctuations in sales by offering incentives that will offer such value to customers that the purchase is made, and direct marketing collects information on customers' attitudes towards the company and enables them to plan and conduct their segmentation and marketing.

There is not only one right way for companies to implement marketing management processes. The implemented tools and strategies vary based on the company, their values, offerings and cultural aspects of the market the company is operating on. Therefore all the companies must carefully plan their marketing process to meet the company's and the operating environment's needs.

5 STUDY ON CRITERIA SELECTION FOR INTERNATIONAL AVI-ATION PASSENGERS

5.1 Research method

The research method used is primarily quantitative but implements also qualitative features. 13 of the questions have fixed response options and seven questions are semi-structured. Two of the multiple-choice questions have an "Other, what" or "Other, where"-option and two have an open explanation box. "Other, what"/ "Other, where"-options were included in the questionnaire because this gave the respondents the option to respond outside the fixed options, if they felt that none of the given represented their features or experiences. Optional explanation boxes were included to give the respondents the possibility to rationalize the given answers.

Rugg & Petre (2006, 151) and Creswell (2003, 179) suggest that qualitative methods collect data, which describes the researched measurement with words, i.e. rely on written data. Creswell (2003, 153-154) states that quantitative methods provide a numeric description of the researched measure and the collected data is generalized or claims are made about the population. Glenn (2010, 95) suggests that in addition to what, where and when, qualitative methods answer to questions why and how. Therefore qualitative features are used in this research in the form of semi-structured "open-end"-questions, to support and bring more depth to the answers collected from the multiple-choice questions.

5.2 Implementation

As mentioned earlier, the commissioner of this thesis has wished that the name of the organization would not be revealed in this thesis, so throughout the research results, we will be talking about an airline flying between two Nordic countries. The airline's name together with the departure and destination country has been changed to meet this wish. Therefore also the respondents' nationalities, if citizen of one of these countries, will be presented in the results as citizen of destination or departure country. The questionnaire has been modified on the parts of the air-line's name and the countries (Appendix).

The research was implemented by conducting a questionnaire to discover the most important factor to the airline's passengers who are travelling on a route be-tween two Nordic countries. The research was conducted on the Internet on Google Docs by creating a survey in English and Swedish with the program's au-tomatic form builder. The form builder includes a wide range of different question-types and therefore the survey could be created on the basis of a draft of the questionnaire designed in advance. Because of the used questionnaire program, one person could have answered the questionnaire more than one time. The questionnaire consists four parts with all together 20 questions, from which 13 have fixed response options and seven questions are semi-structured. In total, four of the fixed response questions have an "other, what" or optional explanation box.

The link to the questionnaire was sent to 1047 passengers who have travelled on this specific route and have purchased their tickets on the airline's internet pages and during this purchase process given the airline the permission to send them newsletters via email. This limitation to the respondents had to be made since the information given during the purchase process is extremely confidential and may not be used for other purposes without the customers' approval. The questionnaire was sent to the passengers via the airline's own newsletter program on 9th of March 2012. The respond time ended 23rd of March 2012. The respondents were given the option to leave their contact information at the end of the questionnaire

to participate in a lottery where 10 gift cards to the airline's flights were drawn. Together with the airline's representative we discussed that an expected amount of responses is 100-200. In total 160 responses were received, the response rate being 15,8% and the set goal of responses was met. The collected data was analysed with Google Docs and SPSS Statistics program.

5.3 Validity and reliability

Daymon & Holloway (2011, 78-79) define validity and reliability as following: validity means the research's ability to measure the intended factors and phenomena and reliability is the consistency in the results, provided by the same research instrument, if the research is repeated. Validity indicates how well the collected data meets the purpose of the research and answers to the presented research problem. As the purpose of this research was to discover the most important factor to the airline's passengers travelling between two Nordic countries, and the results present an answer to this research question, the research can be considered as valid.

If the research were to be conducted again, the researcher would end up with similar results and therefore the study can be said to be reliable. Proper execution of the study and the amount of responses from people with different characteristics ensured the research's reliability. The respondents' demographics, i.e. age, nationality and profession, came to widely cover the whole range of the variables. Data was collected from people with different purposes of travel and this contributes the research's reliability because the data covers more than one passenger types all having different characteristics and all seeking different benefits for the travel.

5.4 Results

In this chapter the research results from the fixed response option questions are analysed with charts and the responses for the qualitative parts, i.e. open-end questions, will be grouped into the most common topics and a summary of the responses will be presented. Each presented chart will be explained and briefly analysed, and the responses received from the other, what/ where and optional explanation boxes will be presented together with the chart. The results from question 19, where the respondents were asked to evaluate the importance of different factors on a scale from 1 to 4, will be cross tabulated with the results collected from the respondents' purpose of travel to point out the differences between the criteria selection between business and leisure travellers. Since the airline's current strategies are confidential information, the possible review of strategies will be conducted by the airline and will not be discussed on this thesis.

Due to a system error, which had occurred in recording one respondent's demographics (questions 1-5) into the response sheet, the charts presented for the first five questions will include "unknown"-variable.

5.4.1 General information

Gender distribution. 61% of the respondents were male and 39% female.
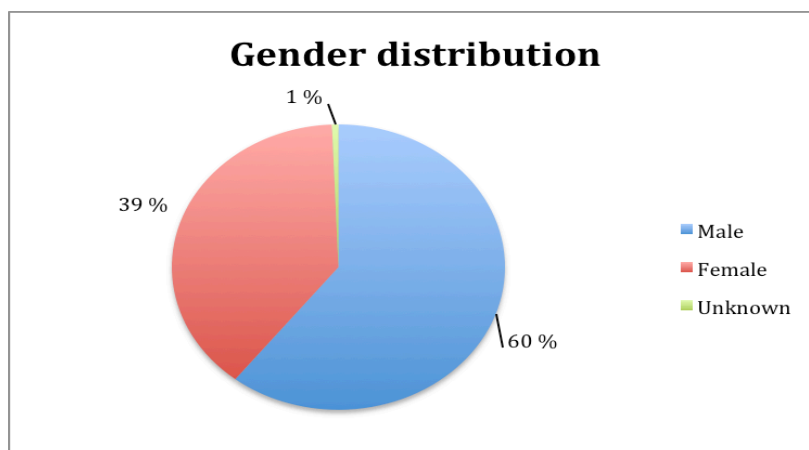
FIGURE 4. Gender distribution (n=160).

Age distribution. Majority of the respondents (53%) placed on the two age categories in the middle of the given scale being 31-50 years old. 28 respondents were younger than 31 years old and 46 respondents placed on the three oldest age categories. None of the respondents was younger than 21.

Age distribution

Category	Percentage
Unknown	1 %
70 <	1 %
61-70	9 %
51-60	18 %
41-50	27 %
31-40	26 %
21-30	18 %
< 20	0 %
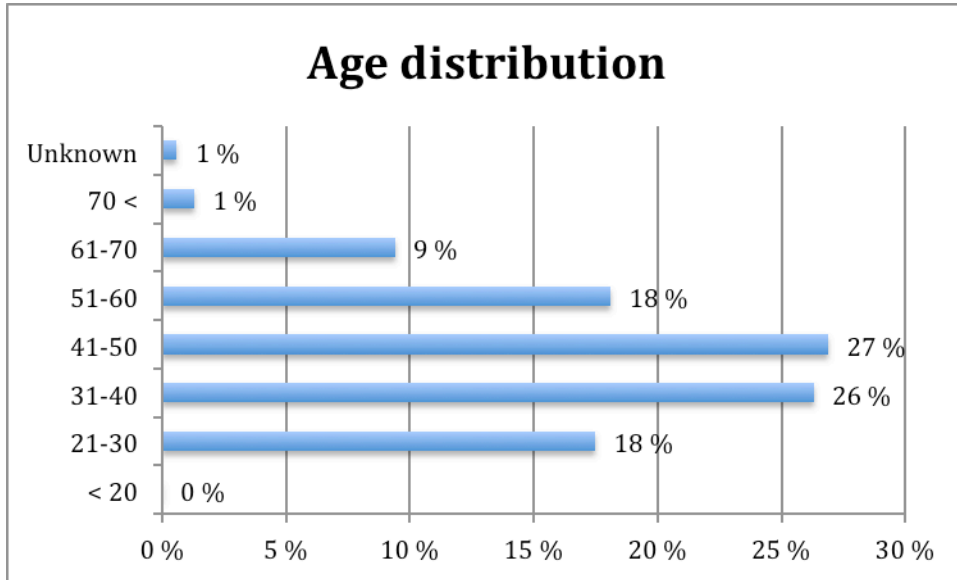
FIGURE 5. Age distribution (n=160).

Current residence and nationality. The respondents were asked to state their current residence and nationality in the questionnaire to gain knowledge about the airline's passengers' geographies on this route. The respondents were asked about their nationality because this provides a better view on whether the airline, and especially their route between the two Nordic countries, is known also among citizens of other countries than the countries of departure and destination. In the questionnaire the current residence and nationality were as open-end questions but the collected data showed that similar responses were repeated throughout the results and therefore the collected data was changed into a numerical form to enable the use of charts in the analysis. As the vast majority of the respondents are residents of the cities where the airport is located, and the percentages of other cities and nationalities are less than 1% each, these other cities and nationalities are presented in the charts as "other" in order to clarify the chart structure. These cities and nationalities will however be shortly presented together with the chart analysis.

Current residence. To provide a better view on the respondents' current resi-
dences, the cities of residence were analysed also as countries of residence. 61%
of the respondents are living in the country of departure and 32% in the country of
destination. 9 (6%) respondents are living other countries and are presented in the
chart as "other". 2% of the respondents' countries of residence are unknown. In
addition to the one respondent with error in data registration, the option "Unknown"
includes two respondents who did not name a country is their response.

Country of residence
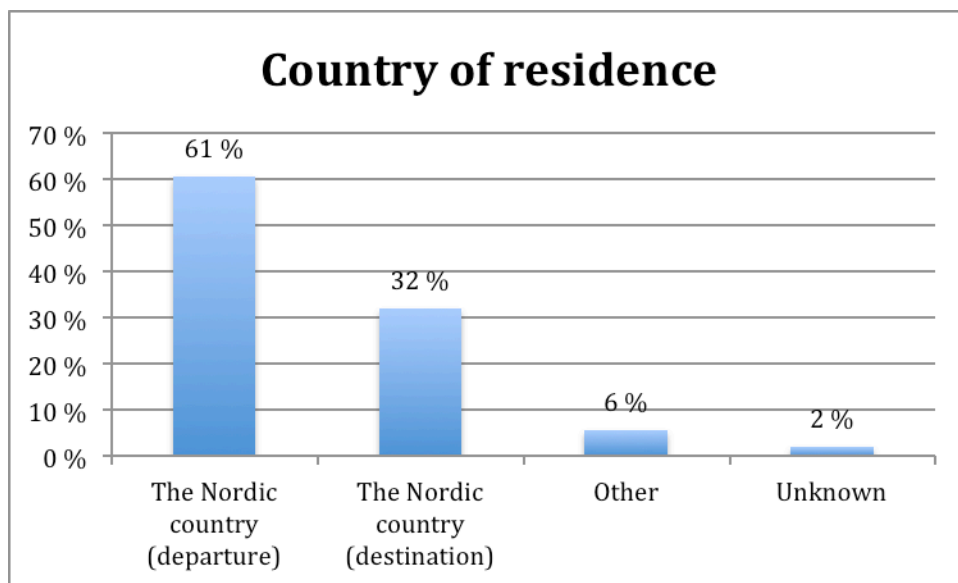
FIGURE 6. Country of residence (n=160).

The distribution of cities of residence seen on Figure 6 shows that majority of the
respondents are living in the cities where the departure or destination airport is
located. 75% of the residents of the country of departure are living in the city of
departure and corresponding result for residents of the destination country is 53%.
A little over one fifth (21% and 22%) of the respondents both from the country of
departure and destination are living in other cities in the country. In total 17 (11%)
respondents marked the country of destination or departure as their current city of
residence, and therefore their city of residence is marked as unknown. 8% of the
respondents live in other countries than the country of departure or destination.
These respondents' current cities are located in Estonia, Indonesia, Germany,
USA, Canada, Bulgaria and France.
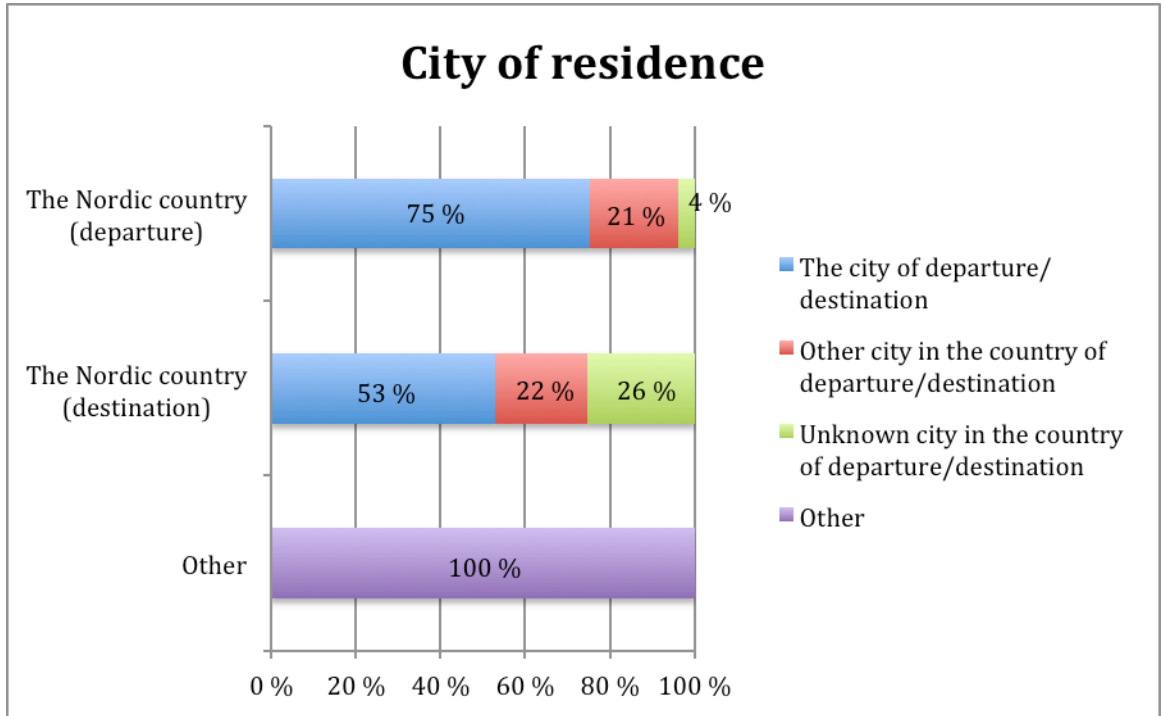
FIGURE 7. City of residence (n=160).

Nationality. The respondents' nationalities support the presented results of the respondent's city of residence. 94 (59%) respondents are citizens of the country of departure and 27% citizens of the destination country. 14% of the respondents have nationality of other countries. 9% are citizens of other European countries; Norway, Finland, Germany, France, Great-Britain, Croatia, Italy, Bulgaria, Belgium and Spain. 4 (3%) respondents are USA citizens and 3 are citizens of Indonesia, Ecuador or Canada.
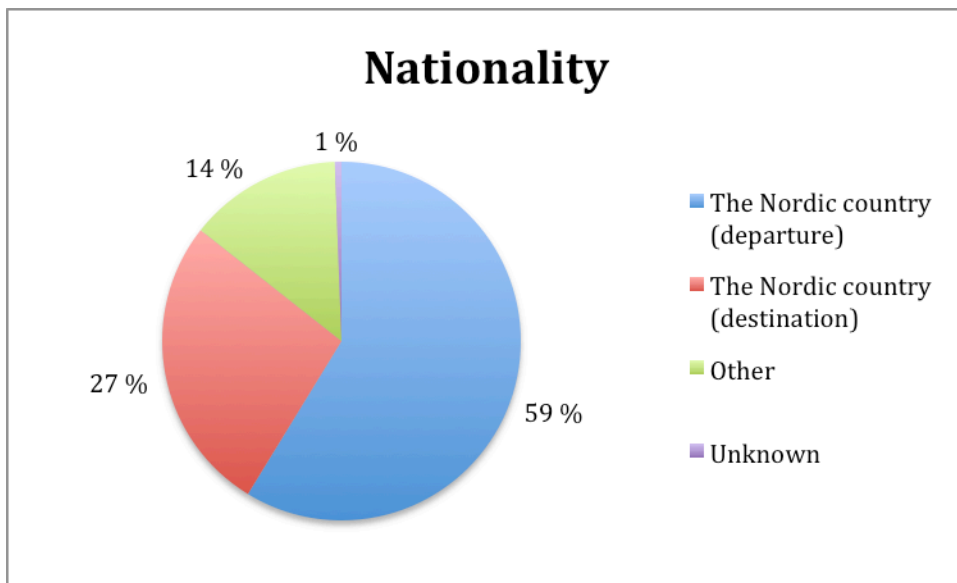
FIGURE 8. Nationality (n=160).

Profession. The questionnaire included a question about the respondents' profession. 69% of the respondents are working for a company, 33% of them working on higher managerial tasks. In total 85% of the respondents are working, as the 3% of the respondents who announced their profession as "other", informed their profession to be CEO, doctor, musician, actor and cook. From the remaining 15%, 8 respondents have retired and 14 are students.
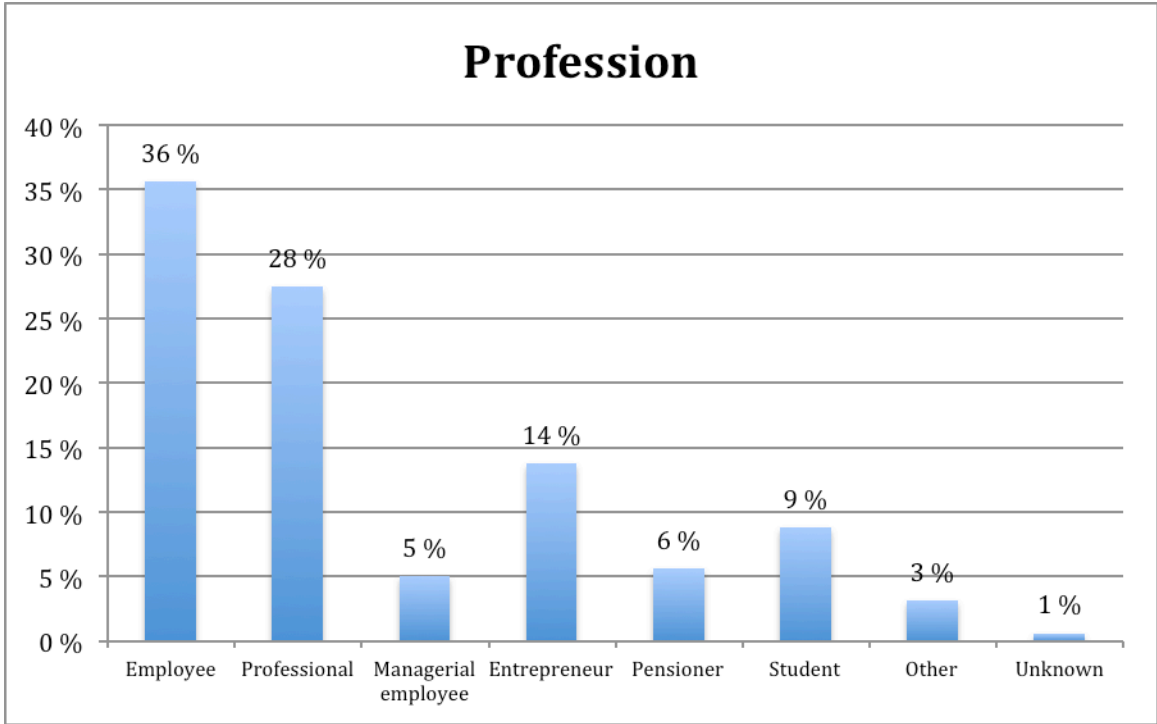
FIGURE 9. Profession (n=160).

5.4.2 Travel information

Purpose of travel. The respondents were asked to announce their purpose of travel. The results received from this question enable the analysis of criteria selection between different passenger profiles. The purpose of the respondents' travel is evenly divided. 36% of the respondents are travelling for business, 40% for leisure and 24% are travelling to visit their friends or family. As discussed on Chapter 2, Verhelä (2000, 60) states that business travellers form the biggest share of all passengers on regular flights. (unofficial translation) However, the results of this research show that on these regular flights between two Nordic countries, business travellers form only one third of all the passengers.
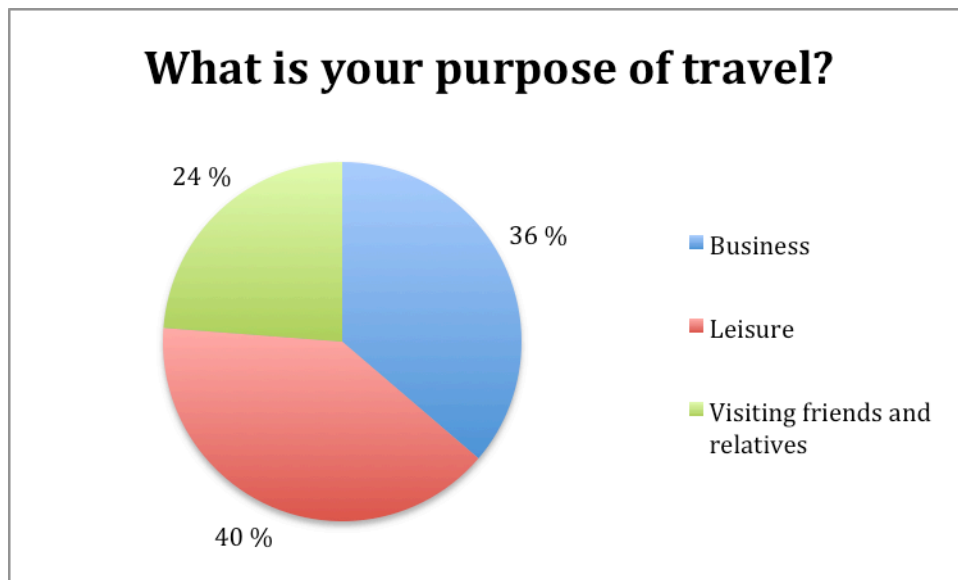
FIGURE 10. Purpose of travel (n=160).

Company size (business travellers). The business travellers were asked to state the size of the company they work for. 50% of the business travellers work in companies that employ less than 51 employees. Companies that employ 11-50 or 150+ employees were most widely represented, both employing 29% of the respondents. Least business travellers worked in companies with 101-150 employees. The presented results do not show that business travelling is implemented only in certain sized companies, e.g. that larger companies would have more business travelling than the smaller ones. It can be cautiously assumed that the amount of travelling for business depends on the company's branch of business and their market areas.
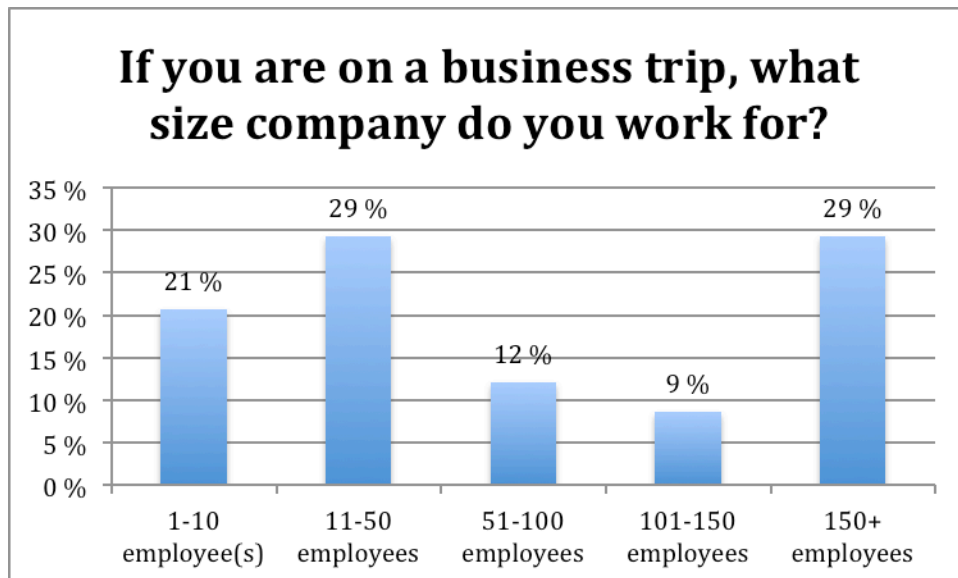
FIGURE 11. Company size (business travellers) (n=58).

Travel destination. To discover route usage between two Nordic countries, the passengers were asked to state their travel destination. 92% of the respondents were travelling to the Nordic country; only 13 (8%) respondents had a connecting flight.
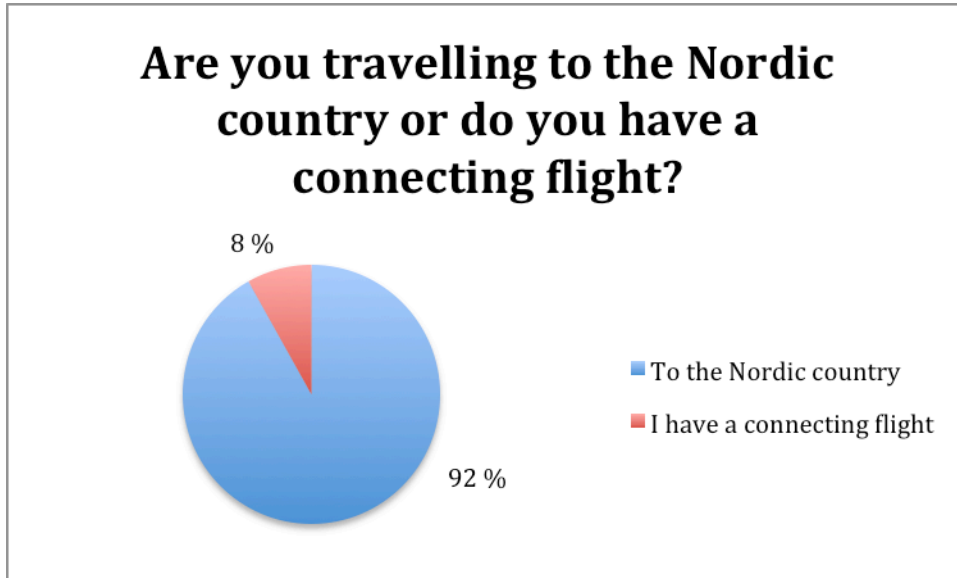
FIGURE 12. Travel destination (n=160).

5.4.3 Previous travels

This section is in two parts. The first part analyses the respondents' travel frequency, preferred forms of transportation, previous travels with other airlines and the media channels from which they have heard about the airline travelling between two Nordic countries. In the second part, the respondents who have travelled with the airline before were asked to evaluate the airline's performance and provide suggestions on which parts the airline should develop their services.

Travel frequency. 27% of the respondents travel by plane more than once a month, 11% weekly and 16% two or three times a month. 88 (55%) respondents travel by plane at least one time per month. The remaining 45% travel less frequently.
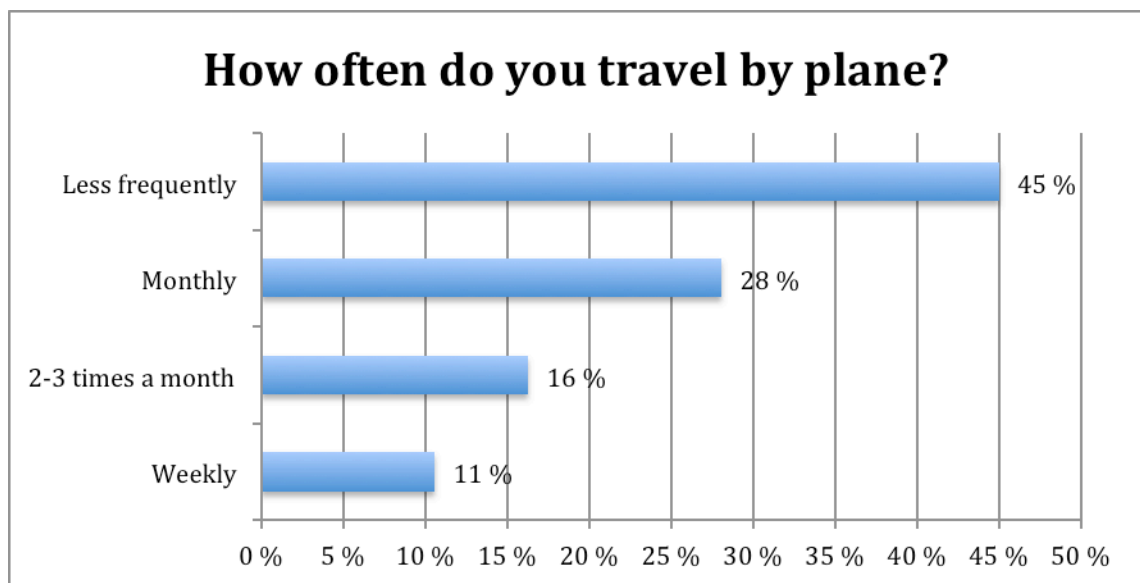
FIGURE 13. Travel frequency (n=160).

Preferred forms of transportation. The respondents were asked to explain that if they usually prefer other forms of transportation over flying when their travel exceeds three hours, which forms of transportation will they choose and which are the factors that effect their choice.

Nine respondents answered that they always fly when their travel exceeds three hours. The factors that influenced their choice were the quickness of transportation, price, centrally located airport, good connections to/from the airport. They explained the following: *"Fast, fun.", "Time saving, inexpensive price and well located airport.", "Flying is much faster than driving."* (unofficial translations).

Seven respondents prefer car over flying when they are travelling longer than for three hours. The respondents felt that car is the most convenient form of transportation and allows them to reach distant locations. *"I would drive. - - driving would be the best form of transportation, due to the distance from city to city", "Cars in order to reach distant sites.".* Some respondents explained that car allows them to travel with their own timetable and they can have more luggage with them: *"I can have more luggage, it can be cheaper if we are more than one who is travelling.", "Car, because I can travel when it is suitable for me."* (unofficial translations).

Majority of the respondents would travel by train. Majority of these respondents explained that train is more convenient, environmentally friendly, time saving and gives them the freedom to for example work during their travel. One of the respondents stated the following*: "Train in the first hand if it is possible. One has the opportunity to travel and rest at the same time. It is easier to work without interruptions if you are traveling for business. You can travel directly to the city. Clearly the most environmentally friendly alternative."* (unofficial translation). Some of the respondents experienced the waiting times, security controls and long walks at the airport to be uncomfortable. Two of the respondents said the following: *"- - train is easier (less time at the airport etc.).", "Train – the easiest regulations. No security control or long walks at the airport. - -".* (unofficial translations.) However the latter respondent stated that the airport in the departure country is an exception. Few respondents valued the silence at trains; *"Last time I travelled to the Nordic coun-*

try with train, peaceful and comfortable.", "Train because of the silent section." (unofficial translations.)

Many of the respondents found it difficult to name just one form of transportation. Majority of them stated that the chosen form of transportation depends on their purpose of travel, offered timetables and availability of public transportation at the location; *"It depends case by case: plane, train or car. It depends on when I should be at the destination, what I am going to do at the destination and whether I need transportation at the destination, etc."* (unofficial translation). One of the respondents summarized the decision making as following: *"The form of transportation is determined based on the distance, not time."* (unofficial translation).

As discussed on Chapter 2, Page (2007, 266) states that business travellers value transportation's punctuality, high quality service and trouble-free travelling. Middleton (1994, 87-88) suggests that leisure travellers value environment, services, accessibility, price and the convenience of transportation at the location. The received results highly differ from the theory Page has presented on his study. Based on the results of this research, those respondents who mentioned work in the explanations, value peace and the overall possibility to effectively work during the travel. The results however support Middleton's statement, as effective use of time, comfort, environmental friendliness and transportation at the location were repeated in several explanations and appeared to be the most common factors that have an effect on the respondents' choice of transportation.

Other airlines used on the route between the two Nordic countries. The respondents were asked which other airlines they have used when travelling between the two Nordic countries. The data was collected with an open-end question, but was turned into numerical data to provide a better general view on the responses. The results show that the airline's biggest competitors on this route are SAS and Norwegian. 121 of the 160 respondents have travelled with SAS and 83 with Norwegian. 15% of the respondents have not used other airlines on this route; four of them have never travelled on this route before. Other airlines which were mentioned by one or two respondents are grouped into option "other" to clarify the chart structure. Other mentioned airlines were Cimber, Lufthansa, KLM, Finnair, FlyNordic, Austrian, Ryanair, Skyways and Spanair.
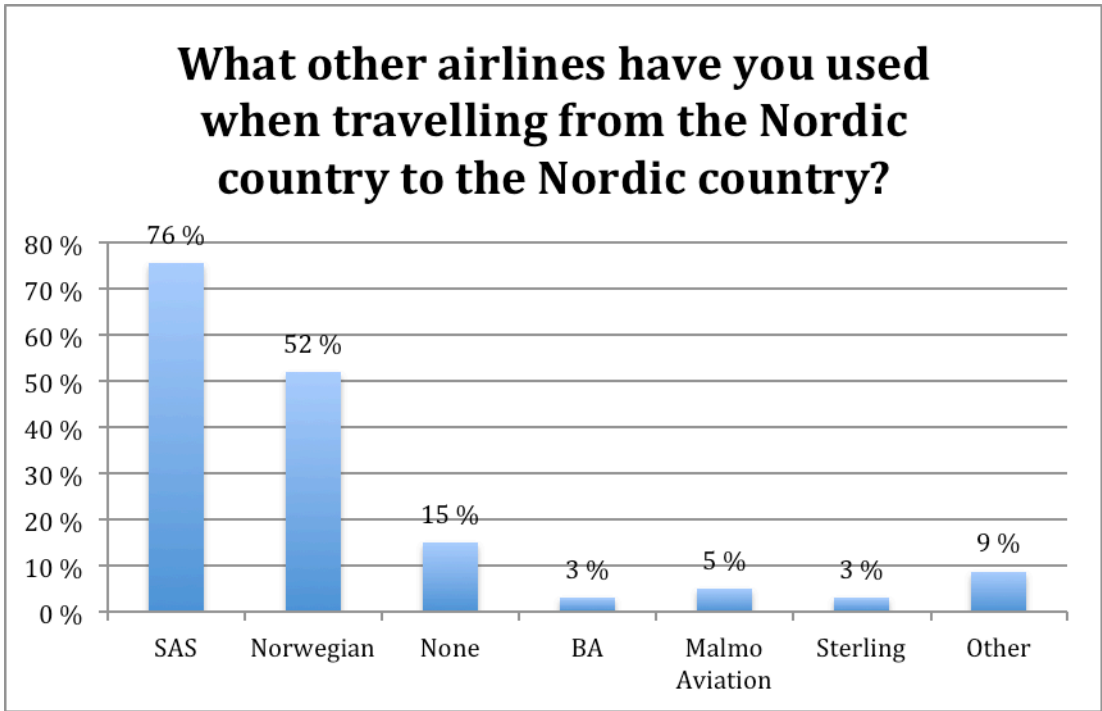
FIGURE 14. Other airlines used on the route between the two Nordic countries (n=160).

Media channels. The questionnaire included a question concerning the media channels from where the respondents had first heard about the airline. Majority of the respondents (45%) have heard about the airline from the internet. As discussed on Chapter 4, Albanese & Boedeker (2002, 208) suggested that internet offers international accessibility and is an interactive media. Based on the results, one could suggest that internet is the most visible of all the media channels used in transportation and tourism. 40 (25%) respondents have heard about the airline from a newspaper or a magazine. Albanese & Boedeker (2002, 208) stated that newspapers have a quick, but short-term affect where magazines provide a long-term affect and the advertising message can easily be targeted to the target groups. The affect of these medias has reached one fourth of the airline's passengers and therefore can be said to be a reliable media channel, and the costs created by this form of advertising are covered with the incoming sales, that newspaper and magazine advertising indirectly creates. The "noise" of television advertising can be seen on the results. Only one person has heard about the airline from TV (news, advertisement, etc.). The collected data does not support Evans & Bratton's (2008, 36-38) proposition that companies should see the powerful social media as an extension of their other marketing channels, only 2% of the respondents had heard about the airline via social media. 20% of the respondents have heard about the airline from their friend, family member or a co-worker, which suggests that the "grapevines" still operate in their traditional form; word-of-mouth. 8% of the respondents have heard about the airline via other media channels. Other mentioned channels are billboard advertisements and advertisements at the departure and destination airports, busses and underground.
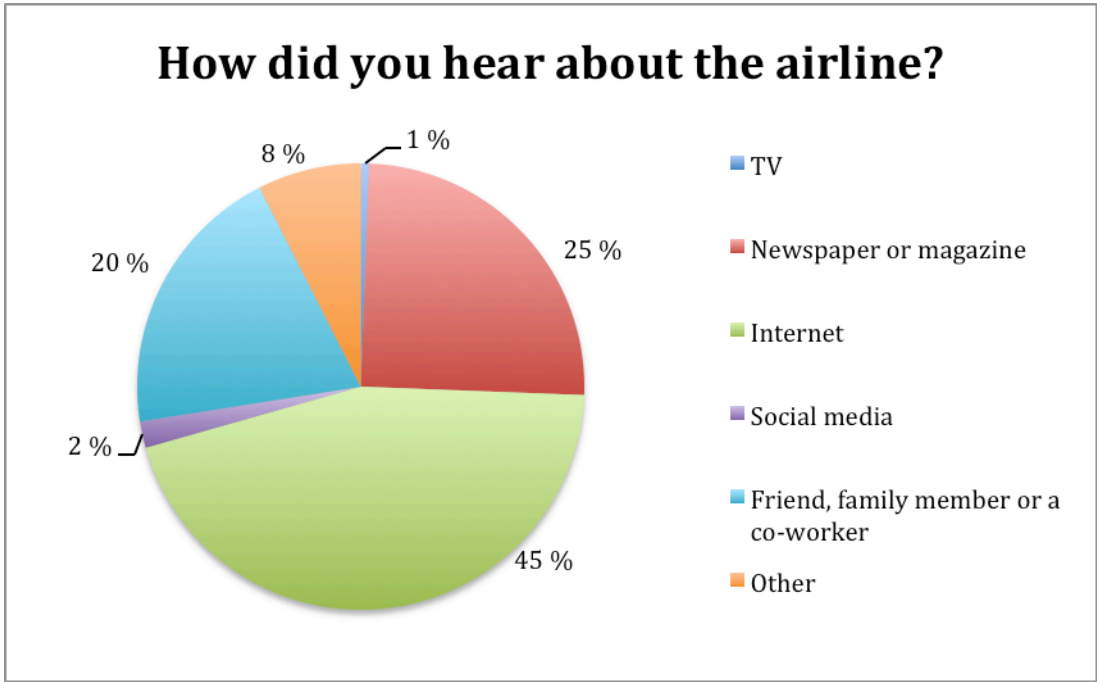
FIGURE 15. Media channels (n=160).

Previous travels with the airline. 66% of the respondents have never travelled with the airline before, 22% have travelled once and 1 respondent has travelled with the airline 5-10 times. As discussed on Chapter 4, advertising and PR are important tools in communicating knowledge, persuading potential customers and encouraging customers to build a brand loyalty and lasting customer relationship. On Chapter 4, the four different advertising messages, identified by Kotler & Keller (2009, 539), were discussed. The results show that the airline has received a lot of new customers and therefore the importance of reminder and reinforcement advertising should be emphasized in order to get the customers to repeat the purchase and create liking, preference and finally a lasting customer relationship.
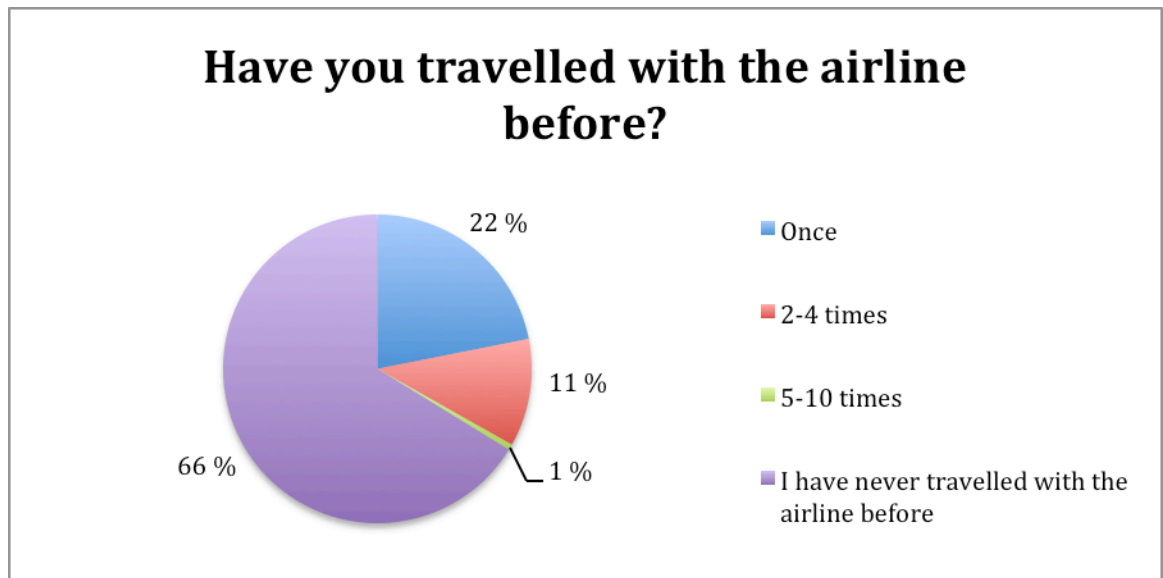
FIGURE 16. Previous travels with the airline (n=160).

In the following four questions, the respondents who have travelled with the airline before were asked to identify the factors that affect their choice of airline, evaluate the airline's performance and provide suggestions on which aspects they feel that the airline's services need to be improved. Respondents who have not travelled with the airline before were asked to move on to question number 18.

Factors affecting choice of airline. The respondents were asked what factor has the greatest effect on their decision to choose the airline operating between two Nordic countries as their carrier. 97% of the respondents seek for a benefit by choosing the airline as their carrier, i.e. the airline can offer them a certain benefit, which leads to the choice of the airline. On Chapter 4 it was presented that Kotler, Armstrong, Wong & Saunders (2008, 639, 649) are concerned that today's trend is to quickly cut down prices instead of differentiating the product to be worth a higher price. However this may be inevitable for the airline as 46% of the respondents choose the airline as their carrier when inexpensive tickets are available for the flight. 29%'s choice was affected by the timetable and 22% chooses the airline based on whether the route/routing was convenient for their needs. As discussed earlier, consumers do not tend to buy the product; they buy what the product will do for them (Ruskin-Brown 2006, 104). The results support this statement as 51% respondents' choice was affected by the offered timetable (time saving) and convenient route (the airline takes the customer where he is willing to go). 3% of the respondents have created airline preference and choose the airline as their carrier always when possible.
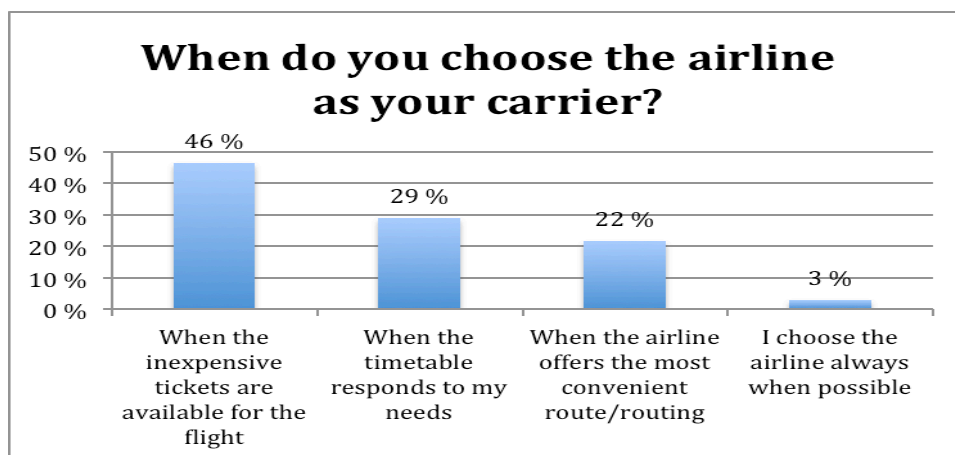
FIGURE 17. Factors affecting one's choice of airline (n=69).

Airline's performance. In this section the respondents were asked to evaluate the airline's performance on eight different factors on a scale from 1 to 4. The grades 1-4 are interpreted as following: 1 = poorly, 2 = somewhat unsatisfactorily, 3 = somewhat satisfactorily, 4 = very good.

Service. The respondents were asked to evaluate their satisfaction with the airline's service performance. 72% of the respondents are very or somewhat satisfied with the airline's service. 14% experience the airline's service as somewhat unsatisfactorily and 10 (14%) respondents feel that the airline's service performance is poor.
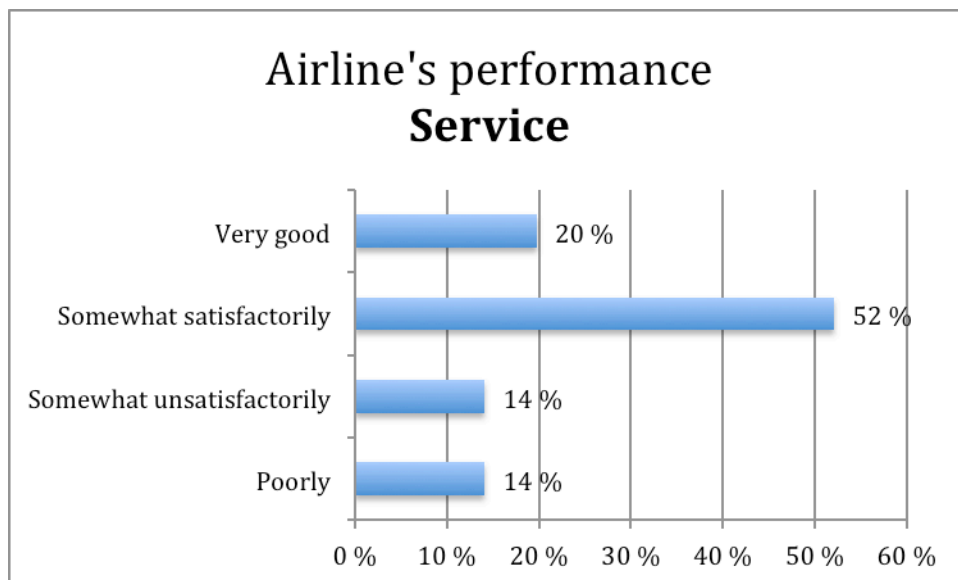
FIGURE 18. Airline's performance, service (n=71).

Punctuality. Next factor to be evaluated was the airline's performance in punctu-
ality. 39% of the respondents experience that the airline's punctuality is very good.
In total 54 (76%) respondents have a positive image of the airline in terms of punc-
tuality. 13% of the respondents feel that the airline's punctuality performance is
poor.
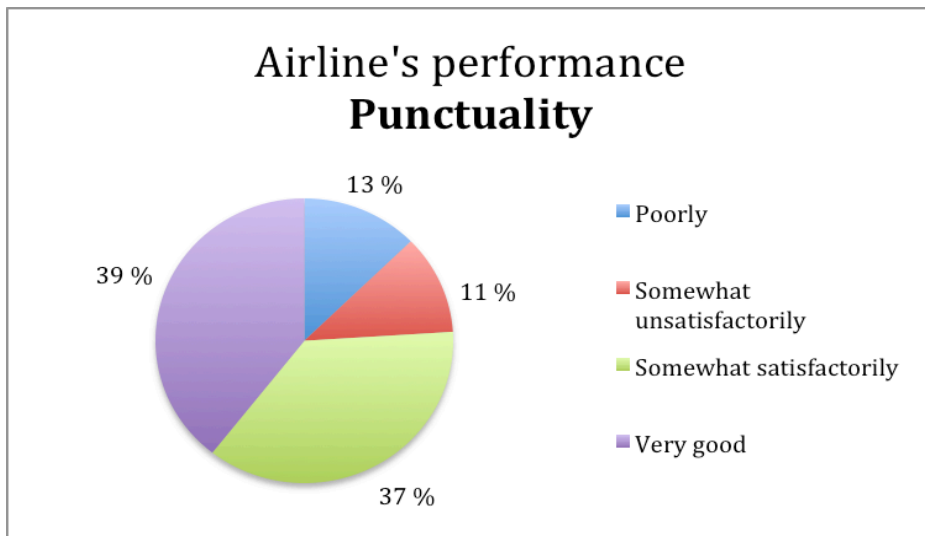
FIGURE 19. Airline's performance, punctuality (n=71).

Reliability. Up to 74% of the respondents experience the airline as a reliable car-
rier. 26% are somewhat unsatisfied or feel that the airline's reliability is poor.
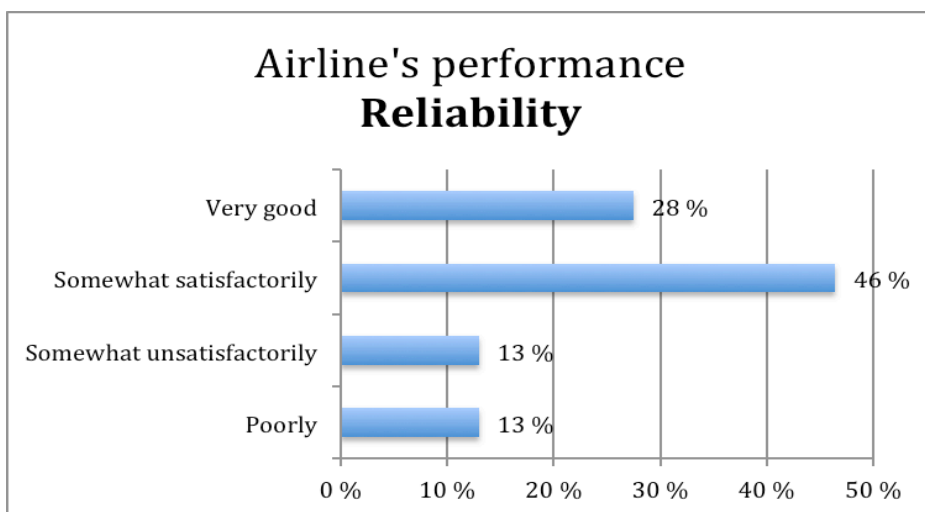
FIGURE 20. Airline's performance, reliability (n=69).

Comfort. It can be seen from the chart that majority of the respondents experience the airline's comfort performance as somewhat satisfactorily. Most of the responses (76%) are situated in the middle of the scale. 17 respondents place their grade on the very ends of the scale, 11% feel that the comfort factor should be heavily improved and 13% feel that the comfort on board is very good.
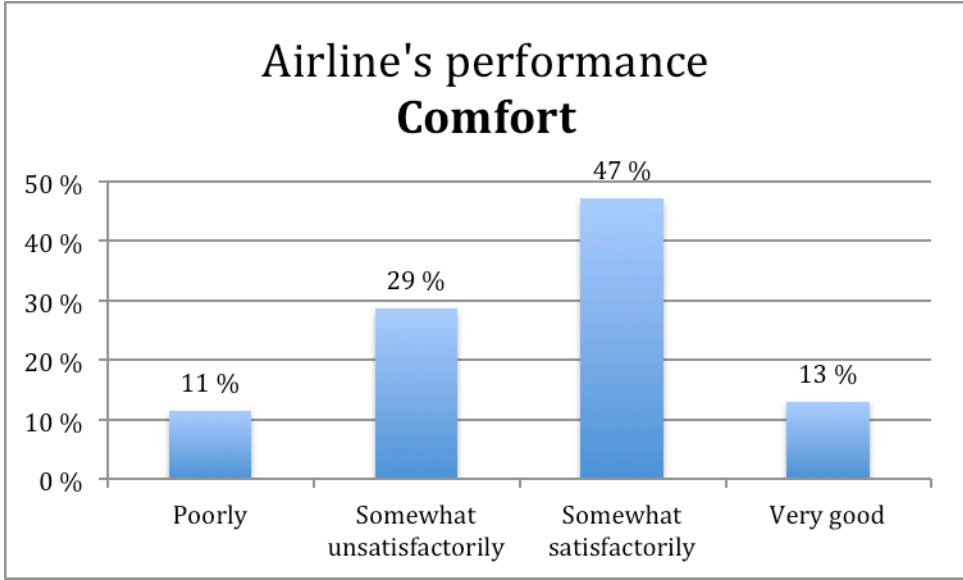
FIGURE 21. Airline's performance, comfort (n=70).

Easiness. This factor includes all the airline's operations that concern the passenger, purchasing the ticket, check-in, the flight as well as the operations at the destination airport, e.g. receiving your luggage. Vast majority of the respondents (79%) finds travelling with the airline very or somewhat easy. It can be seen from the chart that 10% find the airline's performance on easiness somewhat unsatisfying and 11% find it poor.
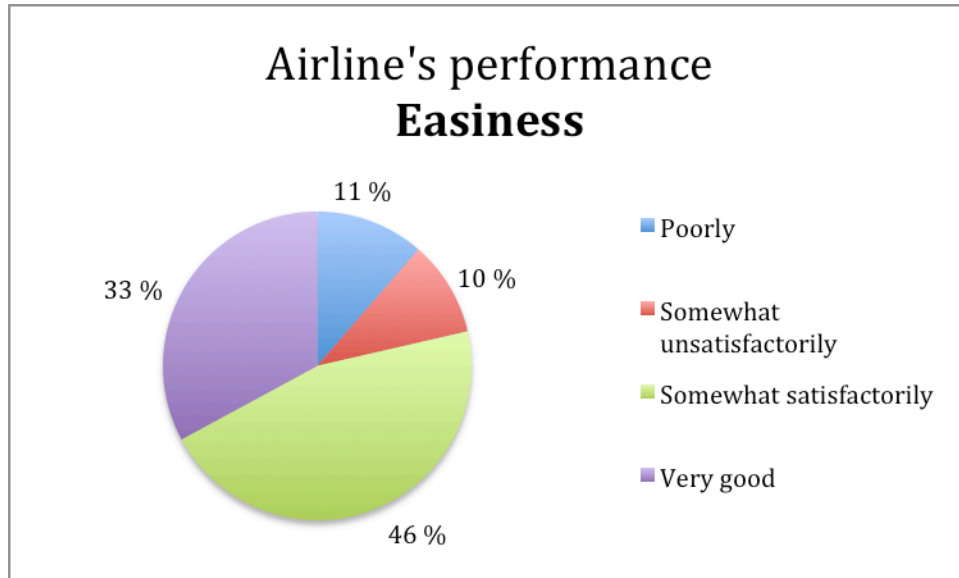
FIGURE 22. Airline's performance, easiness (n=70).

Information's accessibility. The respondents were asked to evaluate the airline's information's accessibility based on their experiences. As the chart shows, 80% of the respondents find information's accessibility somewhat satisfying or very good. 10% of the respondents are somewhat unsatisfied with the information's accessibility and 10% feel that the airline's performance on information accessibility is poor.
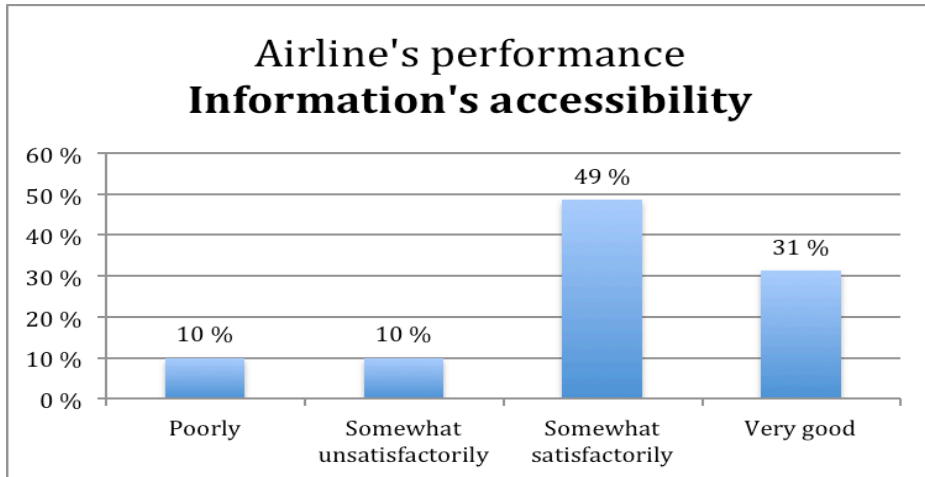
FIGURE 23. Airline's performance, information's accessibility (n=70).

Credibility. More than half of the respondents find the airline's performance in credibility as somewhat satisfactorily. 17% experience the credibility as very good whilst 10% of the respondents find it poor.
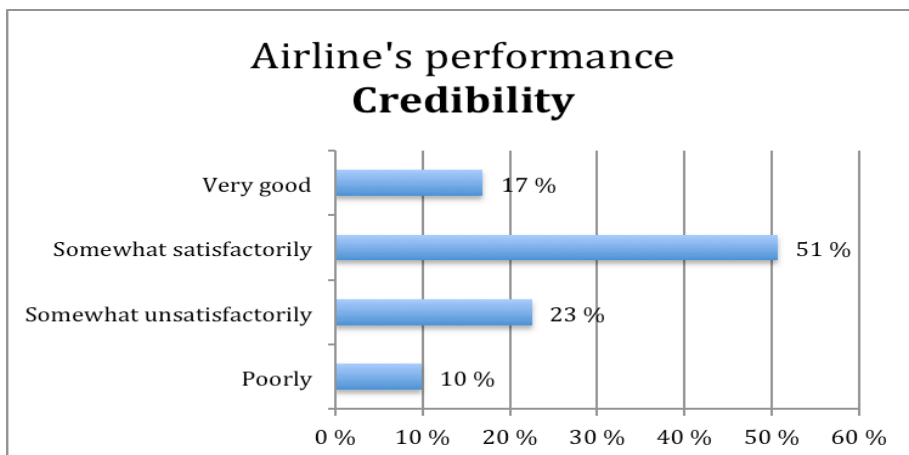
FIGURE 24. Airline's performance, credibility (n=71).

Understanding the customer. As a last factor, the respondents were asked to evaluate the airline's performance in understanding the customer. The chart shows that 15% of the respondents find that the airline understands the customer in the best possible way. 55% experience the understanding as somewhat satisfactorily. However almost one third (31%) feels that the airline's performance in understanding the customer should be slightly or heavily improved.
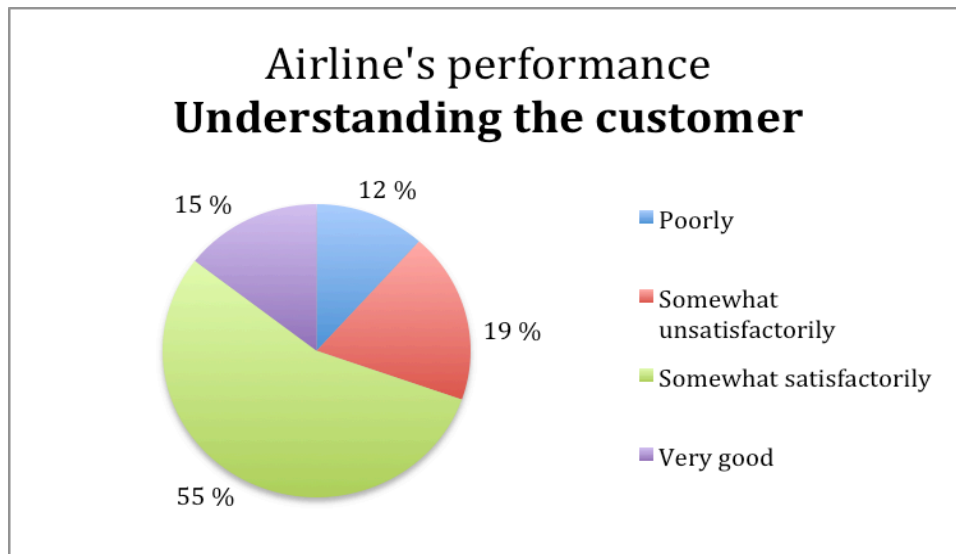
FIGURE 25. Airline's performance, understanding the customer (n=69).

All the presented charts showed similar percentages of how the given factors in the airline's performance are experienced. Majority of the respondents experienced the factors as somewhat satisfactorily, and more than 50% of the respondents were somewhat or very satisfied with the airline's performance in all the factors. However, for every given factor roughly 10-15% find the airline's performance poor.

The respondents were given the option to give an explanation to their answers. A summary of the most common issues will be presented next, together with examples of the received statements.

Some respondents find the internet pages and the online reservation system complicated: *"Your website is messy and difficult - - ", "The booking process is complicated, takes too much time."* (unofficial translation). One respondent felt that extra fees for luggage and seating are confusing: *"You have to remove the "check" from luggage and seats during booking process."* (unofficial translation) Some respondents have faced difficulties with the check-in at the airport or online: *The check-in routines are hopeless - - Fix this and you will get a good customer out of me."* (unofficial translation) Three respondents were disappointed because of insufficient flow of information: *"You cancelled a flight without notifying us - - .", "Flight got cancelled due to a technical problem, no one gave me any information - -."* (unofficial translation) For one respondent, the airline's comfort performance was unsatisfying: *"It was -15 Celsius outside and the plane wasn't pre-heated, so the temperature was the same inside the cabin. Few heaters in the cabin would have done the trick."* (unofficial translation). Two respondents were hoping for breakfast or snacks on board. One respondent was unsatisfied with the airline's compensation policy: *"Overall everything has worked great. I'm not satisfied with the airline's compensation policy for broken luggage. - - Great (choice) with the airport, you don't have to travel further to the other airport."* (unofficial translation)

Many of the respondents used the opportunity to give positive feedback. The departure airport pleased many respondents: *"The departure airport is nice", "The airport's location is better", "Nice to land at this airport, no expensive airport train, saving in every aspect - -."* (unofficial translation). One respondent summarized his satisfaction as following: *"Everything works fine, this is everything one needs and expects for this price. Above all punctual and it is nice to fly to this airport."* (unofficial translation)

Suggestions for improving the airline's services. The respondents were asked to provide comments about the areas of operation in which they feel that the airline needs to improve their services on. The received suggestions for service improvement will be discussed next.

The received responses share similar characteristics with the explanations received for the previous question concerning the airline's performance. The suggestions can be grouped under five main topics: technical, luggage regulations, customer service and service on board, irregularities and route strategy.

The received suggestions for technical improvements concern the airline's internet pages, check-in and the type of aircraft. Six respondents are suggesting that the airline should clarify their internet pages and the online reservation system. The internet pages are seen as too complicated and difficult to use, two of the respondents stated the following: *"Clarify your online reservation system."* and *"Clearer and nicer booking system, now one gets only confused."* (unofficial translation). One of the respondents has also experienced difficulties with faulty links on the internet pages. Many respondents suggested that the airline would take self-service check-in kiosks and mobile phone check-in into use: *"Self-service check-in kiosks, especially to the departure airport because of the limited capacity (of staff) at the manual check-in. At the destination airport I haven't yet experienced queue, but self-service check-in kiosks would be nicer. Open check-in for mobile phone (saves important minutes, you could come later to the airport!)."* (unofficial translation). Another respondent would lengthen the check-in time, too: *"(You can improve your services) by allowing check-in also later than one hour before departure when one is travelling with hand luggage."* (unofficial translation). A few respondents are suggesting that the airline would operate the route between two Nordic countries with a jet to shorten the flight time.

Two of the respondents are suggesting that the airline would increase the maximum weight for hand luggage: *"More space to luggage in plane due to long waiting times."*

Many respondents would improve the accessibility of the airline's customer service. One respondent suggests diversifying the languages of automatic recordings at the customer service phone and another respondent feels that the customer service for the flights on the route between two Nordic countries should be located in the country of departure instead of the country where the airline is based. One of the respondents has noticed lack of communication within the airport personnel: *"Make sure that the check-in personnel at the departure country gives passenger all the needed documents or inform destination country's security control that the airline's boarding card is only the small strip of paper that one receives."* (unofficial translation). Four of the suggestions concern food and beverages on board. The respondents would like to have sandwiches included in the in-flight menu and suggest that the airline would give complementary water during the flight. In addition to the several suggestions for improvement, one respondent wanted to point out his satisfaction for the airline's service: *"Service on board is excellent."* (unofficial translation).

As discussed earlier, some of the respondents experience the airline's information flow on irregularity situations to be insufficient and suggest the flow to be improved. Irregularities are situations where some kind of sudden change/incident prevents the airline from operating on a normal manner. Irregularities can be for example technical problems or sudden changes in weather conditions, and cannot be prevented by the airline. One respondent stated the following: *"I cannot stop travelling, and therefore I have to trust that you will really operate the flight. There has been one too many cancelled flights so far and this prevents me from trusting you. It is a shame since you offer much better alternative to the other airline. If you improve your operations security, you will get many new business passengers."* (unofficial translation).

Most of the suggestions received from the respondents concern the flights' schedule. Many respondents feel that the route could serve more customers if the amount of flight per day were to be increased. Three respondents would improve the timetable by adding a morning and evening flight to the current schedule. One respondent states following: *"The timetable is not ideal, it is missing the morning*

flight to the departure country and evening flight to the destination country." (unofficial translation).

Willingness to recommend the airline to acquaintances. The respondents, who have travelled with the airline before, were asked whether they would be willing to recommend the airline to their colleagues and friends. In total 87% of the respondents would be willing to recommend or already have recommended the airline to their acquaintances. 14 (19%) respondents however would do the recommendation with certain reservation. 13% of the respondents would not recommend the airline to their colleagues and friends.
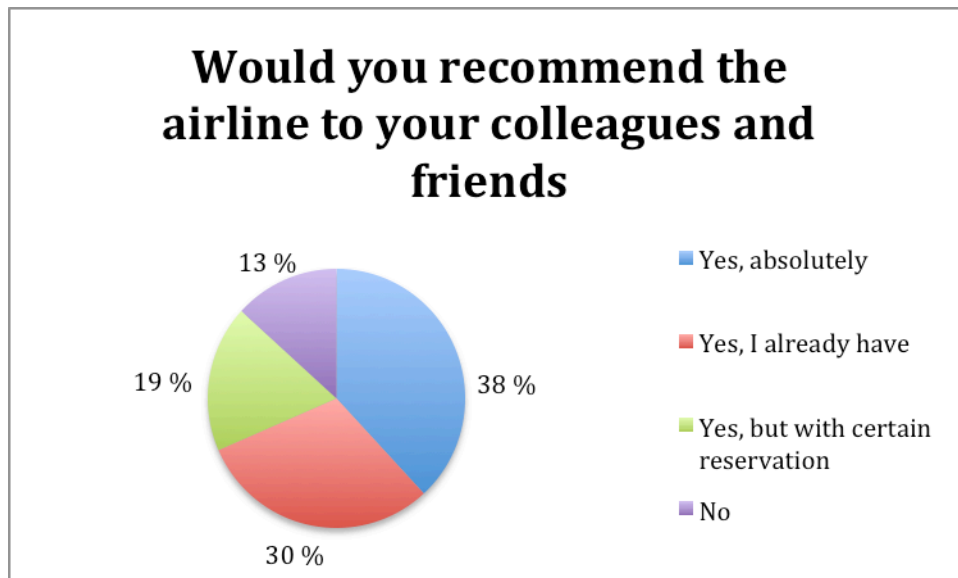
FIGURE 26. Willingness to recommend the airline to acquaintances (n=76).

The respondents were given the opportunity to provide an optional explanation for their answer. 14 respondents rationalized their answers. Two of the respondents who would not recommend the airline to their friends and colleagues explained that their opinion is based on the negative experience they have had as the airline's passengers: *"The only positive thing is that the airline operates from this specific airport and it is cheap. I'm never going to choose the airline, if possible, never mind the price. There is a certain line how low a company can go and after*

that even "almost free" prices cannot be used as an excuse." (unofficial translation). One respondent stated that he would recommend the airline with certain reservation due to the airline's performance in punctuality: *"On time performance isn´t good."* One respondent explained that the airline should improve their safety performance: *"The planes seem old and the plastic in the interior has turned yellow. Being honest, it doesn't feel really safe."* (unofficial translation). One respondent would recommend the airline if one is travelling without checked-in luggage. Two respondents have already recommended the airline because they are pleased with the airport the airline is operating from, and one respondent stated that they will also use the airline's new route from the departure airport, once it is opened. One respondent stated that he would absolutely recommend the airline because of the competitive price.

5.4.4 Important factors in transportation

This section analyses the factors, which are the most important to the airline's passengers travelling on a route between two Nordic countries.

Factors affecting the choice of transportation. The respondents were asked which factors have affected their choice when they have chosen flying as their form of transportation. This open-end question allowed the respondents to name all the factors that are of great importance for them. The responses showed same factors repeating in several responses and therefore the responses are categorized and presented also as a chart to support the analysis.

As shown on the chart, three factors stand out as the most frequently mentioned factors and therefore fast transportation, time saving and prices can be considered as the most important factors, which have affected the respondents' choice of transportation. In total 67% of the respondents stated that time has affected their choice of transportation. 28% stated that they want to save time by flying and the transportations quickness appealed to 39% of the respondents. One respondent explained the following: *"We have only Friday-Sunday and want to utilize all the available time."* (unofficial translation). As discussed earlier, airline's target markets usually share partially common needs. It was stated that the final destination of the travel may vary, but all the passengers share the need for fast transportation to the desired location. The results partially support this statement as more than one third of the respondents valued the fast transportation factor, and 44 respondents chose flying to save time. However, if the results were to support the statement wholly, all the respondents should have mentioned time aspect among the factors they find important.

28% of the respondents have decided their form of transportation based on the inexpensive ticket prices the airline has offered for the route. Based on Verhelä's (2000, 60) statement that business travellers bring the biggest cash flow to the airlines, partially because of the higher ticket price they pay, one can assume that the respondents who mentioned prices importance in their decision making, would

be leisure travellers. Middleton's (1994, 87-88) suggestion that price is one the five issues that leisure travellers weigh when selecting their travel destination, supports the above mentioned assumption.

22 respondents chose to travel by plane because of the convenient location of the departure airport: *"I thought flying would be the nicest way to travel since the departure is from (the departure airport) instead of (the other airport in the city)."* (unofficial translation). 8% of the respondents named the flights' schedule as a factor influencing their choice. Four respondents stated that they chose plane as their form of transportation because the timetable worked with the schedules of their connecting flights or public transportation. A few of the respondents experienced that travelling with a plane is easier than with other forms of transportation. One of the respondents even stated that the airline's trustworthiness is higher than the railway company's: *"- - travelling with train takes too long and the railway company is not reliable at all."* (unofficial translation). Other factors that the respondents stated to affect their choice of form of transportation were convenience, efficiency, lack of alternatives, the fun of flying and preference. By preference it is meant that the respondents explained that they chose to travel by plane because they always do.
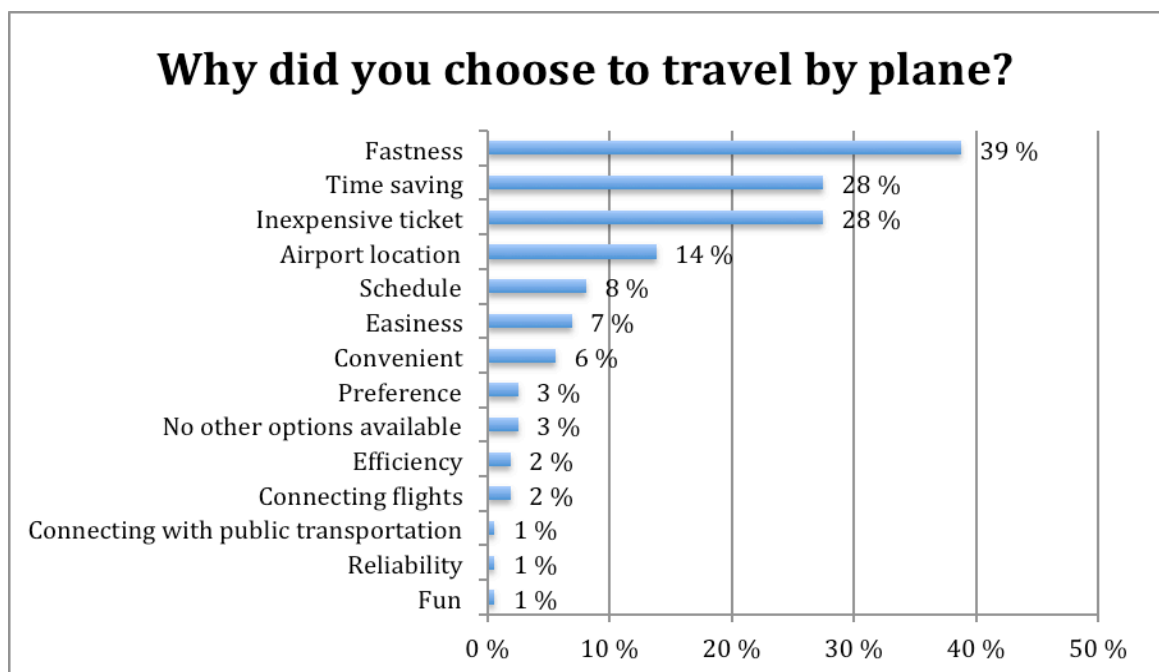
FIGURE 27. Factors affecting the choice of transportation (n=160).

The weight of different factors on the criteria selection. The respondents were asked to evaluate on a scale from 1 to 4, how important are the 12 given factors when they are choosing their form of transportation. The different grades on the scale are read as following: 1 = not important at all, 2 = somewhat not important, 3 = somewhat important, 4 = very important. The results are cross tabulated with the respondents' purpose of travel, to point out the differences between the criteria selection between business and leisure travellers and the passengers visiting their friends and relatives. The presented charts consist of four separate percentage distribution bars, three of them presenting the factor's importance to different passenger types and one presenting the total distribution between all the respondents.

Price. As it can be seen from the chart, the respondents who travel to visit their friends and relatives, value the price aspect the most. 84% of these passengers state that the price-factor is very important for them. 11% evaluate price to be somewhat important and only two (5%) respondents among this passenger type state that price is somewhat not important for them. None of the respondents visiting their friends and relatives evaluated the price-factor as not important at all. 2% of business and leisure travellers state that price is not at all important factor once they are choosing their form of transportation, i.e. in total, only two (1%) respondents evaluated price as not important factor.

Among the different passenger profiles, the importance of price was the smallest for business travellers. This supports Verhelä (2000, 60) and Middleton's (1994, 87-88) suggestion on that business travellers do not put the same value on the price-factor as leisure travellers do. However, 94% of the business travellers state that price is very or somewhat important factor in their decision making. Therefore, if one looks from the chart the percentages for very or somewhat important for every passenger type, it can be seen that for every type 94-95% of the respondents state that price is important in their decision making and this again sets business travellers on the same line with other profiles.
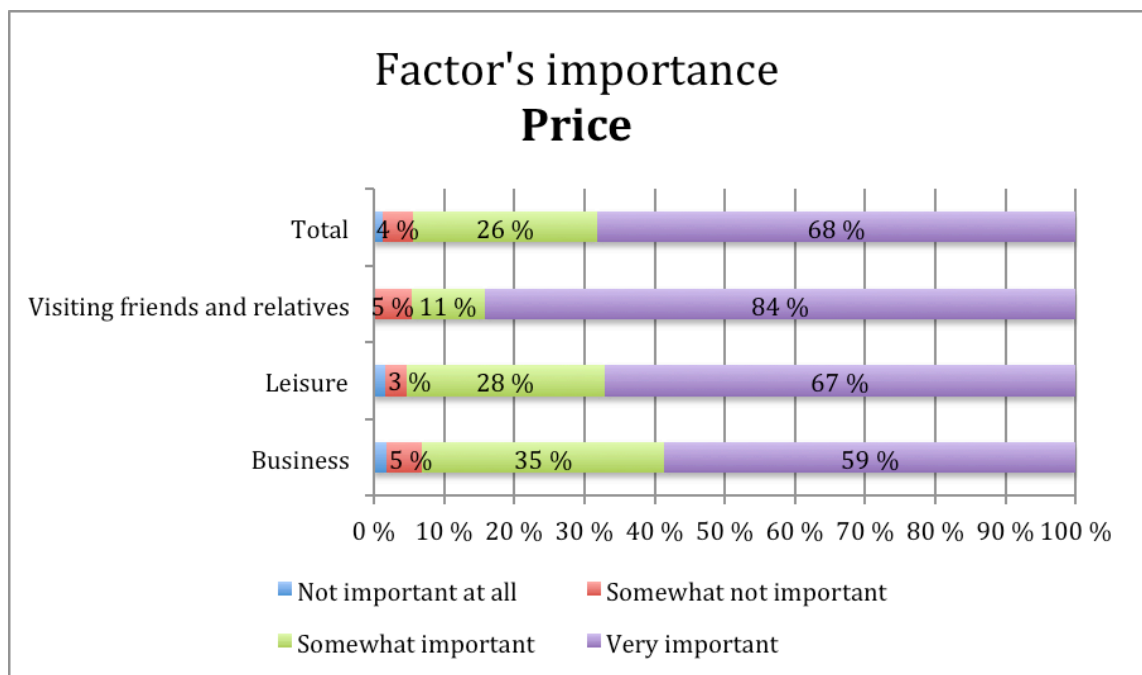
FIGURE 28. Factor's importance, price (n=160).

Service. The respondents were asked to evaluate service's importance when they are choosing their form of transportation. 69% of the business travellers evaluate that service is very or somewhat important for them. The result supports Page's (2007, 266) suggestion that business travellers value high-quality service on their travel. As it can be seen from the chart, compared to the other passenger types, business travellers value the service-factor the most, as 40% of leisure travellers and 48% of the passengers visiting their friends and relatives state that service is somewhat not important or not important at all when they are choosing their form of transportation. Only 2% of business travellers state that service-factor is not at all important for them, the corresponding percentage being 6% for passengers visiting their friends and relatives and 8% for leisure travellers. In total 8 (5%) of the 160 respondents feel that service is not an important factor in their criteria selection.
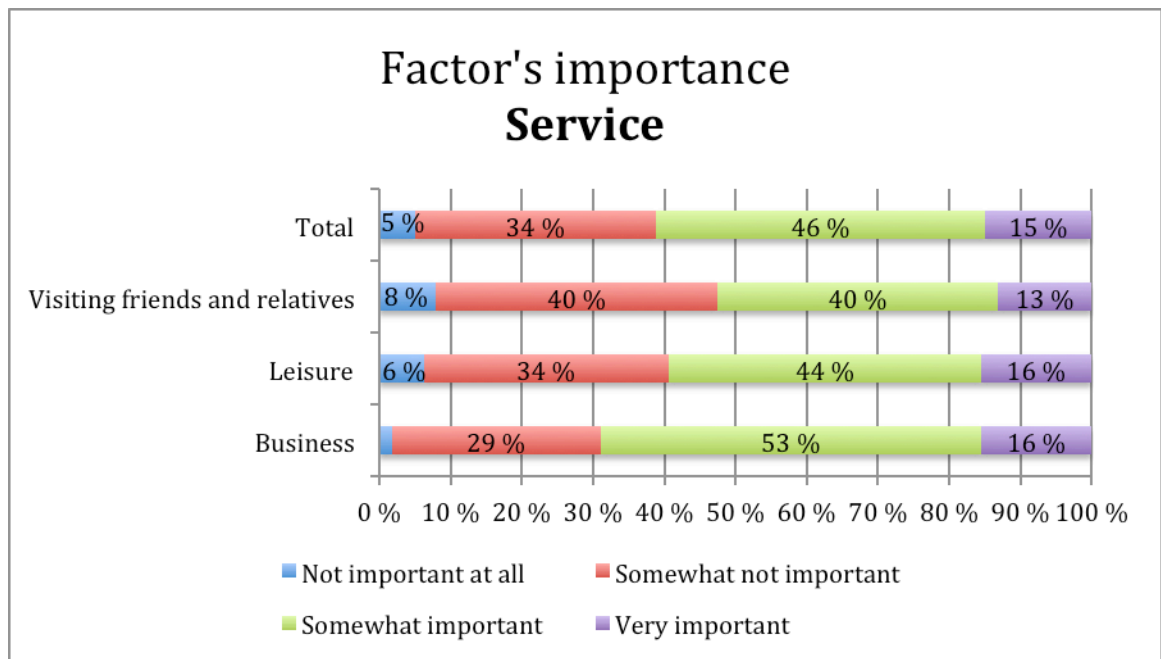
FIGURE 29. Factor's importance, service (n=160).

Reputation. The transportation company's reputation is very or somewhat im-
portant for 63-75% of the respondents within every passenger type. 25% of the
leisure travellers state that the transportation company's reputation is very im-
portant for them, as for respondents visiting their friends and relatives the reputa-
tion-factor is important for 13% of the respondents. Half of the respondents for
every passenger type feel that the company's reputation in somewhat important
for them. In total 50 (31%) respondents evaluate the reputation-factor is somewhat
not important or not important at all when they are choosing their form of transpor-
tation. 11% of the respondents visiting their friends and relatives say that reputa-
tion is not important at all for them, when the corresponding percentage for busi-
ness and leisure travellers is only 5%.

As discussed on Chapter 4, the goal of PR is to create goodwill and positive atti-
tudes toward the company and its services and aim to maintain awareness and
the positive attitudes with their activities (Middleton 1994, 169). Evans & Bratton
(2008, 36, 38) stated that marketers should never try to control the genuine shar-
ing of information and experiences on social media, and therefore the role of PR
should be emphasized. The results showed that the company's reputation has a
high effect on the respondents' decision making. This supports Middleton's (1994,
163) statement that advertising and public relations (PR) are the key elements of
marketing communication.
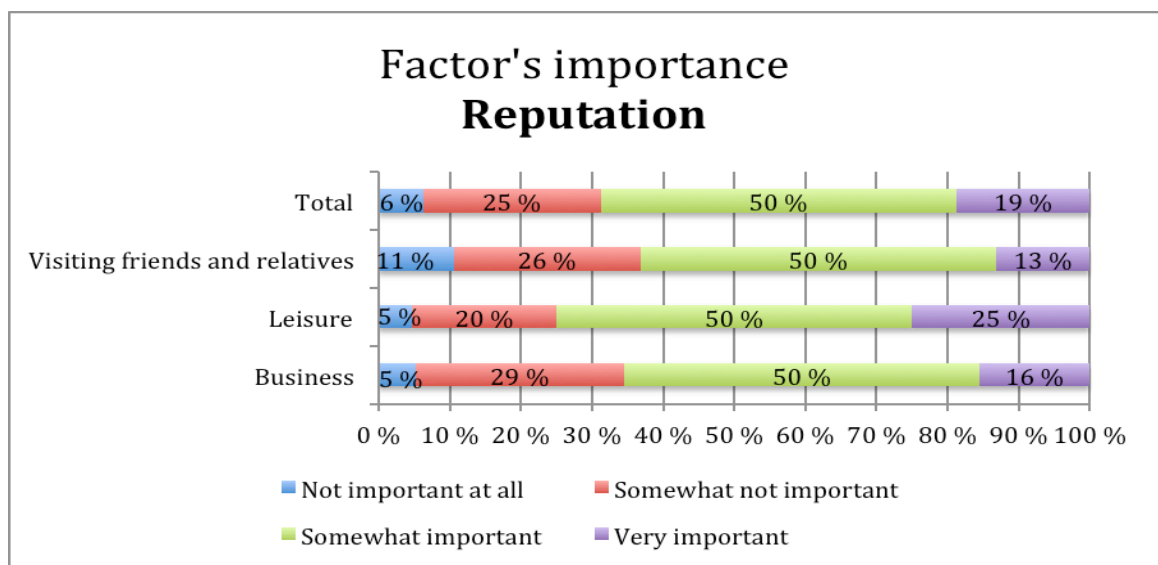
FIGURE 30. Factor's importance, reputation (n=160).

Fast transportation. The chart shows, that almost every respondent evaluates fast transportation as an important factor when they are choosing their form of transportation. 53% of leisure travellers state that they find fast transportation to be very important and 44% evaluate fast transportation to be somewhat important. Only 3% of leisure travellers feel that fast transportation is somewhat not important. Similarly to leisure travellers, 97% of the respondents visiting their friends and relatives state that fast transportation is very or somewhat important factor in their criteria selection. All the business travellers state that fast transportation has an effect on their decision making. 67% of business travellers feel that fast transportation is very important for them and the remaining 33% evaluated the factor to be somewhat important when they are choosing their form of transportation. None of the respondents state that fast transportation is not important at all.
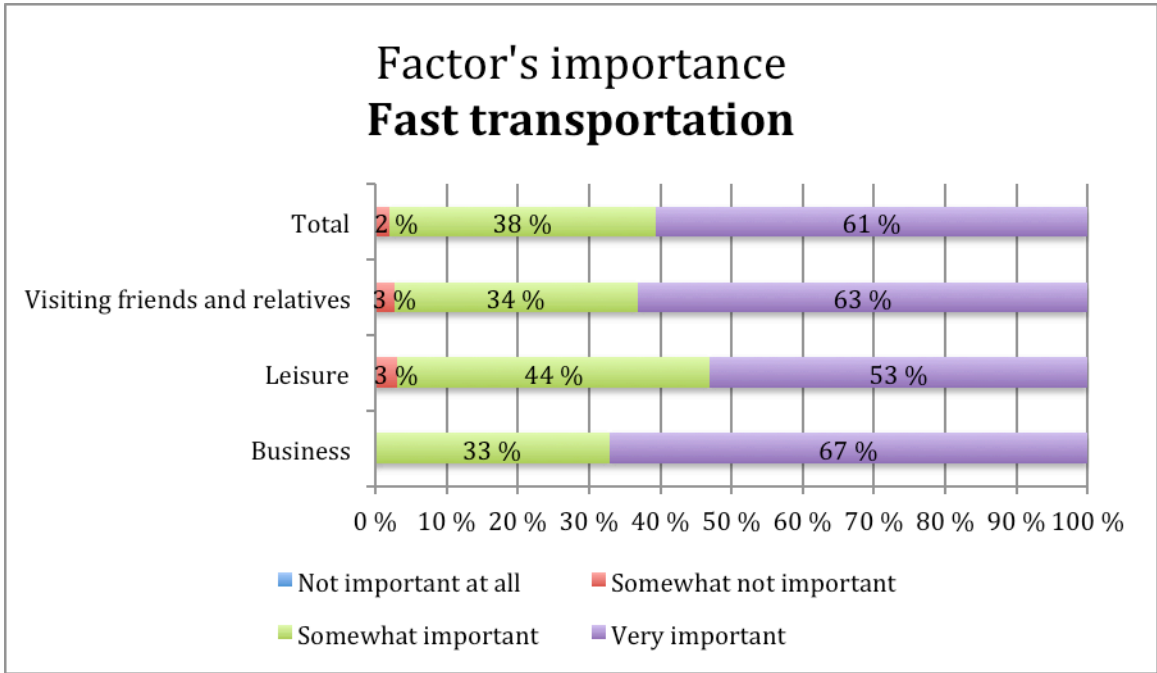
FIGURE 31. Factor's importance, fast transportation (n=160).

Punctuality. The respondents were asked to evaluate the importance of punctuality when they are choosing their form of transportation. In total 59% of the respondents state that punctuality is a very important factor affecting their criteria selection. 36% of all the respondents find the transportation company's in-time performance to be somewhat important. Only 8 (5%) respondents evaluate punctuality to be somewhat not important and none of the respondents find punctuality as not important at all. As discussed previously, Page (2007, 266) suggests that in addition to high-quality service and trouble-free travelling, business travellers value transportation's punctuality. Compared to the other passenger types, punctuality appears to be more important for business travellers in their criteria selection and therefore the results support Page's statement.
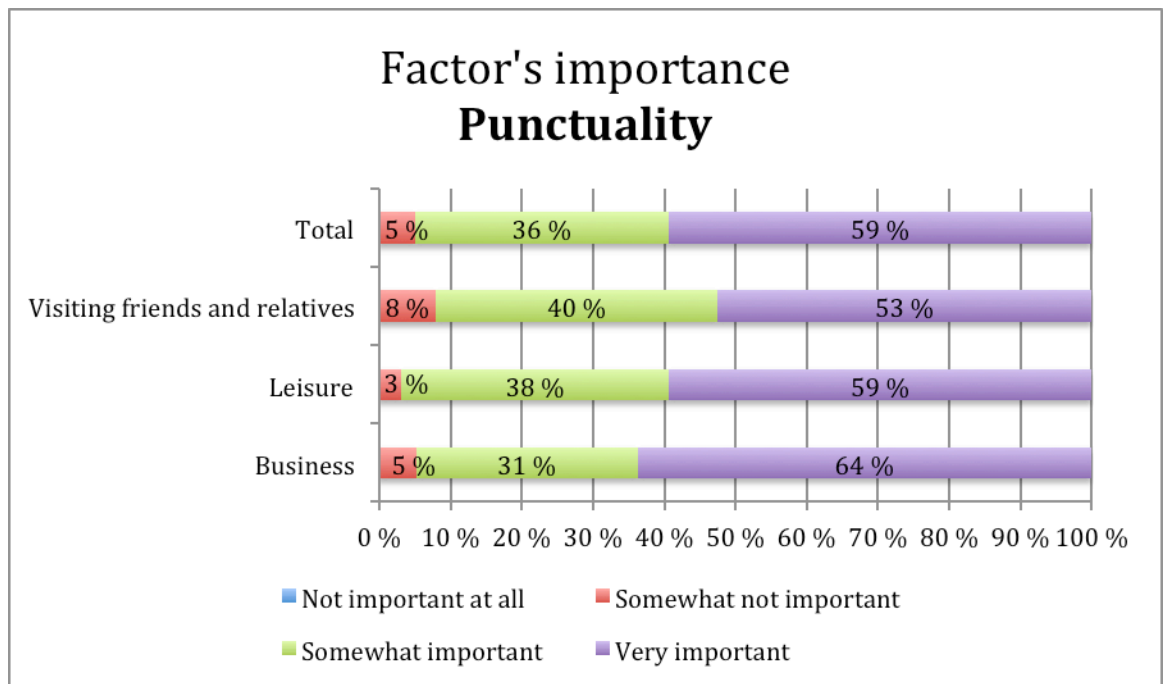
FIGURE 32. Factor's importance, punctuality (n=160).

Safety. In total 59% of the respondents state that safety is very important factor when they are choosing their form of transportation. 33% of the respondents find safety as somewhat important, 6% somewhat not important and 3 (2%) respondents state that safety is not an at all important in their decision making. As it can be seen from the chart, leisure travellers value the safety-factor the most compared to the other passenger types. 96% of leisure travellers consider safety on some level, when they are choosing their form of transportation and only three (5%) of the leisure travellers state that they find safety to be somewhat not important or not important at all.
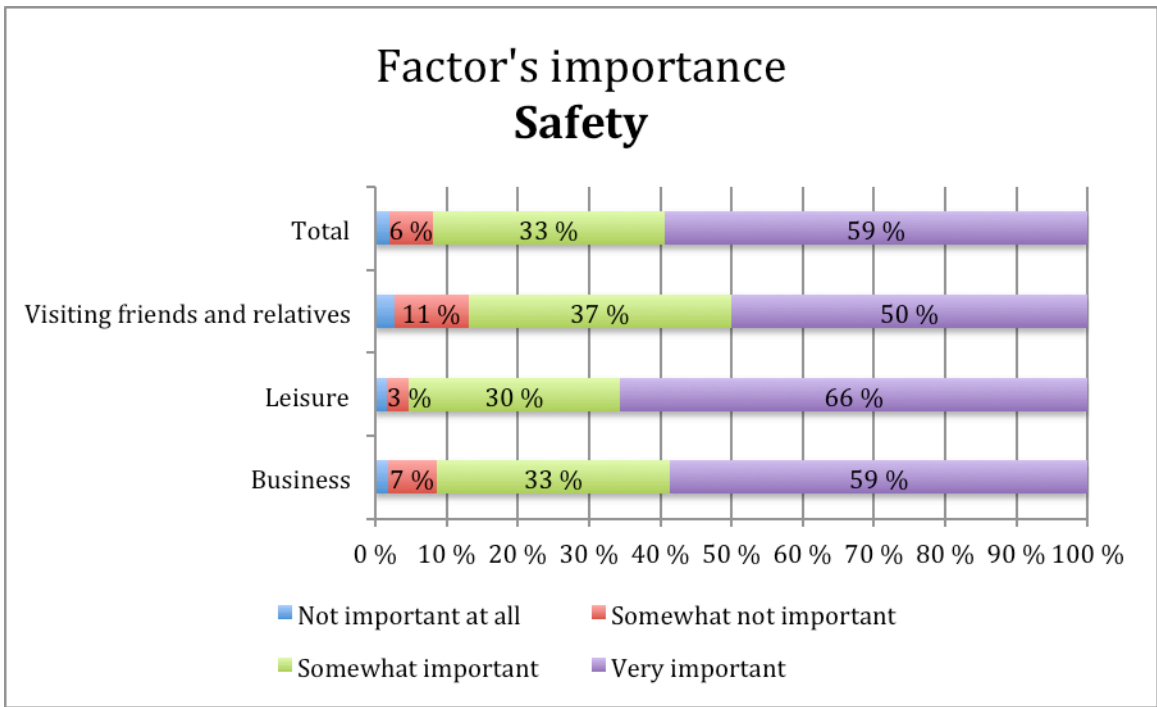
FIGURE 33. Factor's importance, safety (n=160).

Timetable. The respondents were asked to evaluate timetable's importance in their decision making. It can be seen from the chart that timetable has most weight on business travellers' decision making. 64% of the respondents, who are travelling for business, state that timetable is very important for them, and 36% of business travellers evaluate timetable to be somewhat important, i.e. all the respondents who are travelling for business include timetable-factor into their decision making. 95% of leisure travellers state that timetable is very or somewhat important factor when they are choosing their form of transportation. Only 2% of the respondents who are travelling for leisure purposes find timetable not at all important. 14% of the respondents who are visiting their friends and relatives do not put weight on timetable when they are choosing their form of transportation; four respondents find timetable as somewhat not important and one respondent as not at all important. In total 92 (58%) respondents evaluate timetable as a very important factor and 60 (38%) respondents as somewhat important. From the remaining eight respondents, six (4%) feel that timetables are somewhat not important and only two (1%) respondents put no weight to timetable-factor in their decision making.
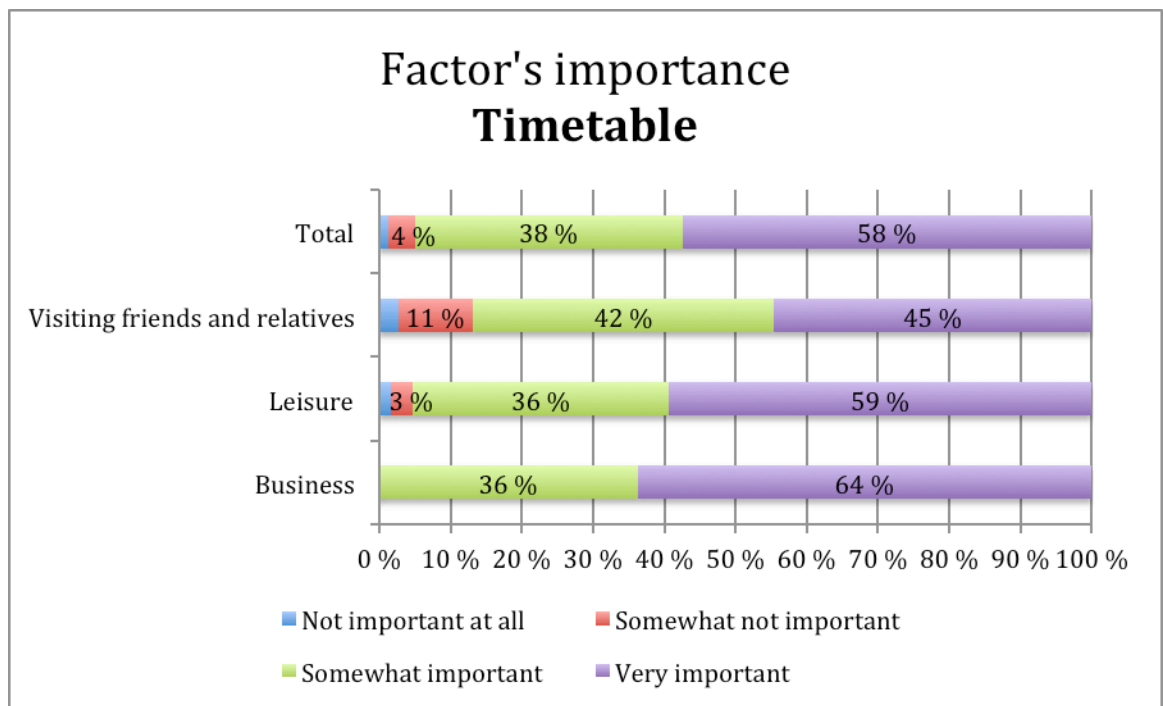
FIGURE 34. Factor's importance, timetable (n=160).

Accessibility. In total, 51% of the respondents state that accessibility is very important factor in their criteria selection. 38% of the respondents find accessibility as somewhat important and 10% as somewhat not important. Only three (2%) respondents feel that accessibility-factor is not important at all when they are choosing their form of transportation. Accessibility is very or somewhat important for 86-90% of the respondents within every passenger type. As discussed on Chapter 4, customers appreciate accessibility, and therefore tend to purchase the service where it requires least effort. The location of sales channels (accessibility) has a strong effect on the customers' decision making, and therefore the results support Middleton's (1994, 201) suggestion that choosing the appropriate channels is the company's most important decision.

57% of the respondents travelling for business state that accessibility is very important factor in their decision making as the corresponding percentage for respondents visiting their friends and relatives is 37%. 89% of the respondents travelling for leisure evaluate accessibility to be very or somewhat important factor in their decision making. The percentage supports Middleton's (1994, 87-88) theory that accessibility is one of the five things that leisure travellers weigh, when making decisions within the field of tourism and transportation.
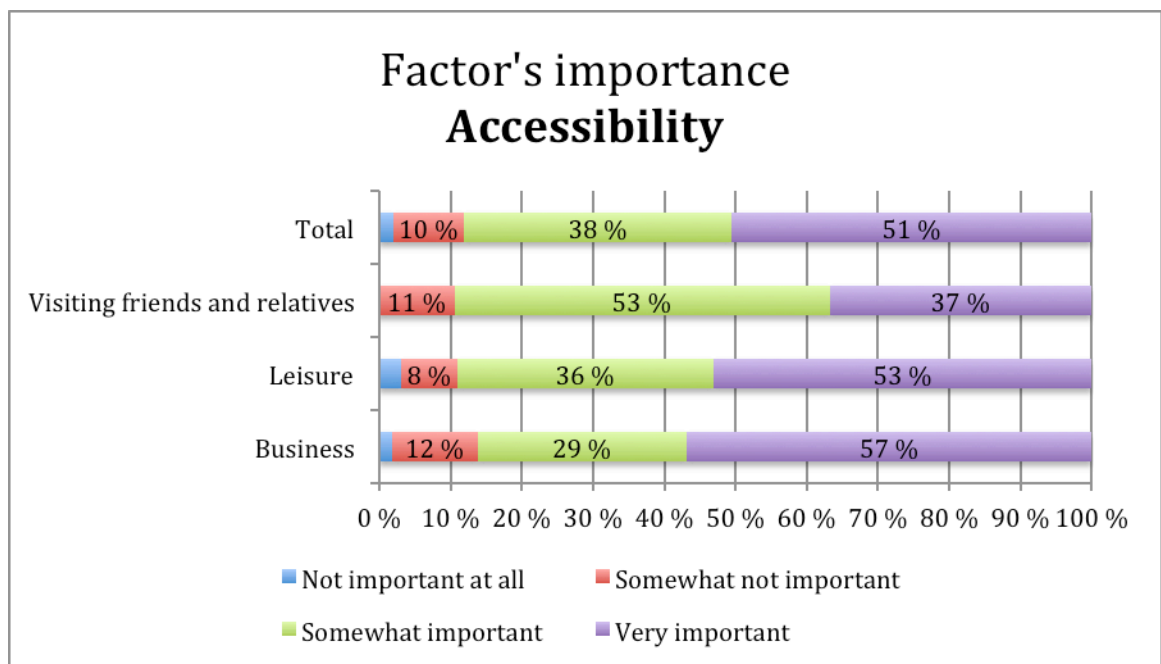
FIGURE 35. Factor's importance, accessibility (n=160).

Company. As it can be seen from the chart, the company offering the transportation is not among the most important factors when the international aviation passengers are choosing their form of transportation. In total 21% of the respondents state that the operating company is not important at all in their criteria selection, whilst 5% of the respondents feel that the company is very important when they are evaluating the different options of transportation. As presented earlier, 66% of the respondents have not travelled with the airline before. Therefore the results support Ruskin-Brown's (2006, 104) theory that for first-time purchasers, external features like brand logo do not have as much influence as the internal features. From the company's perspective, it would be beneficial if the company-factor would be important in the respondents' decision making as Middleton (1994, 64) suggests that if the company is able to brand their products, it will result in brand-loyalty and strong customer relationships.

The results show that the company offering the transportation has most effect on leisure travellers' decision making. 44% of the respondents, who categorise themselves as leisure travellers, state that the operating company is very or somewhat important factor when they are choosing their form of transportation. The respondents visiting their friends and relatives put the least weight on the company-factor; 53% of these respondents find the company as somewhat not important and 26% state that the factor is not at all important. The results received from business travellers are somewhat similar with responses received from respondents visiting their friends and relatives. 14 (24%) of the respondents travelling for business evaluate company as very or somewhat important and the remaining 76% feel that the company is somewhat not important or not at all important factor in their criteria selection.
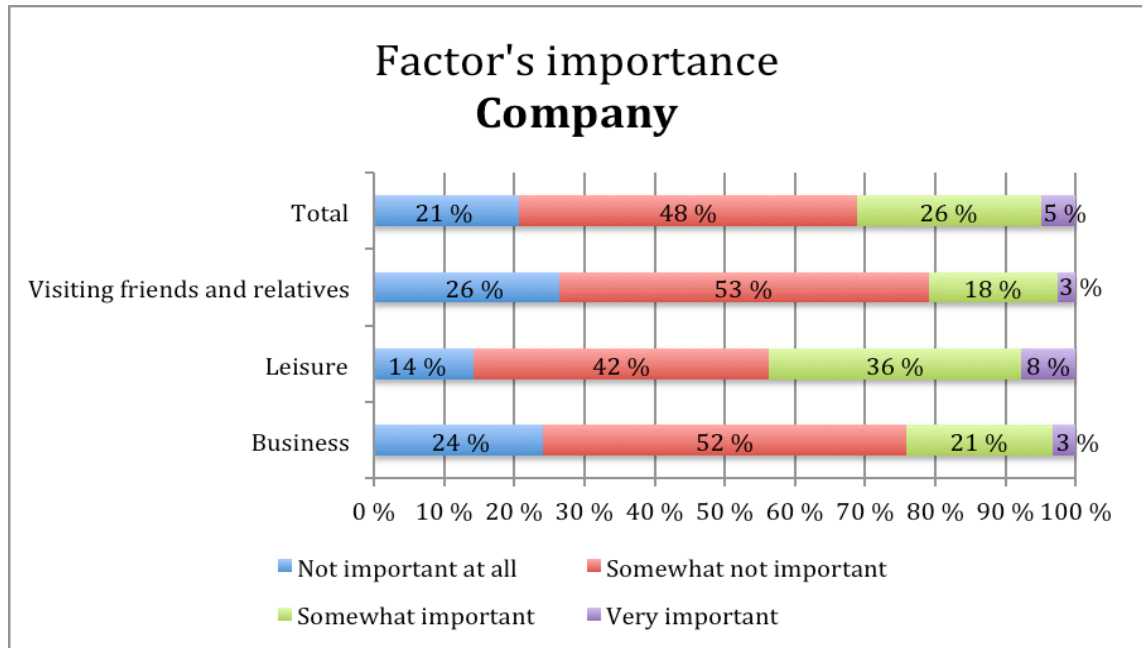
FIGURE 36. Factor's importance, company (n=160).

Environmental friendliness. Chapter 3 discussed how environmental friendliness has become one of the airlines' competitive weapons. It was stated that people are becoming more environmentally conscious and a small percentage of people already make their choices based on the environmental factors. The result supports this statement as in total 13% of the respondents evaluated environmental friendliness to be very important when they are choosing their form of transportation. 37% of the respondents find environmental factors as somewhat important, however up to 50% of the respondents state that environmental friendliness is somewhat or not at all important factor in their decision making. The results differ from the claim that environmental factors are a trend of the future, as based on the results one could suggest that environmental consciousness has already spread into the Nordic markets, changing environmental friendliness into one of today's trends.

It can be seen from the chart, that business travellers' responses differ from the responses received from respondents travelling for leisure of to visit their friends and relatives. 38% of respondents travelling for business state that environmental

friendliness is very or somewhat important when they are choosing their form of transportation whilst 57% of leisure travellers feel that environmental friendliness has an effect on their criteria selection. 16 of the 58 respondents travelling for business evaluate environmental factors as not important at all. The results show that compared to the other passenger types, business travellers value environmental factors the least. Environmental friendliness has the most effect on leisure travellers' decision making.
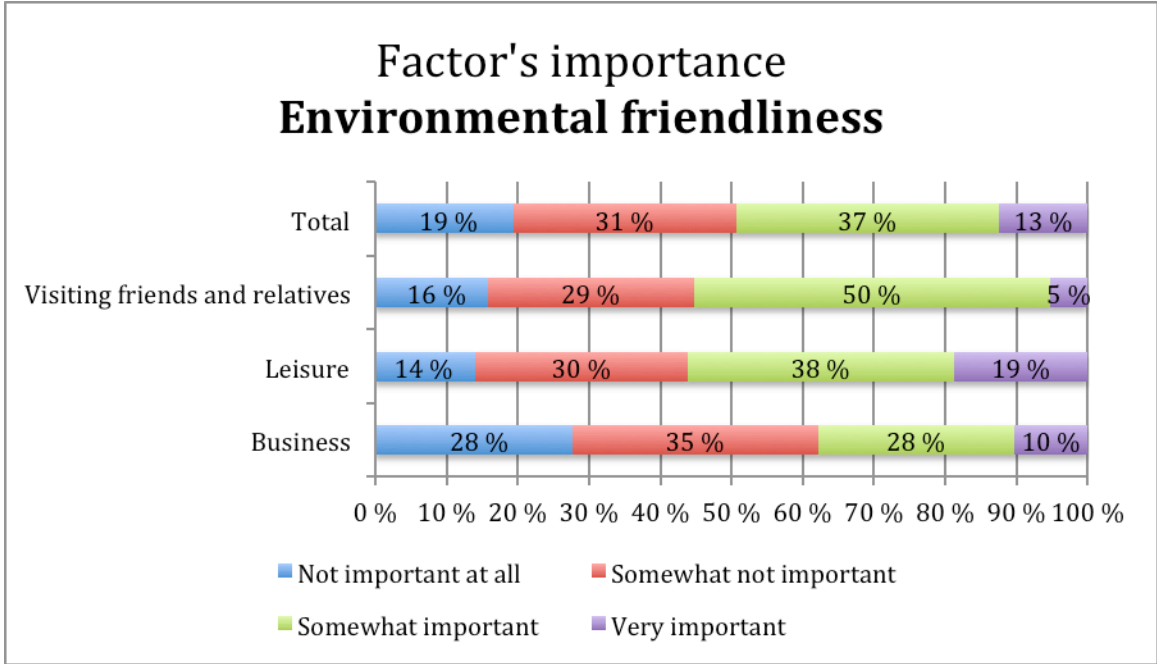

FIGURE 37. Factor's importance, environmental friendliness (n=160).

Credibility. The respondents were asked to evaluate credibility's importance when they are choosing their form of transportation. 11% of the respondents who are visiting their friends and relatives state that credibility is very important factor in their decision making and up to 68% evaluate credibility as somewhat important. 29-30% of the respondents travelling for business or leisure feel that credibility is very important. In total 124 of the 160 respondents assess the credibility-factor in their criteria selection. 23% of the respondents state that credibility is somewhat not important or not important at all when they are evaluating the different options of transportation. Only 9 (6%) of the respondents do not evaluate credibility when they are choosing their form of transportation.
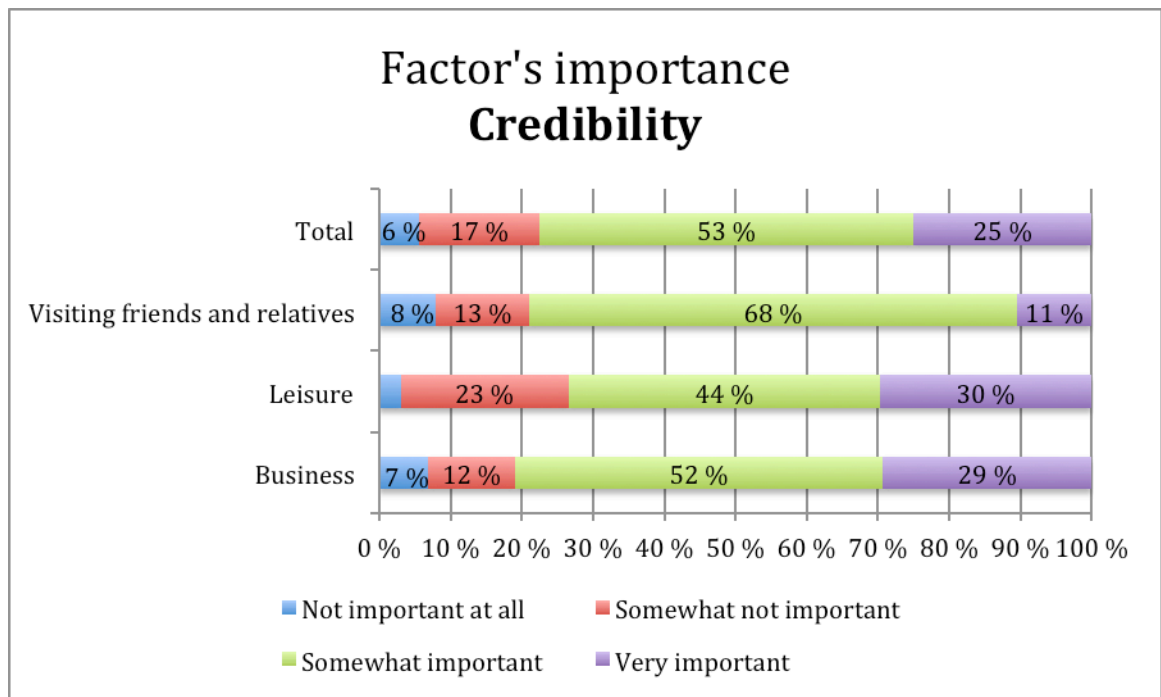
FIGURE 38. Factor's importance, credibility (n=160).

Understanding the customer. In total 28% of the respondents state that under-standing the customer is an important factor when they are evaluating the different options of transportation. 15% of the respondents feel that understanding the cus-tomer is somewhat not important and 7 (4%) respondents state that this factor is not among the criteria's they evaluate in their decision making. The company's ability to understand the customer is somewhat important for 52-53% of the re-spondents within every passenger type. 36% of the leisure travellers state that the company's ability to understand the customer is very important for them, as for respondents visiting their friends and relatives the factor is important for 21% of the respondents. As it can be seen from the chart, the number of respondents evaluating the company's ability to understand the customer as somewhat not im-portant or not important at all is highest within the respondents visiting their friends and relatives. The corresponding percentage is the lowest among the leisure trav-ellers. 7% of respondents travelling for business state that understanding the cus-tomer is not important at all when they are choosing their form of transportation, being the highest percentage among all passenger types.
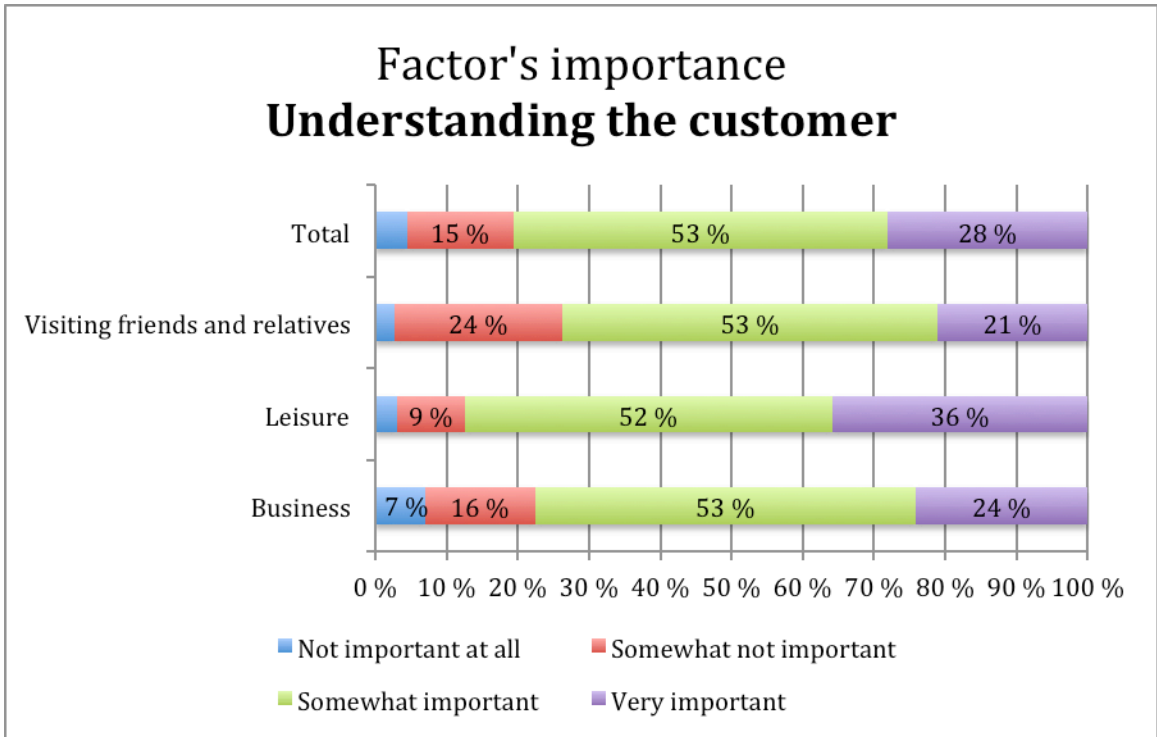
FIGURE 39. Factor's importance, understanding the customer (n=160).

Other factors affecting the respondents' choice of transportation. The respondents were asked to state what other factors they find important when they are choosing their form of transportation. Three factors were repeated in several responses. In addition to the factors evaluated on question 19, the respondents state that clear and easy homepages, airport's location and connecting transportation to the airport affect their decision making. Many respondents state that user-friendly internet pages and online reservation system are important when they are choosing their form of transportation: *"A clean and understandable website for ordering tickets, no "hidden" or extra fees."* The respondents value simple internet pages where the price information is clearly stated. 20 respondents find the airport's location to be very important. One respondent stated that *" - - landing to this airport allows me to save money and time."* (unofficial translation). The respondents value good connections to/from the airport, one respondent explained that: *"Trips often include a connecting transportation, for example train or taxi onward from the airport. The choice of transportation is often the one that offer best connections at the end."* (unofficial translation).

Eight of the respondents state that they evaluate the overall time of transportation, the respondents want to save time and travel as efficiently as possible. A few respondents pay attention to the price of transportation, transportation company's staff's rights and convenience. Two of the respondents state that it is important that they are treated with respect and that the company staff intervenes if other passengers are misbehaving or causing disturbance. Some respondents weigh the check-in times in their criteria selection; *"- - check-in one hour before departure is not for me. One should be able to check-in online or the minimum check-in time at the airport should be shorter (e.g. 30 min)."* (unofficial translation). Most of the received responses are scattered, i.e. one factor is mentioned only by one or two respondents. Other factors that the respondents consider before choosing their form of transportation are; transportation company's luggage regulations, direct flights, effectiveness, honesty and ability to work during the travel. One respondent aims to choose an option that is child-friendly. One respondent evaluates the transportation company's advertising's validity: *"The presented price should be the final price - - I do not like that companies advertise one price, which then turns out*

to be higher because of extra services or additional fees." (unofficial translation). 15 of the respondents feel that the factors evaluated on question 19 cover all the factors that are important when they are choosing their form of transportation.

5.5 Summary of the results

The results show that the airline's passengers on the route between two Nordic countries represent both genders, although somewhat more of them are men. The passenger base consists of a wide range of different age groups, the weight however being between the ages 31-50. Majority of the passengers is in working life, one third working in higher managerial tasks. 92% of the airline's passengers on the route between two Nordic countries are residents of the countries of departure and destination. A small percentage of the passengers come from a range of other countries. The results tell that majority of the passengers are living in the cities where the airport is located; one fifth of the residents of either country of departure or destination are living in other cities within the country. The purposes of the passengers' travel are somewhat evenly distributed, majority of them travelling for leisure. The results show that the business passengers are most commonly working for companies that employ less than 50 or more than 150 employees. Vast majority of the airline's passengers are travelling to the Nordic country, having no connecting flights.

Majority of the airline's passengers travel by plane monthly or less frequently. If the passengers were to choose another form of transportation when their travel exceeds three hours, majority of them would travel by train, as the passengers feel that train is more convenient, time saving and environmentally friendly. The results show that the airline's biggest competitors on the route between two Nordic countries are SAS and Norwegian.

One third of the passengers have travelled with the airline before and a majority of them choose the airline when inexpensive tickets are available for the flight. It was discovered that airline's performance in overall is experienced as somewhat satisfying. The passengers are most satisfied with the airline's performance in punctuality, easiness and information's accessibility. Suggestions for improvement concerned mainly the airline's internet pages, customer service's accessibility and the existing timetable. 87% of the passengers are willing to recommend the airline to their colleagues and friends.

Majority of the passengers choose to travel by plane to benefit from the fast and time saving transportation and the inexpensive ticket prices. The results tell that the three factors that have the most effect on the passengers' decision making when they are choosing their form of transportation are price, fast transportation and punctuality. As discussed previously, the factors were evaluated on a scale from 1 to 4, 1 being not important at all and 4 being very important. The means of the received responses are presented on Figure 40.
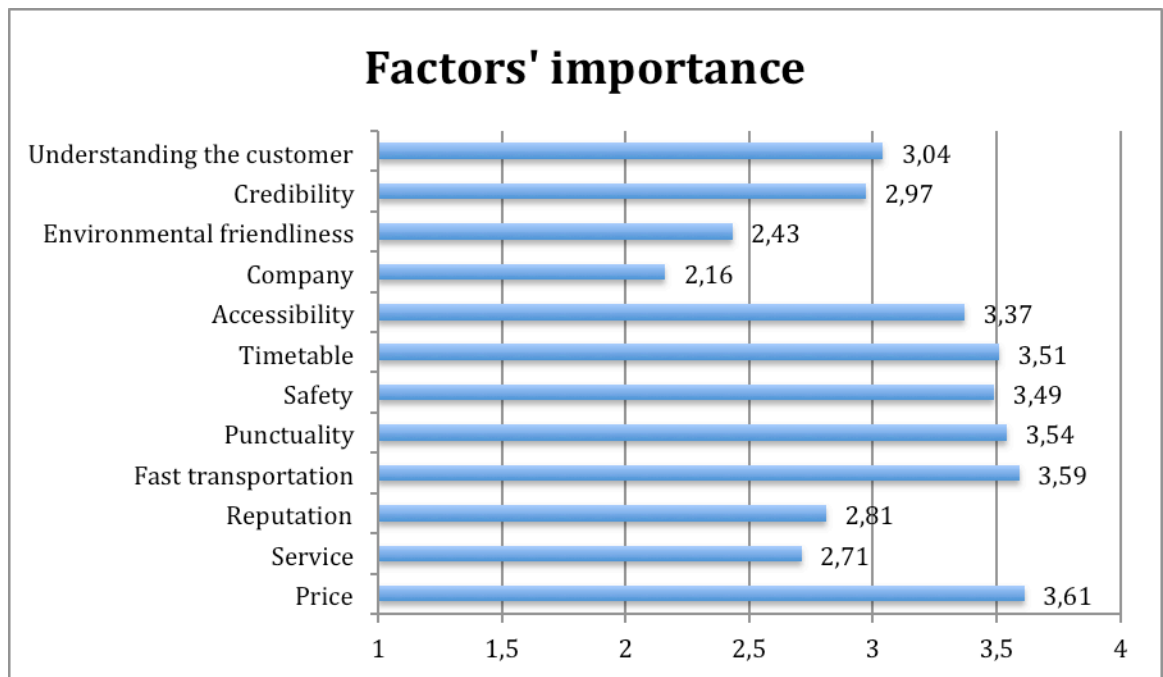
FIGURE 40. Factors' importance (n=160).

Passengers who are travelling to visit their friends and family as well as leisure travellers find price to be the most important factor when business travellers value fast transportation the most. For all passenger types, their decision making is least affected by the company offering the transportation and environmental friendliness.

6 CONCLUSIONS AND SUMMARY

The competition in the aviation industry has increased, and therefore it is important for the airline to understand which factors the passengers value and which benefits they seek from the offered services. By understanding these factors, the airline will be able to clarify their pricing and route strategies in a way that serves the passenger in the most effective way. To be able to clarify their strategies and develop their services, the airline needs to discover the experienced quality of their current performance, the most important factors affecting the passengers' choice of transportation and the differences in the criteria selection between different passenger types. Clarifying the current strategies in such way that the passengers' needs are met, helps the airline to form strong customer relationships and to strengthen their position as a service provider on the route between two Nordic countries.

Majority of the respondents are satisfied with the airline's current performance, however the results show that for every factor, 20-40% of the respondents feel that the performance should be improved. The airline should review their performance in comfort, credibility and understanding the customer. Partial lack of credibility can make it harder for the airline to increase their market share, as today majority of people gain knowledge about the company from their acquaintances and the internet. If these sources transmit untrustworthiness, it will have an effect on the airline's ability to gain new customers. Adding credibility by delivering the services as per the terms of purchase and customer-orientation into their services, the airline will most probably improve their market position and form a stable customer base.

The most important factor for the passengers travelling on the route between two Nordic countries is price. In total 109 of the 160 respondents stated that price is very important when they are choosing their form of transportation and 42 re-

spondents evaluated price as somewhat important, i.e. 151 of the 160 respondents state that they consider the transportation's price before choosing their form of transportation. The passengers are aiming to maximise the value they get in return for the money they use for the purchase. The airline can either decrease the prices of their services or add the services' value by differentiation and/or by offering extra benefits, e.g. complementary snacks/beverages, included in the price.

The passengers visiting their friends and relatives and leisure travellers indicated that they value price-factor the most when they are evaluating the different options of transportation. The difference can be seen in the business passengers' criteria selection. Where the other two passenger types value price, business passengers value fast transportation. This supports the profile's characteristics discussed on Chapter 2. Business passengers are travelling for work, and therefore effective transportation is essential factor in their travel. However, it can be seen from the chart that the differences between the criteria selection of different passenger profiles are somewhat minor. The differences in the calculated means vary between 0,14-0,43. The passengers are most consistent on the fast transportation's, punctuality's and accessibility's importance. Most variance in the factor's importance can be seen in environmental friendliness, timetable and company.
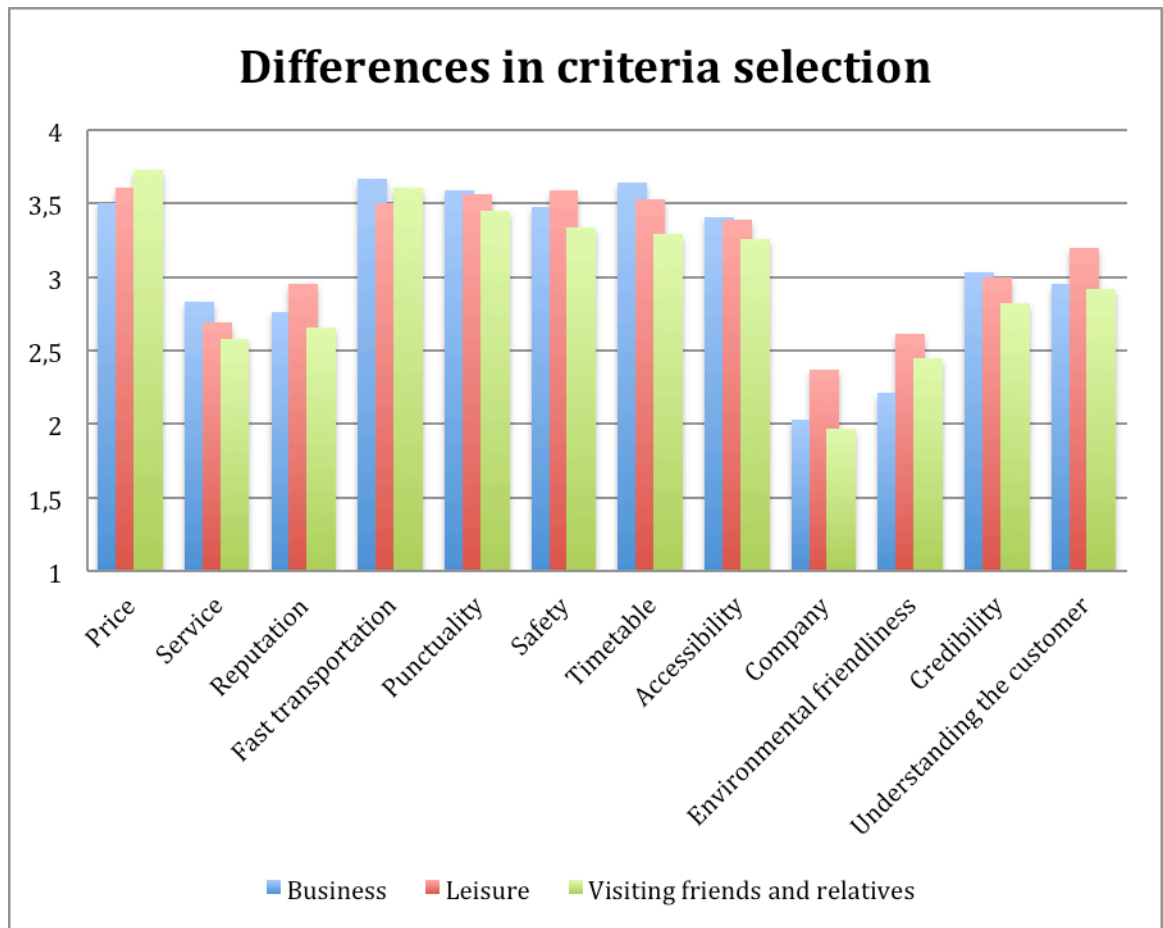
FIGURE 41. Differences in criteria selection (n=160).

The airline can offer value to business travellers by operation's punctuality and by using the time in the most effective way throughout the service-process, from check-in times until the arrival to the destination airport. The most important factors for different passenger types are not conflicting and it is possible for the airline to review their strategies to meet all these needs. The offered service's price-value ratio and transportations quickness can both be reviewed to be beneficial for the passengers without excluding one another.

The airline should compare the experienced quality of their services to the factors that are the most important for the international aviation passengers. This allows the airline to review their operation and improve their services in such way that the passengers' needs are met. The suggestions for technical and service improvements as well as information's accessibility in irregularity situation should be considered as noteworthy.

This research is important for the airline because it allows them to review their route and pricing strategy to meet the passengers' needs and on long term strengthen their position as a service provider on this market. The research should be repeated at regular intervals to follow the experienced quality of the airline's services and to review the strategies to meet the target market's changing needs.

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APPENDICES

Appendix 1. Letter of motivation

If the email is not displayed correctly, click here.

Vilka faktorer inverkar ditt val av transport?

Ifall du besvarar denna enkät så kommer du att hjälpa en student i sin uppsatsarbete. Samtidigt kommer du att delta i ett lotteri med ▮▮▮▮ presentkort som priser. Enkäten är i fyra delar och besvarandet tar ungefär 5 minuter. Alla information kommer att behandlas ytterst konfidentiellt. Svarstiden tar slut 23.3.2012.

Till enkät >>

What factors do you find important when you are choosing your form of transportation?

By answering this survey you will help a student with her thesis and enter a lottery to win one of the drawn ▮▮▮▮ gift cards. The survey consists of four parts and answering will take about 5 minutes. All the information will be kept extremely confidential. The response time ends 23.3.2012.

To questionnaire >>

Appendix 2. Questionnaire

Thank you for taking the time and answering this survey.

By answering this survey you will help a student with her thesis and enter a lottery to win one of the drawn airline's gift cards.
The survey consists of four parts and answering will take about 5 minutes. All the information will be kept extremely confidential.
The response time ends 23.3.2012.

General information (1/4)

---

1. Gender *

○ Male

○ Female

---

2. Age *

○ < 20

○ 21-30

○ 31-40

○ 41-50

○ 51-60

○ 61-70

○ 70 <

---

3. Current residence *

---

4. Nationality *

---

5. Profession *

○ Employee

○ Professional

○ Managerial employee

○ Entrepreneur

○ Pensioner

○ Student

○ Other, what?

Travel information (2/4)

6. What is your purpose of travel? *

○ Business

○ Leisure

○ Visiting friends and family

7. If you are on a business trip, what size company do you work for?

○ 1-10 employee(s)

○ 11-50 employees

○ 51-100 employees

○ 101-150 employees

○ 150+ employees

8. Are you travelling to the Nordic country or do you have a connecting flight? *

○ To the Nordic country

○ I have a connecting flight

Previous travels (3/4)

9. How often do you travel by plane? *

○ Weekly

○ 2-3 times a month

○ Monthly

○ Less frequently

10. If you usually prefer other forms of transportation over flying when your travel exceeds three hours, please explain why

11. What other airlines have you used when travelling from the Nordic country to the Nordic country? *

12. How did you hear about the airline? *

○ TV

○ Radio

○ Newspaper or magazine

○ Internet

○ Social media

○ Friend, family member or a co-worker

○ Other, where?

13. Have you travelled with the airline before? *

○ Once

○ 2-4 times

○ 5-10 times

○ More than 10 times

○ I have never travelled with the airline before

If you answered "I have never travelled with the airline before", please move on to question number 18.

14. When do you choose the airline as your carrier?
○ When the inexpensive tickets are available for the flight
○ When the timetable responds to my needs
○ When the airline offers the most convenient route/routing
○ I choose the airline always when possible

15. How have your experiences with the airline been? Please evaluate on a scale from 1 to 4 how has the airline performed on these following factors.
1 = poorly, 2 = somewhat unsatisfactorily, 3 = somewhat satisfactorily, 4 = very good

	1	2	3	4
Service	○	○	○	○
Punctuality	○	○	○	○
Reliability	○	○	○	○
Comfort	○	○	○	○
Easiness	○	○	○	○
Information's accessibility	○	○	○	○
Credibility	○	○	○	○
Understanding the customer	○	○	○	○

Optional explanation

16. What should the airline develop in their services?

17. Would you recommend the airline to your colleagues and friends?

○ Yes, absolutely

○ Yes, I already have

○ Yes, but with certain reservation

○ No

Optional explanation

_____

Important factors in transportation (4/4)

*Required

---

18. Why did you choose to travel by plane? *

---

19. How important on a scale from 1 to 4 are the following for you when you are choosing your form of transportation? *

1 = not important at all, 2 = somewhat not important, 3 = somewhat important, 4 = very important

	1	2	3	4
Price	○	○	○	○
Service	○	○	○	○
Reputation	○	○	○	○
Fast transportation	○	○	○	○
Punctuality	○	○	○	○
Safety	○	○	○	○
Timetable	○	○	○	○
Accessibility	○	○	○	○
Company	○	○	○	○
Environmental friendliness	○	○	○	○
Credibility	○	○	○	○
Understanding the customer	○	○	○	○

---

20. What other factors do you find important when you are choosing your form of transportation? *

Thank you for your time!

If you wish to participate to the gift card lottery, please fill in your contact details (name, address, phone number and e-mail address) below. All the information will be kept extremely confidential and will be used only in the lottery. This information will not be connected to the given answers at any stage of the process.

_____

Appendix 3. Enkät

Tack för att du offrar Din tid och besvarar denna enkät.

Ifall du besvarar denna enkät så kommer du att hjälpa en student i sin uppsatsar-
bete, samtidigt kommer du att delta i ett lotteri med flygbolagets presentkort som
priser. Enkäten är i fyra delar och besvarandet tar ungefär 5 minuter. Alla informat-
ion kommer att behandlas ytterst konfidentiellt.
Svarstiden tar slut 23.3.2012.

Allmän information (1/4)

*Obligatorisk

---

1. Kön *

○ Man

○ Kvinna

---

2. Ålder *

○ < 20

○ 21-30

○ 31-40

○ 41-50

○ 51-60

○ 61-70

○ 70 <

---

3. Nuvarande stad *

---

4. Nationalitet *

---

5. Yrke *

○ Anställd

○ Tjänsteman

○ Förman

○ Företagare

○ Pensionär

○ Studerande

○ Annat, vad?

Information om resan (2/4)

6. Varför reser du? *

○ Arbete

○ Fritid

○ Besöker vänner eller släktningar

7. Ifall du är på arbetsresa, hur stort är ditt företag?

○ 1-10 anställd(a)

○ 11-50 anställda

○ 51-100 anställda

○ 101-150 anställda

○ 150+ anställda

8. Reser du till det Nordiska landet eller har du ett anslutande flyg? *

○ Till det Nordiska landet

○ Jag har ett anslutande flyg

Tidigare resor (3/4)

*Obligatorisk

---

9. Hur ofta reser du med flyg? *

○ Varje vecka

○ 2-3 gånger i månaden

○ Månatligen

○ Allra minst

---

10. Ifall resan varar längre än tre timmar, vilken form av transport skulle du välja? Varför? *

---

11. Vilka andra flygbolag har du använt på resor från det Nordiska landet till det Nordiska landet? *

---

12. Hur fick du veta om flygbolaget? *

○ TV

○ Radio

○ Tidning eller magasin

○ Internet

○ Sociala medier

○ Vän, familjemedlem eller medarbetare

○ Annat, vad?

---

13. Har du rest med flygbolaget förut? *

○ En gång

○ 2-4 gånger

○ 5-10 gånger

○ Mera än 10 gånger

○ Jag har aldrig rest med flygbolaget förut

Ifall ditt svar är "Jag har aldrig rest med flygbolaget förut", fortsätt till fråga nummer 18.

14. När väljer du flygbolaget som ditt flygbolag?
○ När biljetterna är förmånligare
○ När tidtabellen passar mina behov
○ När flygbolaget erbjuder den bekvämaste rutten
○ Jag väljer flygbolaget alltid när det är möjligt

15. Hur anser du att flygbolaget har skött din resa?
Bedöm resan enligt följande: 1 = svagt, 2 = försvarligt, 3 = nöjaktigt, 4= berömligt

	1	2	3	4
Service	○	○	○	○
Punktlighet	○	○	○	○
Tillförlitlighet	○	○	○	○
Bekvämlighet	○	○	○	○
Smidighet	○	○	○	○
Åtkomlighet	○	○	○	○
Trovärdighet	○	○	○	○
Konsument vänlighet	○	○	○	○

Valfri förklaring

16. Hur anser du att flygbolaget borde utveckla sin service?

17. Skulle du rekommendera flygbolaget till dina medarbetare och vänner?

○ Ja, absolut

○ Jag har redan rekommenderat

○ Ja, men med vissa reservationer

○ Nej

Valfri förklaring

Viktiga faktorer när du väljer din form av transport (4/4)

18. Varför valde du att resa med flyg? *

_____

19. Hur viktiga är följande när du väljer din transportform? *

1 = ingen inverkning, 2 = svag inverkan, 3 = av vikt, 4 = viktigt

	1	2	3	4
Pris	○	○	○	○
Service	○	○	○	○
Rykte	○	○	○	○
Snabb transport	○	○	○	○
Punktlighet	○	○	○	○
Trygghet	○	○	○	○
Tidschema	○	○	○	○
Åtkomlighet	○	○	○	○
Bolag	○	○	○	○
Miljövänskaplighet	○	○	○	○
Trovärdighet	○	○	○	○
Konsument vänlighet	○	○	○	○

20. Finns det andra viktiga faktorer som inverkar ditt val av transport? *

_____

Tack för ditt tid!

Om du vill delta i present lotteriet fyll i blankettens nedre del dina kontaktuppgifter (namn, adress, telefonnummer, e-post adress). Din information kommer att behandlas ytterst konfidentiellt och inte i samband med svaren i denna enkät.