

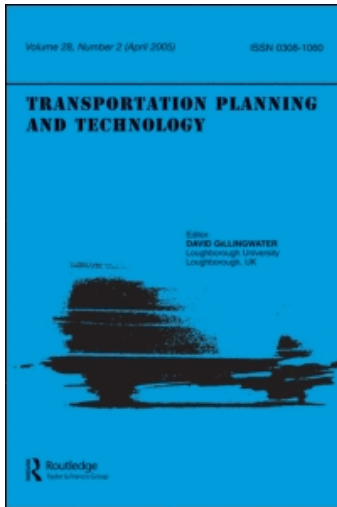
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### Differences in air passengers' buying behaviour: findings from Korean and Australian international passengers

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## Differences in air passengers' buying behaviour: findings from Korean and Australian international passengers

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This paper investigates how air passengers' expectations, ticket price, airline service quality, value, passenger satisfaction and airline image determine their buying behaviour. To test the conceptual frameworks, path analysis was applied to data collected from Korean and Australian international passengers to examine differences between these two groups. Further analyses were undertaken on different passenger segments between national and foreign airline passengers. The results of the path analysis reveal that air passengers' buying behaviour differs significantly between Korean and Australian international passengers. Results also reveal that the determinants of air passengers' buying behaviour differ by airlines.

**Keywords:** passenger expectation; ticket price; service quality; value; airline image; path analysis; passenger behaviour

### Introduction

Understanding the key drivers of airline choice is significant for airline managers to cope with today's competitive airline environment. Airlines need to know how passengers choose airlines and what kind of selection criteria make passengers select specific airlines from their diverse choice options, as this information normally drives marketing strategies and management decisions of airlines. Airline marketing strategies and specific marketing variables which influence passengers' choice of airline can be distinguished as either high or low. Passengers can easily compare choice factors between the airlines and passenger perceptions of different airlines' choice factors can determine the choice of specific airlines when they travel. If airlines can identify how passengers' choice behaviour is influenced by important marketing variables such as ticket price, service quality and airline

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image, they can use such information for developing effective airline management strategies. Therefore, understanding the important factors that influence passengers' selection of an airline is fundamental in achieving growth in today's competitive aviation market (Fourie and Lubbe 2006).

This paper seeks to compare passengers' choice factors and to improve the understanding of passengers' buying behaviour by proposing and testing a comprehensive conceptual framework that considers simultaneously passengers' expectations, ticket price, airline service quality, value, passenger satisfaction, airline image and passenger behaviour. The key drivers of passengers' buying behaviour for different segments of air passengers from Korean and Australian air transport market are investigated in this paper.

The paper is organised as follows. Review of the literature related to expectation, ticket price, service quality, value, customer satisfaction and corporate image are discussed in Section 'Conceptual background'. The research method is described in Section 'Research methodology' and testing is discussed in Section 'Model testing'. Implications are discussed in Section 'Managerial implications' followed by 'Conclusions'.

### **Conceptual background**

This paper proposes a conceptual framework that investigates the effects of passengers' expectations, ticket price, service quality, value, passenger satisfaction and airline image on passengers' buying behaviour. The following discussion presents an overview of relevant literature leading to the establishment of the proposed conceptual framework.

### ***Expectations***

Expectations may be considered as pre-trial beliefs about a product or service and its performance at some future time (Boulding *et al.* 1993). It is important to understand the nature of customers' expectations since expectations are the standards against which customers evaluate service quality. The evaluation of airline service quality is a function of the expectations passengers bring to that service. Passengers are satisfied when an airline's services perform as expected or better than expected. On the contrary, passengers are dissatisfied when an airline's services perform more poorly than expected.

Expectations are an important factor that influence the passengers' overall measurement of service quality and satisfaction with airline service. To deliver the best service to passengers, airlines should understand what passengers need and what they expect because passengers' expectations are among the factors influencing the service decisions of airlines and passengers' buying behaviour indirectly (Aksoy *et al.* 2003, Park *et al.* 2004). Understanding the effect of passengers' service expectations is an

important issue to be investigated in the airline industry, so that airlines can provide better services and develop effective marketing strategies.

### ***Ticket price***

Ticket price is passengers' perception of the overall ticket price at the airline (Chen *et al.* 1994). Ticket price is one of the important factors that have an effect on air passengers' choice of airline. The price sensitivity of the demand for airlines is directly related to the possibilities of substitution between airlines. In the airline industry, almost all potential passengers are price-sensitive purchasers. As the time of departure approaches and discount fares are sold, the percentage of leisure passengers decreases, while the percentage of non-price-sensitive passengers such as business travellers increases (Coulter 2001). Business passengers are less price sensitive because their travel plans are often fairly inflexible and transportation is usually paid for by the company. Therefore, airlines have used price structure to differentiate market segments and objectives on the basis of passenger price sensitivity (Stern 1989).

One aspect of an airline service is perishability that creates an unusual challenge in pricing strategy for airlines. Once the aircraft takes off, the opportunity to sell a vacant seat ends. Hence, the pricing strategy for these perishable services must consider that some price reductions may be warranted as the perishable service moves closer to expiration (Finch *et al.* 1998). To deal with situations where a service becomes available on a specific date, and after that date it either is not available or has aged, the yield management approach which allows the airlines to assign their fixed capacity of seats to various fare categories has been used (Belobaba 1989). Because ticket price is an important driver of passenger satisfaction and passengers' buying behaviour, a discriminatory pricing strategy using yield management has been utilised by airlines in order to alter passengers' choice behaviour and to maximise their revenue.

### ***Service quality***

Service quality is a measure of how well the service level delivered by airlines matches passengers' expectations (Alotaibi 1992). Delivering high service quality has been recognised as the most efficient ways of ensuring that a company's offerings are uniquely positioned in a market filled with look-alike competitive offerings (Parasuraman *et al.* 1991). Companies which implement a customer-driven strategy based on service quality, differ characteristically from those companies which do not, and it is found that the former companies are usually more successful (Whiteley 1991).

Research on the importance of airline service quality has revealed that delivering high quality in the service industries produces cost savings, better

profits and higher market share. In the airline industry, service quality is important because delivering high quality service to passengers is essential for airlines to survive and strengthen their competitiveness. Airline service quality is a significant driver of passenger satisfaction, passenger loyalty and passenger's choice of airline (Ritchie *et al.* 1980, Etherington and Var 1984, Alotaibi 1992, Ostrowski *et al.* 1993, Young *et al.* 1994, Wells and Richey 1996). Therefore, the delivery of high service quality becomes a marketing requirement as competitive pressures on air carriers increase (Ostrowski *et al.* 1993).

### ***Passenger satisfaction***

Passenger satisfaction is a judgement or emotional state made on the basis of the most recent flight's service encounter (Bolton and Drew 1991). Increasing customer satisfaction leads to improved profits, lower marketing expenditures and positive word-of-mouth communication (Reichheld 1990). Most companies posit that there is a strong relationship between customer satisfaction and consumer behaviour, therefore they believe that higher customer satisfaction leads to higher purchase intention and better word-of-mouth communication.

Airlines need to know how their service is meeting their passengers' needs and wants, so that they can enhance their passengers' satisfaction level. In a competitive environment, satisfying passengers in transportation services has a beneficial effect on a carrier's long-term survival (Rhea and Shrock 1987). Since customer satisfaction is a significant determinant of passengers' buying behaviour and therefore crucial to long-term survival of the airline, customer satisfaction is considered as an important variable influencing passengers' buying behaviour.

### ***Value***

This paper defines value in terms of performance of service quality and ticket price paid (Zeithaml 1988, Bolton and Drew 1991). Previous studies have identified perceived value as an important variable of customer satisfaction and customer behaviour (Patterson and Spreng 1997, McDougall and Levesque 2000). It has been proposed that future behavioural intentions are determined in part by value (Bolton and Drew 1991). In making the decision to return to the service provider, customers are likely to consider whether or not they received 'value for money'.

Value is an important factor for airlines because it allows them to gain competitive advantages and it influences passengers' perception of airline service quality and their behavioural intentions. Value-added services such as providing beneficial frequent flyer programmes and having special

promotions are ways in which companies can gain competitive advantages in the airline industry (Dennett *et al.* 2000). Passengers' perception of value is important because their behavioural intentions and satisfaction levels can be influenced by their value perceptions. Therefore, airlines need to provide good value as their passengers seek better value for money when they contemplate air travel.

### ***Airline image***

Airline image can be defined as perceptions of an airline reflected in the associations held in passengers' memories (Keller 1993). Airline image is a significant factor influencing service-quality perception, passenger satisfaction, passenger loyalty and buying behaviour (Grönroos 1984, Gummesson and Grönroos 1988). Airline image is important for overall evaluation of the airline and is consequently assumed to have an influence on passengers' choice of airline when service attributes are difficult to evaluate (Andreassen and Lindestad 1998).

Passenger's image towards an airline is more important in explaining their loyalty than is the evaluation of the current flight, therefore an airline with a positive image is more likely to stand out in the marketplace, as it draws repeat customers and trial users (Ostrowski *et al.* 1993, Connor and Davidson 1997). Passengers retain airline image in their memory and a favourable image distinguishes the airline from its competitors. In addition, a favourable image of a specific airline can lead to a preferred choice among their choice set when passengers choose an airline for their travel. Therefore, most airlines seek to have a relative attractiveness in their image which is significantly different from other airlines in order to retain existing passengers or attract new passengers from other airlines.

### **Research methodology**

Based on the review of the literature with regard to expectations, ticket price, service quality, passenger satisfaction, value and airline image, a conceptual framework and research hypotheses have been developed to study related effects simultaneously in this paper. The conceptual framework and research hypotheses, measurements and passenger survey are discussed as follows.

### ***Conceptual framework and research hypotheses***

The conceptual framework and the research hypotheses to be tested empirically are shown in Figure 1 and Table 1. The test of the hypothesised relationships presented in the conceptual framework is undertaken using path analysis. The paths from expectation to value and passenger

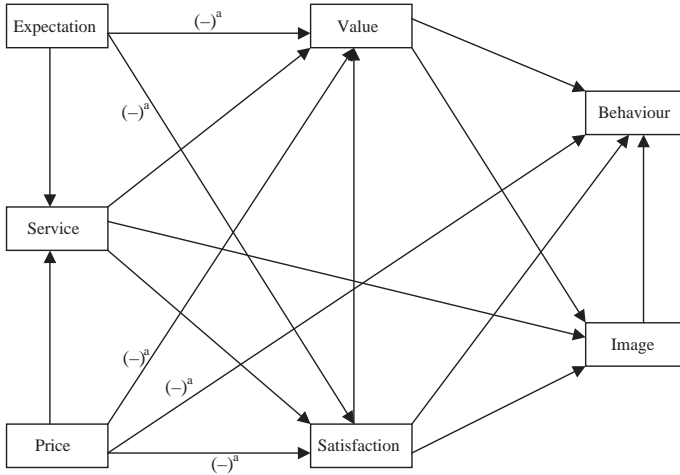


Figure 1. The proposed conceptual framework.

<sup>a</sup>The hypothesised relationship is negative; all the other causal paths are hypothesised to be positive.

satisfaction, and the paths from ticket price to value, to passenger satisfaction and to passenger behaviour are hypothesised to be negative, while all the other paths are hypothesised to be positive.

### Measurements

The measurement items were developed on the basis of multiple-item measurement scales and these items were adapted to make them suitable for the airline setting. All of the items were measured using a seven-point Likert-type scale. Airline service quality was measured by 22 airline service quality measurement items (Table 2). An investigative study related to airline service quality was undertaken to better understand the determinants of airline service quality and to identify the important factors involved. This study adapted the SERVQUAL scale to the specific context of aviation by changing the measurement items and the dimensions to develop a more appropriate scale for measuring airline service quality. In-depth interviews, focus groups and an extensive review of current literature related to service quality were conducted to identify and to include the important attributes of airline service quality that have been neglected in the previous literature and airline service quality model. Service expectation and perception were measured separately. The mean value of 22 service expectation measurement items was used for the passenger expectation measure and the mean value of these 22 service perception measurement items was used for the service quality measure.

Table 1. Research hypotheses.

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H1: Passenger expectation has a positive impact on service quality.
H2: Passenger expectation has a negative effect on passenger satisfaction.
H3: Passenger expectation has a negative effect on value.
H4: Service quality has a positive effect on passenger satisfaction.
H5: Service quality has a positive effect on value.
H6: Service quality has a positive effect on airline image.
H7: Ticket price has a negative effect on value.
H8: Ticket price has a negative effect on passenger satisfaction.
H9: Ticket price has a negative effect on passenger behaviour.
H10: Value has a positive effect on airline image.
H11: Value has a positive effect on passenger behaviour.
H12: Passenger satisfaction has a positive effect on value.
H13: Passenger satisfaction has a positive effect on airline image.
H14: Passenger satisfaction has a positive effect on passenger behaviour.
H15: Airline image has a positive effect on passenger behaviour.

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Ticket price was measured by two measurement items: 'What is your perception of the airline's ticket price?' and 'Comparing its competitors, what is your perception of this airline's ticket price on the same route?'. Value was measured by asking passengers two measurement items: 'Considering the ticket price I pay for the airline, I believe that the airline offers sufficient services' and 'The ticket price of this airline is reasonable'. Airline image was measured by asking passengers three measurement items: 'I have always had a good impression of this airline', 'I believe that this airline has a better image than its competitors' and 'In my opinion, this airline has a good image in the minds of passengers'. Passenger satisfaction was measured by three measurement items: 'Overall, how satisfied are you with the airline's service quality?', 'My choice to use this airline was wise one' and 'I think that I did the right thing when I decided to use this airline'. Passenger behaviour was measured using the passengers' intention to repurchase and willingness to recommend the airline to other people.

Ticket price, value, passenger satisfaction, airline image and passenger behaviour were estimated using the mean values from the seven-point Likert-type scales of answers from the questions in a survey questionnaire. Cronbach's alpha was used to evaluate reliability of measures. The internal consistency of each measure was in fact more than 0.8 which implies a good level of the reliability.

### *Passenger surveys*

Two passenger surveys were conducted – one in Korea and another in Australia. For the Korean-based survey, a number of companies and



Table 2. Airline service-quality measurement items.

Measures	Variables <sup>a</sup>
Service quality	Up-to-date aircraft and in-flight facility. Meal service (items, tastes, freshness, quantity, appearance, etc.). Seating comfort. Seat space and legroom. In-flight entertainment services (e.g. books, newspapers, movies, magazines). Convenience of reservation and ticketing. Promptness and accuracy of reservation and ticketing. Frequent flyer programme. On-time performance. Sincere interest in solving problems (flight cancellation, baggage loss, etc.). Safety record. Check-in service (waiting time, efficiency, etc). Promptness and accuracy of baggage delivery. The amount imposed for overweight baggage. Providing seat that passengers prefer. Neat appearance of employees. Employees who are willing to help passengers. Courtesy of employees. Employees who have the knowledge to answer passengers' questions. Give passengers personal attention. Convenient flight schedule. Availability of non-stop flight.

<sup>a</sup>Seven-point Likert scale.

communities including hotels, travel agencies, schools and churches were involved in distributing questionnaires. A total of 850 questionnaires were distributed to Koreans who had undertaken at least one international flight departing from Incheon International Airport in the previous 12 months. Some 650 completed questionnaires were collected, but 58 of them were incomplete, leaving 592 for data analysis. The survey of Australian passengers was conducted at the international terminal (T3) of Sydney Airport. The data were gathered from Australian international passengers who had undertaken at least one international flight in the previous 12 months. A total of 600 questionnaires were distributed and some 554 completed questionnaires collected, but 53 questionnaires were incomplete, leaving 501 samples for data analysis. The passenger profiles are given in Tables 3 and 4.

Table 3. Passenger profiles: Korean international passengers.

Attribute	Distribution	Frequency	Percentage (%)
Gender	Male	329	55.6
	Female	263	44.4
Age	Under 20	6	1.0
	20–29	147	24.8
	30–39	165	27.9
	40–49	181	30.6
	50–59	76	12.8
	60–69	15	2.5
Occupation	Missing	2	0.3
	Professional	52	8.8
	Student	69	11.7
	Management	24	4.1
	Housewife	68	11.5
	Employee of company	229	38.7
	Government employee	93	15.7
	Private business	34	5.7
	Others	21	3.5
	Missing	2	0.3
Usage	Less than once a year	323	54.6
	1 ~ 2 times a year	173	29.2
	3 ~ 5 times a year	58	9.8
	6 ~ 9 times a year	16	2.7
	Over 10 times a year	18	3.0
	Missing	4	0.7
Airline	Korean airlines	260	43.9
	Asiana airlines	111	18.8
	Foreign airlines	151	25.5
	Missing	70	11.8
Seat class	First	12	2.0
	Business	66	11.1
	Economy	512	86.5
	Missing	2	0.3

## Model testing

### *Model testing for Korean air transport market*

Two Korean national airlines offer scheduled international flights: *Korean Airlines* was established as the first private carrier in 1969, while *Asiana Airlines* was introduced in 1988. These two national airlines operate from/to the Republic of Korea and compete with other foreign airlines. Hence, this paper divided airlines into *Korean Airlines*, *Asiana Airlines* and foreign airlines to investigate the difference of buying behaviour between national and foreign carriers.

Table 4. Passenger profiles: Australian international passengers.

Attribute	Distribution	Frequency	Percentage (%)
Gender	Male	276	55.1
	Female	223	44.5
	Missing	2	0.4
Age	Under 20	39	7.8
	20–29	137	27.3
	30–39	80	16.0
	40–49	82	16.4
	50–59	91	18.2
	60–69	68	13.6
	Missing	4	0.8
	Occupation	Professional	72
	Student	76	15.2
	Management	52	10.4
	Housewife	29	5.8
	Employee of company	97	19.4
	Government employee	38	7.6
	Private business	60	12.0
	Others	71	14.2
	Missing	6	1.2
Usage	Less than once a year	222	44.3
	1 ~ 2 times a year	190	37.9
	3 ~ 5 times a year	64	12.8
	6 ~ 9 times a year	10	2.0
	Over 10 times a year	14	2.8
	Missing	1	0.2
Airline	Qantas	222	44.3
	Foreign airlines	252	50.3
	Missing	27	5.4
Seat class	First	11	2.2
	Business	54	10.8
	Economy	434	86.6
	Missing	2	0.4

The proposed conceptual models explained a substantial amount of variance in key variables and the various fitness indices for the model indicate that the theoretical models provide an excellent fit to the data. The results of the path analysis are presented in Figures 2–4. The values on each path are the standardised path coefficients with the values in parentheses the corresponding  $p$ -values.

The results from *Korean Airline* passengers showed that all the hypothesised relationships were statistically significant except for three causal paths ( $p < 0.05$ ). The three statistically insignificant paths were: the

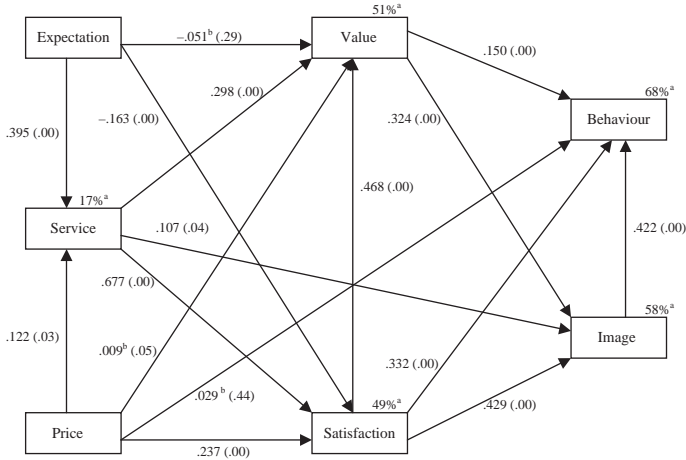


Figure 2. Results of path analysis – *Korean Airline* passengers.

Note: Chi-square = 10.21, DF = 5,  $p = 0.07$ , GFI = 0.99, AGFI = 0.94, CFI = 0.99, TLI = 0.98 and RMR = 0.02.

<sup>a</sup>The amount of variance explained.

<sup>b</sup>Statistically insignificant ( $p > 0.05$ ).

effect of passengers' expectations on value, the effect of ticket price on value and the effect of ticket price on passenger behaviour. Significant relationships were found between passengers' expectations, service quality, value, passenger satisfaction, airline image and passenger behaviour in the results. In this model, value, passenger satisfaction and airline image were each found to have a direct effect on *Korean Airline* passengers' buying behaviour.

The results from *Asiana Airline* passengers showed that six hypothesised relationships were not statistically significant ( $p > 0.05$ ). The six statistically insignificant paths were: the effect of passengers' expectations on satisfaction; the effect of passengers' expectations on value; the effect of ticket price on service quality; the effect of ticket price on passenger behaviour; the effect of service quality on value and the effect of value on passenger behaviour. In this model, passenger satisfaction and airline image were each found to have a direct effect on *Asiana Airline* passengers' buying behaviour.

In the path analysis model for foreign airline passengers, all other hypothesised relationships were statistically significant except for four causal paths ( $p < 0.05$ ). The four statistically insignificant paths were: the effect of ticket price on satisfaction; the effect of ticket price on value; the effect of ticket price on passenger behaviour and the effect of satisfaction on passenger behaviour. In this model, value and airline image were each found to have a direct effect on foreign airline passengers' buying behaviour.

The analysis showed that the relative importance of significant drivers of buying behaviour were different for each group. The results from *Korean*

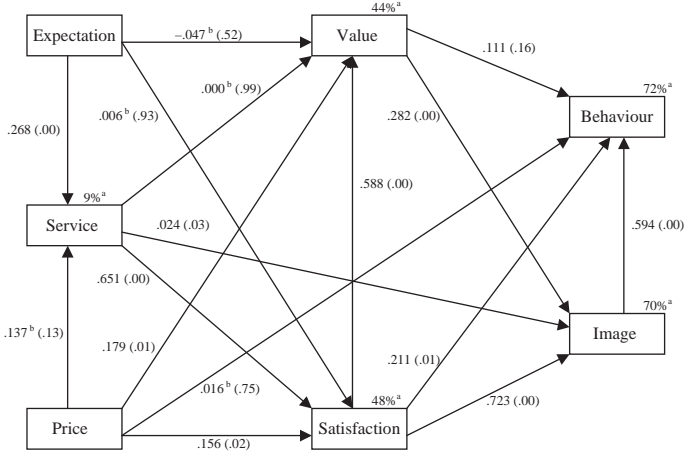


Figure 3. Results of path analysis – *Asiana Airline* passengers.

Note: Chi-square = 2.62, DF = 5,  $p = 0.76$ , GFI = 0.99, AGFI = 0.96, CFI = 1.00, TLI = 1.02 and RMR = 0.01.

<sup>a</sup>The amount of variance explained.

<sup>b</sup>Statistically insignificant ( $p > 0.05$ ).

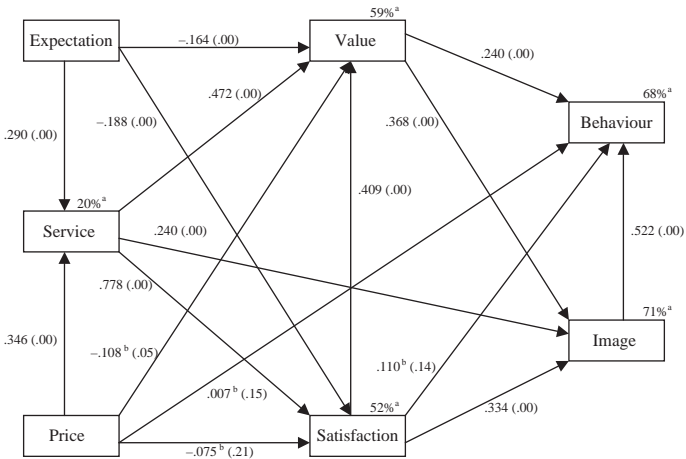


Figure 4. Results of path analysis – Foreign airline passengers in Korean air transport market.

Note: Chi-square = 12.75, DF = 5,  $p = 0.03$ , GFI = 0.98, AGFI = 0.88, CFI = 0.95, TLI = 0.99 and RMR = 0.04.

<sup>a</sup>The amount of variance explained.

<sup>b</sup>Statistically insignificant ( $p > 0.05$ ).

*Airline* passengers showed that both airline image and passenger satisfaction were important drivers of passengers' buying behaviour. Airline image was the most important factor that influences *Korean Airline* passengers' buying behaviour (standardised path coefficient = 0.422) but the results also showed that passenger satisfaction had a relatively strong effect on buying behaviour. Passenger satisfaction had a relatively high influence on *Korean Airline* passengers' buying behaviour (standardised path coefficient = 0.332) compared to *Asiana Airline* passengers (standardised path coefficient = 0.211).

The results from *Asiana Airline* passengers showed that airline image had a relatively high influence on passengers' buying behaviour (standardised path coefficient = 0.594). Compared to other drivers such as value and passenger satisfaction, airline image was the most important factor that influences *Asiana Airline* passengers' buying behaviour. Unlike the result from *Korean* and foreign airline passengers, value was not an important factor that influences *Asiana Airline* passengers' buying behaviour.

Similar to the results from *Korean* and *Asiana Airline* passengers, airline image was the most important factor that influences foreign airline passengers' buying behaviour (standardised path coefficient = 0.522). However, foreign airline passengers' buying behaviour was not influenced by passenger satisfaction unlike *Korean* and *Asiana Airline* passengers.

The effect of passengers' expectations was evident for foreign airline passengers. Expectation had a direct effect on foreign airline passengers' service quality perception, satisfaction and value perception. However, *Korean Airline* passengers' value perception and *Asiana Airline* passengers' satisfaction and value perception were not directly influenced by expectation.

Although ticket price was hypothesised to have a direct impact on passengers' buying behaviour, the analysis showed that it was statistically insignificant. The possible explanation is that Korean national carriers compete with each other using very similar fare levels for the same route. They concentrate more on other marketing issues such as satisfaction, image and service quality rather than ticket price to attract passengers. Therefore, most Korean passengers tend to consider other marketing variables when they choose airlines. Most Korean respondents in this study have used Korean national carriers, so ticket price cannot influence Korean international passengers' buying behaviour directly.

### ***Model testing for Australian air transport market***

Since the collapse of *Ansett*, *Qantas* has been the only international airline based in Australia. *Qantas* has a major role in servicing the Australian air travel market and is the dominant national operator on some routes while it faces strong competition on other routes from foreign airlines. Therefore,

this paper divided airlines into *Qantas* and foreign airlines to investigate the differences of buying behaviour between national and foreign carriers.

Similar to the results from Korean international air passengers, the proposed conceptual models explained a substantial amount of variance in key variables and the various fitness indices for the model indicate that the theoretical models provide an excellent fit to the data. The results of the path analysis are presented in Figures 5 and 6.

The results from *Qantas* passengers showed that all the hypothesised relationships were statistically significant except for four causal paths ( $p < 0.05$ ). The four statistically insignificant paths were: the effect of passengers' expectation on value; the effect of ticket price on passenger satisfaction; the effect of service quality on airline image and the effect of ticket price on passenger behaviour. In this model, value, passenger satisfaction and airline image were each found to have a direct effect on *Qantas* passengers' buying behaviour.

The results from foreign airline passengers showed that all the hypothesised relationships were statistically significant except for five causal paths ( $p < 0.05$ ). The five statistically insignificant paths were: the effect of passengers' expectation on value; the effect of service quality on value; the effect of ticket price on satisfaction; the effect of ticket price on value and the effect of ticket price on passenger behaviour. In this model, passenger

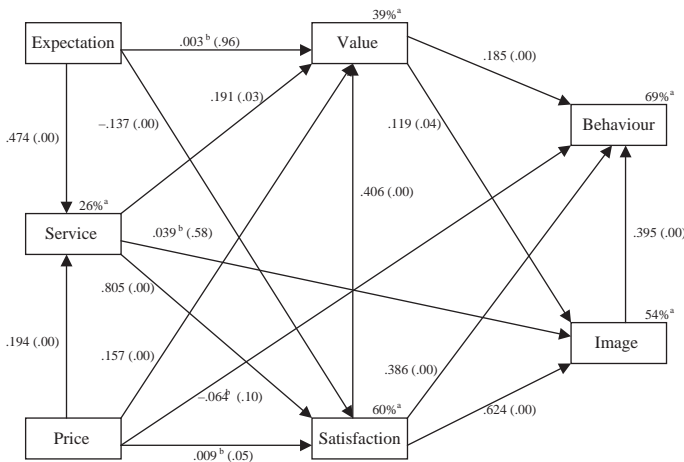


Figure 5. Results of path analysis – *Qantas* passengers.

Note: Chi-square = 23.37, DF = 5,  $p = 0.00$ , GFI = 0.97, AGFI = 0.84, CFI = 0.98, TLI = 0.91 and RMR = 0.06.

<sup>a</sup>The amount of variance explained.

<sup>b</sup>Statistically insignificant ( $p > 0.05$ ).

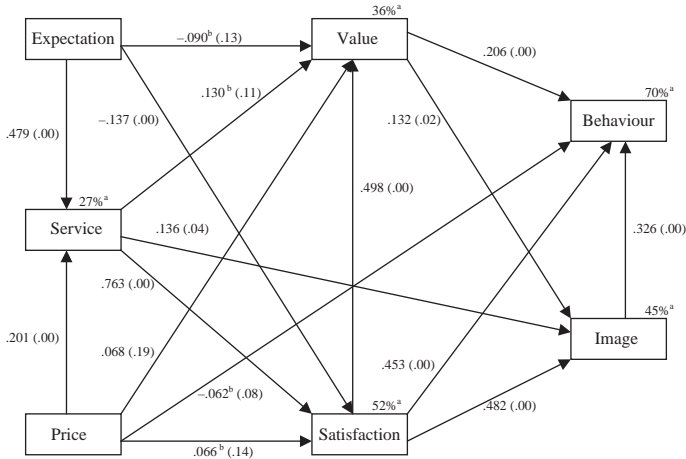


Figure 6. Results of path analysis – Foreign airline passengers in Australian air transport market.

Note: Chi-square = 33.96, DF = 5,  $p = 0.00$ , GFI = 0.96, AGFI = 0.80, CFI = 0.97, TLI = 0.86 and RMR = 0.08.

<sup>a</sup>The amount of variance explained.

<sup>b</sup>Statistically insignificant ( $p > 0.05$ ).

satisfaction, value and airline image were each found to have a direct effect on foreign airline passengers’ buying behaviour.

Value, passenger satisfaction and airline image had a direct positive effect on both *Qantas* and foreign airline passengers’ buying behaviour. However, the relative importance of the drivers of passengers’ buying behaviour was different between these groups. For foreign airline passengers, passenger satisfaction had a relatively high influence on their buying behaviour (standardised path coefficient = 0.453). In contrast, both passenger satisfaction and airline image were the important factors that influence *Qantas* passengers’ buying behaviour. Airline image had a relatively high influence on *Qantas* passengers’ buying behaviour (standardised path coefficient = 0.395) as did passenger satisfaction (standardised path coefficient = 0.386).

The results illuminate discrepancies in airline image formation. For foreign airline passengers, airline image integration was quite evident because value, passenger satisfaction and service quality was strongly linked to airline image. However, while service quality is an important predictor of airline image, airline image was only directly driven by passenger satisfaction and value for *Qantas* passengers.

Similar to the result from Korean international passengers, ticket price did not have a direct effect on passengers’ buying behaviour. It is possible that not many Australian international passengers are fully aware of the ticket prices of other airlines on the same route because most Australian



respondents have used international airline services less than once a year. This might reflect on passenger surveys and hence the results suggest that ticket price is not an important driver of passengers' repurchase intentions and word-of-mouth communications for Australian international passengers.

### Managerial implications

#### *Implications for airlines operating from/to the Republic of Korea*

The results of this study have implications for airlines that operate from/to the Republic of Korea. Firstly, this study has implications regarding value for *Asiana Airlines*. Although value was not considered as an important driver of buying behaviour for passengers, this factor was considered as an important driver of buying behaviour for both *Korean* and foreign airline passengers. This indicates that *Korean* and foreign airline passengers think about trade-offs between airline ticket prices and service provided when they choose airlines. Therefore, *Asiana Airlines* should develop strategies which enhance passengers' value perceptions such as setting appropriate ticket prices for services, providing a beneficial frequent flyer programme, and having special ticket prices to attract *Korean* and foreign airline passengers to *Asiana Airlines*. On the contrary, *Korean* and foreign airlines should concentrate more resources on enhancing satisfaction and image rather than value to attract *Asiana Airline* passengers because *Asiana Airline* passengers' buying behaviour were directly influenced by these two factors.

Secondly, this study has important implications regarding passenger satisfaction for foreign airlines. Unlike *Korean* and *Asiana Airline* passengers, passenger satisfaction was not an important driver of foreign airline passengers' buying behaviour. Passenger satisfaction was found as an important factor that influences passengers' buying behaviour for both *Korean* and *Asiana Airline* passengers. Hence, foreign airlines can attract *Korean* and *Asiana* passengers to their airlines by enhancing their levels of passenger satisfaction. On the other hand, *Korean* and *Asiana Airlines* should focus more resources on enhancing a level of value and image to attract foreign airline passengers because foreign airline passengers care more about these factors as important drivers of buying behaviour.

Thirdly, this study has significant implications regarding passengers' expectation for *Korean* and *Asiana Airlines*. The effect of passengers' expectations was clear for foreign airline passengers. Expectation had a direct effect on service quality, value and passenger satisfaction for foreign airline passengers. Airlines should realise that understanding passengers' expectation would enhance passengers' buying behaviour through increased passenger satisfaction, enhanced service and value perception. In particular, *Korean* and *Asiana Airlines* should allocate appropriate resources for

understanding foreign airline passengers' expectations to attract these passengers to Korean national carriers and to develop passenger-focused services.

Finally, this study has important implications regarding airline image. The analysis showed that airline image was the most important driver of passengers' buying behaviour for both national and foreign airline passengers. This indicates that *Korean* international air passengers might respond to strategies that highlight a favourable image in their choice of airline. Therefore, the inference for airlines operating from/to Korea is to continue to emphasise building a favourable image as a means of improving passengers' repurchase rate and word-of-mouth communication.

### ***Implications for airlines operating from/to Australia***

The results of this study have important implications for airlines that operate from/to Australia regarding the key drivers of buying behaviour. Value, passenger satisfaction and airline image were each found to influence passengers' buying behaviour directly for both *Qantas* and foreign airline passengers. However, the relative importance of each driver was found to vary, so airlines should utilise their resources to improve the more important drivers that will enhance passengers' buying behaviour.

The analysis showed that airline image was the most important driver which influences *Qantas* passengers' buying behaviour. This implies that these passengers consider airline image as the most important choice factor. The implication for foreign airlines is that they should focus more on enhancing the image of airlines to attract more *Qantas* passengers. In particular, *Qantas* passengers' formation of airline image was directly influenced by value and passenger satisfaction. Therefore, foreign airlines can build a favourable image towards *Qantas* passengers by enhancing passengers' value perceptions and levels of satisfaction. Enhanced image will enable foreign airlines to attract *Qantas* passengers and keep their existing passengers because airline image was found to have a direct effect on passengers' buying behaviour for both *Qantas* and foreign airline passengers.

Passenger satisfaction was found as the most important factor of foreign airline passengers' buying behaviour. Hence, *Qantas* should focus more resources on enhancing a level of passenger satisfaction to attract foreign airline passengers. Also, passenger satisfaction was found as an important driver of passengers' buying behaviour for both *Qantas* and foreign airline passengers. Hence, both *Qantas* and foreign airlines can attract new passengers and keep existing passengers by allocating appropriate resources on enhancing the levels of passenger satisfaction.

## Conclusions

The results of this paper have revealed the differences in the important drivers of passengers' buying behaviour for both the Korean and Australian international air travel market. There were significant differences between national and foreign carriers for Korean international passengers. *Korean Airline* passengers considered value, passenger satisfaction and airline image as key drivers of buying behaviour while *Asiana Airline* passengers considered passenger satisfaction and airline image as important drivers of their buying behaviour. In addition, foreign airline passengers considered value and airline image as important drivers of buying behaviour.

The results from Australian international passengers showed that the relative importance of each driver was found to vary between *Qantas* and foreign airlines. The analysis showed that airline image was the most important driver of *Qantas* passengers' buying behaviour while passenger satisfaction was found as the most important factor of foreign airline passengers' buying behaviour. The difference was also found regarding airline image formation for Australian international passengers. Airline image integration was quite evident for foreign airline passengers, because value, passenger satisfaction and service perception was strongly linked to airline image. However, *Qantas* passengers' image formation was only influenced by passenger satisfaction and value.

It is significant for airlines to investigate the differences of the key drivers of passengers' buying behaviour. Airlines can develop more efficient marketing strategies by understanding relatively important or unimportant factors which enhance passengers' buying behaviour. The findings from this paper will help airline managers to focus the directions of their airline strategies to increase their market share in a competitive airline environment.

Although the results of this study contribute to our knowledge of air passenger behaviour studies, there remain some limitations that suggest additional research areas of interest remain for future studies.

This study was limited to airline services among international passengers. Domestic passengers' key drivers of buying behaviour might be different from international passengers'. Hence, an empirical examination needs to assess how domestic passengers' key drivers of buying behaviour are different from international passengers. In addition, this study has concentrated mainly on economy class passengers. Buying behaviour processes might be different between first class, business class and economy class passengers. Therefore, additional empirical studies could be conducted to see if there are differences in buying behaviour between cabin classes.

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