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COMPETITIVE STRATEGIES OF AIRLINE COMPANIES OPERATING IN TURKISH DOMESTIC AVIATION MARKET

Master's Thesis

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ABSTRACT

COMPETITIVE STRATEGIES OF AIRLINE COMPANIES OPERATING IN TURKISH DOMESTIC AVIATION MARKET

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Due to the deregulation of Turkish Air Transportation Industry in 2003, all restrictions on private airline companies to operate scheduled domestic flights were lifted and domestic routes were opened into competition. With the development of air transport in Turkey many new private airline companies serving in domestic market have been established and the capacity and traffic volume of the market have grown up dramatically. With the emergence of new companies, Turkish air transportation industry has become very competitive and many new destinations all around Turkey are now being served.

In the contemporary airway market where an intensive competition takes place, the task of keeping the customers loyal has become a vital process for sustaining the existence of companies and their profits. As a result of the strict competition, company managers began to implement different strategies to cope with other competitors and increase customer satisfaction through improved service quality.

Aim of our study is to develop a more comprehensive understanding of the structure of Turkey's domestic aviation market, to explore competitive strategies of domestic airline companies, to investigate the critical factors that affect passengers' choices of different airlines and to measure the service quality of most preferred airlines operating in Turkish domestic aviation market. In order to reach our goal, a survey was administered to 300 young working professionals living in Istanbul. In addition, in-depth interviews were conducted with authorities from major airline companies to explore what competitive strategies were played out in Turkish air travel industry in recent years. While making this research, general characteristics of aviation industry as well as the history and development of Turkish Civil Aviation is addressed. Research findings from this study will provide valuable information for Aviation industry managers to better diagnose the needs and expectations of customers and help them to identify their present situation and future strategies for giving better services to passengers.

Key Words: Airline Business, Competitive Strategy, Service Quality, Airline Service Marketing.

ÖZET

TÜRKİYE İÇ HATLAR PAZARINDA REKABET EDEN HAVA YOLU ŞİRKETLERİNİN REKABET STRATEJİLERİ

Peksatici, Özge

Pazarlama Yönetimi

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2003 yılında Türkiye'de daha fazla yerli havayolunun uçmasına izin veren düzenleme ile birlikte iç hatlar uçuşlarındaki kapasite ve trafik hacmi önemli ölçüde artmıştır. Son yıllarda Türkiye'de hava taşımacılığında meydana gelen bu gelişim ülkede birçok yeni özel hava yolu şirketinin kurulumunu beraberinde getirdi. Bu yeni kurulan şirketlerin iç hatlarda hizmet etmesiyle birlikte hava taşımacılığı sektöründe rekabet arttı ve Türkiye'de giderek daha çok şehre hizmet verilmeye başlandı.

Günümüzde yoğun rekabetin yaşandığı havayolu sektöründe müşterileri işletmeye bağlı haline getirebilmek, işletmelerin varlıklarını sürdürebilmelerinin ve kar elde edebilmeleri açısından büyük önem taşımaktadır. Artan rekabetle birlikte şirket yöneticileri pazar paylarını koruma, geliştirmek ve ayakta kalmak için farklı rekabet stratejileri uygulamaya ve servis kalitelerini iyileştirerek müşteri memnuniyetini arttırmaya ağırlık vermeye başladılar.

Bu çalışma ile Türkiye'nin havacılık sektörünün yapısını daha iyi anlamak, Türkiye'de iç hatlarda faaliyet gösteren havayolu şirketlerinin rekabet stratejilerini incelemek, yolcuların farklı havayolları seçimini etkileyen kritik faktörleri bulmak ve Türkiye'de en çok tercih edilen firmaların servis kalitesini ölçmek amaçlanmıştır. Hedefimize ulaşmak üzere İstanbul'da yaşayan ve çalışan 300 genç profesyonele anket uygulanmıştır. Bunun yanı sıra, Türkiye'deki büyük havayolu şirketlerinin yöneticileri ile son yıllarda uyguladıkları rekabet stratejilerini keşfetmek amacı ile derinlemesine mülakatlar yapılmıştır. Ayrıca bu çalışmada havacılık sanayinin genel özelliklerine, Türkiye'de Sivil Havacılığın tarihine ve gelişimine de değinilmiştir. Bu çalışmada elde edilen araştırma sonuçları, yolcuların ihtiyaç ve beklentilerini daha iyi tanımlamak, şirketlerin piyasadaki mevcut durumlarını teşhis etmek ve hizmet kalitesini arttırmak üzere uygun rekabet stratejilerini belirlemek açısından şirket yöneticilerine değerli bilgiler sağlayacaktır.

Anahtar Kelimeler: Havayolu Şirketleri, Rekabet Stratejileri, Hizmet Kalitesi, Servis Pazarlaması.

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Finally, this thesis is dedicated to my compassionate father and my kind mother and sister whom devoted whole life for me.

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ABBREVIATIONS

American Marketing Association	:	AMA
Confirmatory Factor Analysis	:	CFA
General Directorate of State Airports Authority	:	DHMI
In-Flight Entertainment	:	IFE
Low-Cost-Carrier :	:	LCC
Turkish Airlines:	:	THY

1. INTRODUCTION

After the necessary regulations had been prepared to enable the private airline companies other than Turkish Airlines (THY) to apply scheduled domestic flights in Turkey, the number of passengers flying in domestic routes was noticeably increased. The ongoing deregulation and liberalization of the industry over the past years resulted in the removal of fare restrictions and have further altered the competitive landscape by encouraging the entry of new competitors in the Turkish Aviation market. In particular, low-cost carriers have become a driving force in this competitive landsape. Currently airline travel is no longer considered as luxurious and become very attractive due to lower ticket prices.

The particular relevance of the research objective arises from the intensification of competition in the airline industry. In Turkey, domestic passengers' wants and expectations as well as the number of rival companies have been increasing day by day. In order to determine appropriate competitive strategies, domestic airline companies have to identify the characteristics of the market in which they provide the service (Atalık and Arslan 2009, pp.1-9).

Competitive strategy refers to the way a firm competes in a particular business and gains competitive advantage by deliberately choosing a distinctive set of activities. In order to create competitive advantage, companies should offer good value to the customers (Scott and Lamont 1977, pp.283-288). In this context, passengers' perception of value is important since it can influence their behavioral intentions and satisfaction levels.

Market challenges make the retention of valuable customers an essential prerequisite for the airline's overall success. Nowadays airline companies operate with the recognition of increasing importance of customer satisfaction since it guarantees their future (Bozorgi 2007, pp.34-56). Anderson et al. (1994) referred to customer satisfaction as an overall evaluation of the service provider’s performance based on all of their prior experiences with an organization.

Customer loyalty, on the other hand, refers to a customer’s repeated same-brand purchase and a favorable attitude toward a particular brand. In a highly competitive environment, customer loyalty has become an important tool for securing a firm’s profitability (Reichheld and Sasser 1990, pp.105-111; Reinartz and Kumar 2002, pp.4-12). The establishment and maintenance of loyal customers is a key objective for airlines, since it promotes a sustainable competitive position in the market place.

Airline service quality is a significant driver of passenger satisfaction, passenger loyalty and passenger’s choice of airline (Ritchie et al. 1980, pp.17–25). Therefore, the delivery of high service quality becomes a marketing requirement as competitive pressures on air carriers increase (Ostrowski et al. 1993, pp. 16-24). Zeithaml and Bitner (1996) explain that the quality of service is the excellence or superior service delivery process to those with consumer expectations. Air passengers’ expectations have grown considerably in recent years especially in regard to quality of service. In airline business, each service that is provided before, during and after flight includes various factors that influence passengers’ perceived quality and results in customer satisfaction. However, since customers’ personalities and lifestyles differ, as does their evaluation of the service quality of the company, customer characteristics must also be taken into account.

However due to the unique characteristics of services which are intangibility, inseparability, heterogeneity and perishability (Kotler and Keller 2007), it has been found difficult for analysts to evaluate the service quality for airline operations. Parasuraman, Zeithaml and Berry (1985) believed that it is more difficult for customers to define the service quality than to define the product quality. They also stated that the recognition of service quality is generated from the comparison between a customer’s expectation and the performance he/she has actually perceived.

Consisting of 7 chapters, aim of our study is to provide a better understanding of Turkish domestic aviation market, to investigate competitive strategies of airline companies operating in the market, to gain insights about the critical factors that affect passenger choices for different airlines, to detect which airlines are mostly preferred by Turkish customers in domestic market and finally to measure the perceived service quality of those airlines.

To achieve the stated objectives, relevant literature is reviewed and in depth interviews were conducted with authorities from major airline companies operating domestically in Turkey. With the findings gained from the literature and in-depth interviews, a suitable conceptual framework, including the construction of hypotheses, were established. The model is then empirically tested through a survey, which is the most suitable research strategy for this study. Finally recommendations for airline managers are proposed about the factors that should be considered while determining their competitive strategies.

The second chapter will provide information about passenger airline industry. Historical background of Turkish Civil Aviation, companies operating in Turkish domestic aviation market, generic competitive strategies and characteristics of these companies and the increase in service quality that was fostered by the competitive environment will be outlined in this chapter.

The third and fourth chapter will concentrate on the review of existing literature in the fields of competitive strategy and services marketing. Competitive strategy notion and development of competitive strategy thought will be presented in the third chapter. In the fourth chapter various definitions on services marketing and other constructs related to the topic which were discussed in academic literature will be reviewed.

The fifth chapter will comprehend in-depth interviews which were conducted with managers from major airline companies operating in Turkish domestic aviation market. The aim of the interviews were to explore the core competitive strategies of these major players, to gain an insight about market conditions and other competitors, to discover how they increase service quality and maintain customer satisfaction and to detect in what ways they differentiate themselves from other competitors. The third, fourth and fifth chapters are exploratory and according to the findings from existing literature and in-depth interviews, the model of our research will be created and hypotheses will be deduced.

The sixth chapter will focus on the empirical testing of the service quality of mostly preferred domestic airline companies and the critical success factors that affect passengers' choice of airlines. Effects of the demographics and personality traits on airline preference will also be investigated. Following the validation of the model, the hypotheses, type of survey conducted, the data analysis process and the results of the empirical study will be presented in this chapter. This part of the study is explanatory, with its focus on testing the postulated hypotheses and examining the relationships between the concepts to be able to infer managerial implications from the empirical results obtained.

Finally, chapter seven will combine the theoretical insights gained from literature review and in-depth interviews with the empirical findings. The conclusion of the study, recommendations and managerial implications will be found in the last chapter.

2. THE AIRLINE INDUSTRY

This chapter provides a brief overview on the passenger airline industry. General characteristics of the industry, legal and economic factors that affect the industry, historical background of Turkish Civil Aviation and companies operating in Turkish domestic airline market are presented in this chapter.

2.1. CHARACTERISTICS OF AIRLINE INDUSTRY

The airline industry is an important sub-sector of transport industry and is limited and constrained by many complex regulations. It is an industry characterized by rapid change, economic fluctuations, innovation and new technology (Lazar 2003). Airlines are operated in an extremely dynamic and often highly volatile commercial environment. Therefore managing an airline might be the world's most complex job since both opportunities and risks are part of each single day (Yilmaz 2008, pp.304-317).

During the last two decades, international civil aviation has been subjected to the most profound changes in the history and will continue to be so in the following years. The liberalization of air services, advanced communications technology, the globalization of markets, international alliances and privatization of airlines, airports and air traffic control services are the major factors challenging the airline business (Flouris and Oswald 2006, p.141).

In general, four fairly generic business models can be identified in the airline industry: Network airlines, low-cost airlines, charter airlines, and regional airlines (Bieger and Agosti 2005, pp.50-54). Network airlines and low-cost carriers represent the dominant business models in the international airline industry, and the characteristics of these models will be further explained.

On the other hand, airline customers can essentially be divided into business and leisure travelers. Most of the trips taken by airline passengers fit into one of these two categories (Shaw 2007, p.54). Business travelers have long been the most important customer segment for airlines due to their relative price inelasticity (Hanlon, 2007, p.35). They are more likely to travel several times throughout the year and they tend to purchase first and business class tickets that have higher margins for the airline. However a large proportion of this customer segment seems to now be giving preference to price over service, and seems willing to sacrifice flexibility and frills in return for lower fares (Mason and Alamdari 2007, p.302). On the other hand, leisure travelers are less likely to purchase these premium services and are typically very price sensitive. In times of economic uncertainty or sharp decline in consumer confidence, it is expected that the number of leisure travelers to decline.

The airline industry is extremely sensitive to fuel, labor and borrowing costs. Due to the sharp rise in oil and jet fuel prices since 2003 an urgent need for cost cutting is in question. The average crude oil price has increased from $31 per barrel in 2003 to $120 per barrel in 2008 and oil has always been the biggest challenge and uncertainty for the industry.

Airline growth and competitive strategies not only include cost cutting measures and better revenue management tools, but also strategic alliances with other airlines. Airlines form alliances to gain access to global networks, getting access and establishing identities in new markets without providing aircrafts, and providing services which would be unprofitable if operated alone. Moreover, alliances reduce costs through joint marketing, maintenance, ground facilities, training, computer reservation systems, and through elimination of duplication and redundancy in operation (Oum et al. 1996, pp.187-202; Borenstein and Rose 1995).

Air transport is committed to meeting its customers’ growing demand in a sustainable manner, maintaining an optimal balance between economic progress, social development and environmental responsibility (Yilmaz 2008, pp.304-317).

The airline industry exists in an intensely competitive market and it is increasingly accessible to greater number of people who can now afford to travel by air. Today's airline companies have started to employ various marketing methods and strategies in an intensely competitive environment where product and service differentiation is becoming harder, the number of rival companies is increasing and customers' wants and expectations are getting higher (Atalık 2009, pp.1-7). Successful airlines are those that continue to tackle their costs and improve their products, thereby securing a strong presence in the key world aviation markets (Stanford University 2008).

2.2. A HISTORICAL BACKGROUND OF TURKISH CIVIL AVIATION

As the global volume of trade has increased in parallel to globalization, it has rendered the transportation sector as one of the most important components in world economy today. The strategic importance of Civil Aviation sector among countries is increasing gradually in every way. However the vital importance of this sector for our country which has unique geopolitical opportunities cannot be compared to any other country.

With a population of 75 million, a dynamic economy, a relatively large geographical area (780,000 sq km) and increasing disposable income among its population, Turkey's air travel demand continues to grow. Beyond its obvious benefits, air transportation in Turkey creates economic benefits such as creation of businesses, jobs, income, and tax revenues for all Turkish citizens. For these reasons airlines and their good governances have vital importance for Turkey as a part of air transportation system.

Through the history of Turkish Aviation sector, it can be seen that THY, founded in the year 1933, was the only passenger airline company operating in Turkey for a very long time. Other private airline companies were established after the deregulation of Turkish airline industry in 1982. However private air carriers were not supported by government like THY was. This lead to an unfair competition and especially in times of crisis it made private companies hard to operate and even caused them to go bankrupt.

In the early 2000s, the air transport sector began to straighten up itself slowly. However the economic crisis in Asia and Turkey at those years and terrorist attacks occurred in U.S.A. on the 11^{th} of September 2001, has led to a dramatic decline in the sector.

Before 2002, the aviation sector was not opened to competition and only THY could apply domestic scheduled flights. Airline ticket prices were so high due to the monopolistic structure of the sector. At those years the number of passengers who prefer air transportation did not reach up to 9 million and air transport was considered to be luxurious. It can be concluded that before 2003, the Turkish airline market was monopolistic with 98 per cent market share of Turkish Airlines and was addressing to only high-income passengers.

The year 2003 was a milestone for Turkish Civil Aviation within the scope of Regional Aviation Policy which aimed “Every Turkish citizen is going to fly at least once in a lifetime”. Government decided to change air transportation policies and began to work on the necessary legal arrangements to restructure the private airlines system. In order to increase demand for domestic flights all restrictions on private airline companies were lifted, tax reduction was provided and domestic routes were opened to competition.

This re-deregulation of the Turkish Air Transportation Industry has given private airlines an opportunity to enter domestic market and they have grown rapidly since. Airline tickets began to get cheaper as a result of positive developments and emerging competitive environment. Airlines could offer 30-35per cent lower prices and this caused a huge demand for air transportation (Sengun and Sarilgan 2005). The sector began to grow very fast and the sectoral rate of growth, which was 5 per cent throughout the world, resulted in a record increase of 53 per cent in Turkey. This competition in aviation industry has also affected the road transport industry and road transportation prices get cheaper significantly. As a consequence, a sudden change and a cutthroat competition were developed in the sector. The airline travel was no longer considered luxurious and became very attractive.

Moreover at those years there was a growing trend called “Low Cost Carrier (LCC)”, which began in U.S.A and spread out through Europe. The system was expanding all around the world and it arrived to Turkey speedily with the government which came into power in 2003. In 2003 firs Fly Air, then Onur Air began to apply this LCC model. However Fly Air withdrew from market in a very short time. Thirdly Pegasus began to apply the system in 2005.

As a result, the high performance of the Turkish economy in recent years, the rising numbers of tourists coming to Turkey, the lower prices of the Turkish private airline companies speeded up the Turkish air transportation sector. As a result 33,546 million passengers were benefiting from domestic flights in 2008.

Currently, Turkey has international airports in Ankara, Istanbul, Izmir, Sabiha Gökçen, Adana, Antalya, Dalaman and Trabzon. The main airport in the country is Istanbul Atatürk Airport, located just outside Istanbul. The management of Turkish airports and the provision of air traffic control in Turkish airspace are performed by the General Directorate of State Airports Authority (DHMI).

2.3. COMPANIES OPERATING IN TURKISH DOMESTIC AVIATION MARKET

In Turkey the airline passenger market appears to be extremely competitive due to the increasing availability of airlines and flight schedules. Airlines that are properly positioned relative to their rivals began to gain a competitive advantage either by differentiating their services or applying low cost strategies.

In Turkey, domestic flights of private airline companies are made according to Turkish Civil Aviation Legislation. Today in Turkey there are 15 airline companies including the flag carrier THY. 7 of these companies, which are THY, Pegasus, AnadoluJet, AtlasJet, Onur Air, SunExpress and IzAir, operate domestic flights. However Turkish

Airlines is totally different from other airline companies since the company is state-owned and is a global network carrier.

2.3.1. Turkish Airlines

Turkish Airlines is the flag carrier and national airline of Turkey. THY was established in 1933 and currently operates a network of scheduled services to 120 international and 37 domestic cities (38 domestic airports) in Europe, Asia, Africa, and America.

Turkish Airlines, excluding subsidiaries, currently has a 67 per cent domestic market share. Turkish Airlines is not only a substantial full service carrier in its own right, but also maintains a solid position at the low cost end of the market, domestically through AnadoluJet and its Lufthansa joint venture SunExpress.

THY is one of the fastest growing air carriers in Europe with its 132 aircrafts, and is a member of the biggest global airline alliance named “Star Alliance”. The company is using Istanbul's Ataturk Airport as a hub for its international and domestic flights.

2.3.2. Onur Air

Onur Havayolları Taşımacılık A.Ş. was established on 14 April 1992 in cooperation with Ten Tour, one of the leading companies in tourism sector. Since 1992, Onur Air has been providing services in the aviation sector, and has been running domestic scheduled flights since 2003. The company also operates charter flights to a large number of destinations throughout Europe

Currently Onur Air is the largest private airline company of Turkey with 31 aircraft fleet. The company is providing scheduled flights to 13 destinations in domestic lines and unscheduled charter flights to 72 destinations in 15 countries in international lines from its main base at Atatürk International Airport. Among other private airline companies, Onur Air is making the most extensive domestic flights in Turkey.

2.3.3. Pegasus

Pegasus Airlines was established in 1990 as a joint venture between Aer Lingus, Silkar Yatırım and Net Holding in Istanbul. In 2005, Esas Holding purchased Pegasus Airlines and repositioned it as a low cost carrier. Pegasus launched domestic scheduled services at the end of 2005 and international scheduled service the following July.

Pegasus currently has scheduled flights to 18 domestic destinations and scheduled and charter flights to more than 100 different destinations in 17 countries. In addition, it provides wet leasing services to the other airlines when they need extra capacity besides their charter operations. Today the company has a fleet of 32 aircraft including Boeing jets and its' main hub is Istanbul Sabiha Gökçen Airport.

2.3.4. AtlasJet

AtlasJet Airlines, one of Turkey's largest private airlines, has been established on March 14, 2001 by Öger Holding A.S. In 2004 ETS Group acquired a 45 per cent stake and increased it to 90 per cent in February 2006.

The airline currently operates domestic and international scheduled passenger services and regular charter flights to Europe, Kazakhstan and the United Arab Emirates with a fleet of 17 aircrafts including Boeing and Airbus jets. It serves Germany on behalf of Öger Tours. Its main base is Istanbul Atatürk Airport with hubs at Adnan Menderes Airport, Izmir and Antalya Airport. As March 2010, AtlasJet operates domestically to 5 cities of Turkey.

2.3.5. AnadoluJet

AnadoluJet is a domestic low cost subsidiary of Turkish Airlines based at Esenboğa International Airport, Ankara. AnadoluJet was founded on 23 April 2008 by Turkish Airlines in order to create a more effective and affordable flight network from Ankara to the rest of Anatolia. The company also serves domestic and international destinations in Europe and Southwest Asia from Sabiha Gökçen Airport. The airline operates domestic flights to 28 destinations and 11 international destinations. With its fleet consisting of 13 Boeing aircrafts, the company operates its flights on behalf of Turkish Airlines.

2.3.6. SunExpress

SunExpress was founded in 1989 as a joint venture agreement between Turkish Airlines and Lufthansa and started operations in April 1990. Based in Antalya, SunExpress was the first private airline company to offer international scheduled flights from Turkey. The company further expanded its international network with its Izmir based and Istanbul Sabiha Gökçen based flights.

SunExpress is the market leader in charter services between Germany and Turkey as well as one of the largest scheduled carriers between Europe and Southern Turkey. The company cooperates with Lufthansa to offer scheduled flights to Europe. Also all domestic flights as well as the international connections from Istanbul Sabiha Gökçen Airport and Izmir are operated as code-shares in cooperation with Turkish Airlines. The carrier operates to/from 22 airports in Germany, 19 in Turkey and 65 in other countries. SunExpress currently has a total of 21 aircrafts in its fleet.

2.3.7. IZair

IZair is the sister company of Pegasus Airlines based in Izmir, Turkey. The company was established in 2005 and started operations on 14 June 2006. In 2007, ESAS Holding acquired management control of IZair with a 20 per cent investment that subsequently was raised to 61 per cent. The company operates scheduled and charter international and domestic flights. It has a total of 6 aircrafts in its fleet. IZair performs its domestic flights in code sharing with Pegasus Airlines and all IZair flights are marketed by Pegasus Airlines.

3. COMPETITIVE STRATEGY

This chapter comprehends a review of the relevant literature on competitive strategy and other constructs related to this topic. Definition of competitive strategy, factors that influence competition, competitive advantage, and generic competitive strategies applied by companies will be explained in details from airline business point of view.

3.1. DEFINITION OF COMPETITIVE STRATEGY

Competition and the quest for profits are the driving forces of firms in a market economy. Every firm competing in an industry has a competitive strategy, whether explicit or implicit (Porter 1980, p.21). Competition is simply defined as the fight for market share between two or more firms. Competitive strategy, on the other hand, is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage (Hitt, Ireland and Hoskisson 2003, p.9). It is the combination of goals for which the firm is striving and the policies by which it is seeking to get there. For a competitive strategy to be sustainable, company managers have to choose a different set of activities from the competitors and deliver them in a way that creates a unique value (Porter 1996, p.44). A firm needs its competitive strategy, not only when determine entry to a certain industry, but also to cope with the competitors after the entry.

A good competitive strategy developed by one firm intensifies the competitive pressure on other companies, and the manner in which rivals try to deactivate each other shapes the rules of competition in the industry and determines the requirements for competitive advantage. However it is impossible to have one perfect competitive strategy for all of the firms in all industries. Different industries can sustain different levels of profitability (Porter 1998, pp.6-7).

3.2. FIVE FORCES MODEL FOR INDUSTRY ANALYSIS

Factors associated with a specific industry play a dominant role in the performance of many companies; therefore managers need to understand these factors before planning their competitive strategies (Hawawini, Subramanian and Verdin 2003, pp.1-16). Michael Porter, one of the best international consultants to business firms and governments, provided a framework that models an industry as being influenced by five forces (Porter 1980, p.5). These forces are rivalry among existing competitors, the threat of new entrants, the threat of substitute product or services, the bargaining power of suppliers and the bargaining power of buyers. The five forces model is very useful for aviation strategy makers since it makes them to define and detect the industry environment in which their organization operates.

The intensity of rivalry among competitors refers to the extent to which firms within an industry put pressure on one another and limit each other's profit potential. The intensity of rivalry among existing competitors depends on many factors such as the number of competitors, balance and types of competitors, industry growth rate, fixed costs, lack of differentiation and switching costs. Rivalry among existing firms may manifest itself in a number of ways like price competition, new products, increased levels of customer service, warranties, advertising, better networks of wholesale distributors, and so on (Porter 1980, p.17).

For the aviation business, membership in alliances, control of slots at major airports, structure of free competition, government restrictions, civil aviation competition authority, and the size and type of exit barriers can be listed as major factors affecting the competition.

Not only existing rivals pose a threat to firms in an industry but the possibility that new firms may enter also affects the competition. With the threat of new entrants, Porter considers barriers to entry. Barriers to entry are erected often by existing competitors to keep out newcomers from the market. Barriers to entry reduce the rate of entry of new firms, thus maintaining a level of profits for those already in the industry. The factors that Porter considers as barriers to entry include economies of scale, product differentiation, switching costs, inability to gain access to patents and distribution channels, capital requirements, cost disadvantages independent of scale, and expected retaliation and government policy (Porter 1980, pp.130-135).

For the airline industry, one of the main barriers discouraging the entry is high initial costs and huge capital requirements. The airline industry is one of the most expensive industries, due to the cost of buying and leasing aircrafts, safety and security measures, customer service and manpower. The industry has a disadvantageous cost structure with high fixed costs (Delfmann 2005, p.12; Shaw 2007, p.54).

Another entry barrier for airline industry occurs as a result of legislations and Government policy. One of the main difficulties is about “airport slot allocation”. It is necessary for an air carrier or any other aircraft operator to have a slot to land or takeoff at a coordinated airport. However restrictive legislative criteria make it difficult for new airlines to obtain slots at some airports and it is hard to find the balance between incumbent air carriers and new entrants while allocating the slots. Government policy can hinder or aid new entry directly, as well as amplify or nullify the other entry barriers (Porter 2008, pp.13-15).

In some airports most of the gates are under long-term, exclusive use leases with one airline. These leases permit the airline exclusive rights to use most of an airport’s gates over a long period of time. Such long-term, exclusive-use gate leases create entry barrier for new companies by preventing them from securing necessary airport facilities on equal terms with incumbent airlines (Federal Aviation Administration 1999, pp.38-40).

One other important barrier to entry for the airline industry is certain marketing strategies of incumbent airlines which give advantages to the established carriers such as special incentives for travel agents, frequent flier programs and membership of alliance. These strategies create strong loyalties among passengers and travel agents and make it much more difficult for new airlines to enter the market (Anderson 1997).

Also, the access to distribution channels creates another entry barrier especially for low cost carriers. For instance travel agents tend to favor established higher-fare carriers however low-cost airlines have avoided distribution through travel agents and have encouraged passengers to book their own flights on the internet. New entrants must bypass distribution channels altogether or create their own.

Level of competition in a specific airline industry can be an entry barrier. For instance, new entrants of low cost carriers are more frequent than full service carriers as the set-up costs are lower. The number of LCCs is increasing all around the world as well as in Turkey and the competition is more intense for them.

Barriers to exit work similarly like barriers to entry. Exit barriers limit the ability of a firm to leave the market and can worsen rivalry. The airline industry exit barriers are potentially very high since there are high sunk costs (Schnell 2001, pp.95–102). Firms own many durable and specialized assets such as airplane, and the equipment used to run them. Investments in these assets create exit barriers since they have a low resale value and few potential buyers, plus the initial price of the capital is very high.

Another exit barrier for airline industry is about the economical conditions of the country and industry in general. If an economic upturn is expected, then it is more likely the firm will stay in business (Dixit 1989, pp.620–638). Fix exit costs also form barriers such as redundancy payments to workers and contractual payments to suppliers (Baden 1989).

There are also strategic exit barriers in the industry. By exiting a route, a company loses valuable slots leaving them to competitors or new entrants and allowing them to expand. This would be a big deterrent to exit since the competition is fierce and slots are scarce. In addition exiting a route, especially a traditional one, would have a negative impact as the firm would be perceived to be in a dire situation. Other exit barriers might be Government barriers and bankruptcy laws for a firm exiting the entire industry would encourage them to try and stay in the market (Schnell 2006, p: 225).

The threat of substitutes is another factor that can affect competition. In Porter's model, substitute products refer to products in other industries and depend on price and the ease of switching costs. Customers may switch to another product or service that performs similar functions (Stahl and Grigsby 1997, p.145). Substitutes limit the potential returns of an industry by offering attractive prices and reduce the profits of the firms in that industry (Porter 1980, p.23). Substitutes for air travel include train and bus transportation to the desired destination. The degree of this threat depends on various factors such as money, convenience, time and personal preference of travelers and switching costs.

The bargaining power of buyers on the other hand refers to the amount of pressure customers can place on a business, thus, affecting its prices, volume and profit potential (Porter 1998, pp.45-48). The power of buyers arise from several sources such as supply-demand balance, volume of buyers, purchasing power and awareness of buyers, switching costs, differentiation of outputs**,** presence of substitutes, buyer concentration, cost relative to total purchases and threat of backward integration (Porter 1980, pp.114-125).

In the airline industry, one segment of the buyer market is the passenger. Powerful customers are trying to capture more value by forcing down prices, demanding better quality or more service. Travelers today are much more sophisticated than they were 10 or 15 years ago and they are more powerful. Currently the buyer power has increased as a significant result of internet which is a convenient method for the consumer to search for the lowest price without an intermediary. The Low Cost Carrier trend coupled this power and made price the most important factor impacting buyer behavior. LCCs attract travelers that are price sensitive by offering low fares. On the other hand full service airlines offer quality or create a significant factor to travelers such as a frequent flyer programs.

In addition to buyers, suppliers can also put considerable pressure on a company by increasing prices or lowering the quality of products offered. The bargaining power of suppliers depends on differentiation of inputs, switching costs of suppliers, supplier concentration, substitute supplies, switching costs, threat of forward integration and buyer information (Porter 1998, pp.20-25). Powerful suppliers capture more of the value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants (Porter 2008, p.13).

Boeing and Airbus are two major aircraft suppliers and their power in the airline industry is high since aircrafts are the most significant cost for airlines. The airline supply business is mainly dominated by these two companies; therefore there isn't a lot of cutthroat competition among suppliers. Also, the likelihood of a supplier integrating vertically isn't very likely (Investopedia 2008). However, other suppliers such as providers of catering services do not have the same bargaining power since the industry is larger and airline companies have many choices.

Another example of power of supplier can be Pilots' unions. They put considerable supplier power over airlines partly because there is no good alternative to a well-trained pilot in the cockpit (Porter 2008, p.14).

All these 5 forces mentioned above in detail jointly determine the intensity of industry competition. Assessing these forces helps in drawing industry boundaries correctly, understanding strengths and weaknesses of the company, revealing the most significant aspects of the competitive environment, highlighting opportunities and threats and identifying areas where strategic changes yield greatest payoff. Understanding the industry structure guides managers toward fruitful possibilities for strategic action and most importantly, a competitive strategy must place the firm in a defendable position against all the five forces (Porter 2008, p.27).

Although Porter's five forces model has some shortcomings, it represents an excellent starting point for positioning a business among its competitors. Firms tend to operate quite profitably in industries with high entry barriers, low intensity of competition among member firms, no substitute products, weak buyers, and weak suppliers (Porter 2008, pp.4-7).

3.3. COMPETITIVE ADVANTAGE

For almost every business, finding out competitors' identities, strategies, plans, strengths, weaknesses, suppliers and customers plays a very important part in formulating a competitive strategy. The goal of much of competitive strategy is to achieve a sustainable competitive advantage over its rivals. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost or deliver benefits that exceed those of competing products (Porter 1980, p.3). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself.

Rivals can quickly copy other companies' strategies, and therefore any competitive advantage is temporary. Companies must be flexible to respond rapidly to competitive and market changes (Ramsay 2001, pp.38-47). Successful strategies address four elements of the setting within which the company operates: Company's strengths and weaknesses and opportunities and threats in its competitive environment. These four elements are used by a firm to gain competitive advantage and are often referred as "SWOT" analysis (Reference for Business Encyclopedia of Business 2005).

Companies must have core competencies in order to gain a competitive advantage and to build long lasting strategies that will take them into future generations. Core competencies are the organization's major value-creating skills and capabilities, in other words strengths. They build a capability that is not easy for the competitors to imitate. Sources of strengths might be listed as the employees and their expertise, a strong financial position, a strong brand name, brand loyalty, quality, strong knowledge management, international operations, well-oiled operating procedures, good supplier or customer-relations, and strong promotional practices. On the other hand a company's weaknesses are lack of resources or capabilities that can prevent it from gaining a competitive advantage. A weakness is something that the company does not do well and over which it has control (Flouris and Oswald 2006, p.126).

Opportunities are conditions in the broad and operating environments that allow a firm to take advantage of organizational strengths, overcome organizational weaknesses, and neutralize environmental threats. Possible opportunities for airline industry might be emerging customer needs, quality improvements, expanding global markets, vertical integration, mergers, joint ventures or strategic alliances.

Key success factors are major opportunities for competitive advantage. Simply stated, they are the rules of the games that companies should follow if they want to survive in their industries. It is important to determine the key success factors in an industry since they are the reasons why buyers choose between competing brands (Thompson and Strickland 2003, p.106). Some example for key success factors in airline industry might be effective management of fuel, maintenance, and labor costs, price competitiveness, successful advertising, good network, in-flight passenger comfort, branding, service quality, customer service, market share and frequent flyer programs (Torlak and Şanal 2007, pp.81-114).

A threat on the other hand is a factor in company’s external environment that poses a danger to its well-being. Possible threats might be listed as entry of new competitors, demographics, shifting demand, emergence of cheaper technologies and regulatory requirements. A threat can do a lot of damage to the business if not managed properly (Hitt, Ireland and Hoskisson 2003, p.37).

In general, a company should select strategies that take advantage of organizational strengths and environmental opportunities and overcome organizational weaknesses and environmental threats. After strategies are formulated, plans for implementing them are established and carried out (Cathy 2005, p.7).

3.4. GENERIC STRATEGIES FOR CREATING COMPETITIVE ADVANTAGE

A firm positions itself in its industry through its choice of low cost or differentiation. This decision is a central component of the firm's competitive strategy and positions the firm to leverage its strengths and defend against the adverse effects of the five forces. According to the competitive advantage model of Porter, three generic strategies can be implemented at the business unit level to create a competitive advantage: Cost advantage, differentiation advantage and niche strategy (Porter 1980, p.35). Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation (Porter 1979, pp.86-93).

3.4.1. Cost leadership

Achieving cost leadership means that a firm sets out to become the low cost producer in its industry (Porter 1998, p.12). A low-cost leader should offer a product with features that are the bare essential requirements for industry consumers, since consumer will firstly purchase the product or service for those bare essential. In order for the cost advantage to be effective and sustainable, the company has to gain the cost advantage in a manner that is very difficult for rival firms to copy (Flouris and Oswald 2006, p.21). Porter explains that low-cost strategy places the firm in a favorable position, provides substantial entry barriers and defends the firm against competitors and powerful suppliers (Apgar 2006, p.52).

The air travel industry is in a process of dynamic change with companies re-establishing their roles in the marketplace. The growth of low cost carriers in Turkey is one of the most important factors currently shaping the airline industry. The main idea of LCCs is translating the lower production costs to the consumers as lower prices. This leads to price sensitive consumers switching from legacy carriers to low-cost carriers, specifically in situations where the consumer finds the schedule of the low-cost carrier convenient.

The traditional low cost model concentrates on maximum aircraft utilization, single aircraft type perations, and keeping to short turnaround times at secondary or less congested airports with lower fees (Bieger and Agosti 2005, pp.50-54; Doganis 2006, p.147; Hanlon 2007, pp.34-58). With most LCCs the fare mostly includes basic transportation in a single-class cabin. Passengers who wish to consume food or beverages have to purchase them on board at an extra charge or bring their own meals. Costly frills like advanced seat reservation, frequent traveler lounges, or interlining with other carriers are usually not offered. Also distribution costs are minimized by bypassing computer reservation systems (CRS) and travel agents through direct selling via internet and call centers and by issuing no paper tickets (Knorr and Zigova 2004).

When buyers are price sensitive, the airline that takes a low-cost leadership posture will have a very strong competitive position in the market (Flouris and Oswald 2006, p.21). However, price alone does not always explain consumer choices in air transportation. Airline travel can be segmented using several dimensions. Leisure passengers' and business passengers' choices may differ. In the minds of leisure passengers price may rank high, but when it comes to business passengers their choices depend mostly on amenities of convenience such as schedule rather than price.

In Turkey, the number of airline companies that are applying low cost model is increasing and characteristics of these companies will be further evaluated in the fifth chapter.

3.4.2. Differentiation

With a differentiation strategy, the company competes in the marketplace by providing a product or service that is unique in the industry and charges a premium price for its product. The uniqueness can be associated with design, brand image, technology, features offered, dealers, network, or customer service or anything that adds customer value, or, at least, perceived customer value (Porter 1980, pp.38-42). A differentiation strategy does not have to add value at all; it just has to be something that the customer perceives to be better or worth paying (Flouris and Oswald 2006, p.25). Differentiation is a viable strategy for earning above average returns in a specific business since the resulting brand loyalty lowers customers' sensitivity to price (Porter 1980, p.38). Therefore brand loyalty can be one of the most powerful competitive weapons of a differentiator.

A differentiation strategy may have some competitive shortcomings. For instance it is very difficult to remain continually unique in the minds of the customers. If the consumer no longer sees the product or service as unique, the company loses its competitive advantage since the consumers are no longer willing to pay the cost difference. Also if price sensitivity ever enters into the picture, differentiation may no longer be an option (Flouris and Oswald 2006, p.28).

Selecting the bases of differentiation, the features of the product and service offered, the ways in which it is offered, and developing the organizational capabilities to achieve it are key challenges for companies. Airline companies use differentiation strategy by offering better schedules, better amenities, better services and they try to protect their markets by establishing a group of loyal consumers. For instance sensitive travelers are willing to pay a certain premium for getting the shortest elapsed time. The number of frequencies offered by a certain carrier as well as the actual departure and arrival times may also justify a price premium. One other important differentiation factor is the quality and comfort of the seats as well as the legroom offered on a given flight. Also airlines use airport lounges, fast track check in channels, highly visible cabin crews in order to offer quality.

Another critical differentiation factor that airline companies use is “In-flight entertainment (IFE)”. This refers to the entertainment available to aircraft passengers during a flight. Today most carriers offer personal video screens in premium classes on long haul with a wide variety of movies, games, music, audio books, updated news, weather reports and internet access.

For instance in Turkey, Turkish Airlines’ first class service begins with personal limousine transfer from anywhere within Istanbul to the airport, where passengers are met by special assistants and shuttled from point to point in personal golf cars. All pre-boarding procedures are handled by these assistants, so that passengers do not wait in lines (THY 2008).

3.4.3. Niche (Focus)

The third generic strategy is the niche strategy, where the company pursues either a low-cost strategy or a differentiation strategy but in a very limited segment of the market or to a very limited customer group. With a niche strategy the company becomes an expert in a particular market where buyers have distinctive preferences, special requirements, or unique needs. Companies applying niche strategies know everything about that specific market and, therefore, can respond quickly to the needs and desires of that market segment (Flouris and Oswald, 2006, p.29). For instance, an airline company might limit its focus to business travelers exclusively or to wealthy travelers or to middle income leisure passengers. Also with a geographical niche, a company is concentrating on a well defined region or locality. For instance, AnadoluJet, the LCC based in Ankara, was established by THY in order to connect Ankara to the rest of Anatolia. The company appeals to new customer segment with lower income (Turkish Airlines 2008, pp.78-79).

Michael Porter argued that in order to be successful over the long-term, a firm must select only one of these three generic strategies; otherwise the firm will be stuck in the middle and will not achieve a competitive advantage. If a company tries to offer both high service quality and low fares all at once, this causes strategic mediocrity and below-average performance because pursuing all the strategies simultaneously means that a firm is not able to achieve any of them because of their inherent contradictions.

4. SERVICES MARKETING

This chapter includes the review of the relevant literature on services marketing and other constructs related to this topic. Definition of characteristics of service, dimensions of service quality, service quality in airline industry and the SERVQUAL model will be explained in details.

4.1. CHARACTERISTICS OF SERVICE

According to American Marketing Association, “Service” is defined as the activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods (AMA 1960, pp.11-22). Specific characteristics of services are intangibility, inseparability, heterogeneity and perishability (Kotler and Keller 2007). Intangibility refers to the lack of perception of a service’s characteristics before it is performed. In other words the service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting (Bebko 2000, pp.9-26). Inseparability refers to the simultaneous production and consumption of services. The service is being produced at the same time that the client is receiving it. Heterogeneity describes how difficult it is to ensure consistency in a service because of the interaction between different customers and service providers. Services are variable and difficult to control since they greatly depend on whom provides the service as well as when, where and how they are provided (Kotler et al. 2005). Finally perishability refers to the fact that services cannot be saved, stored, resold or returned. For example, spare seats on one airplane cannot be transferred to the next flight. In other words the unused service cannot be stored (Langford 2009). Simply we can say that services come into existence at the time they are bought and consumed, they cannot be stored or transported, are instantly perishable and no transfer of possession or ownership takes place when they are sold.

The marketing mix including 4 Ps is very well known by most people, however marketing mix for service is expanded by adding 3 more Ps, which are: People, Physical

Evidence and Process. People refer to all humans who play a role in service delivery and who influence the perceptions of customers. Physical evidence refers to the setting where the service is delivered and the customer interacts. Lastly Process refers to the actual procedure, mechanisms and flow of activities through which a service is delivered (Zeithaml and Bitner 1996, p.117).

4.2. DEFINITION OF SERVICE QUALITY

Quality is the most important purchase decision factor influencing the customer’s buying decisions. Furthermore, it has strategic benefits of contributing to market-share and return on investment (Anderson and Zeithaml 1984, pp.5-24; Chang and Buzzell 1983, pp.26-43) as well as in lowering manufacturing costs and improving productivity (Garvin 1983, pp.64-75).

Service quality is a consumer’s overall impression of the relative inferiority/ superiority of the organization and its services (Bitner and Hubbert 1994, pp.72-94). Service-based companies are compelled by their nature to provide excellent service in order to prosper in increasingly competitive domestic and global market places. Service quality then becomes significantly important to achieve a genuine and sustainable competitive advantage (Zeithaml et al. 1990). Benefits gained from maintaining quality of service are greater than the cost to achieve them or the results of poor quality.

Service quality literature recognizes expectations as an instrumental influence in consumer evaluations of service quality (Grönroos 1984, pp.36-44; Parasuraman et al. 1985, pp.41-50; Brown and Swartz 1989, pp.92-98). Customer expectations may be defined as the “desires and wants of consumers” i.e. what they feel a service provider should offer rather than would offer (Parasuraman, Zeithaml and Berry 1988, pp.12-43).

Kotler explains that the quality should start from the needs of customers and ends at the customer's perception. This means that good quality is highly based on perception of the customer (Kotler and Keller 2006). Obviously, service quality research has given the customer perspective a predominant role and these quality models have centered on measuring the gap between customer expectations and experiences as a determinant of satisfaction.

4.3. CUSTOMER SATISFACTION

Expectations serve as a major determinant of a consumer's service quality evaluations and satisfaction (O'Connor et al. 2000, pp.7-23). In general, customer satisfaction has been conceptualized as whether a product or service satisfied customers' demands and expectations (Zeithaml and Bitner 2000). Kotler (2003) explains that satisfaction is the positive or negative feeling of somebody at the end of a comparison between perceived performance and expected performance of a product or service. If performance fails to meet what is expected, then the customer will feel disappointed or dissatisfied. If the performance is able to meet what is expected, then the customer will feel satisfied. If the performance can exceed what is expected, then the customer will feel very satisfied (Figure 4.1). After delivering the services, service providers should monitor how well the customers' expectations have been met (Pakdil and Aydın 2007, pp. 229-237).

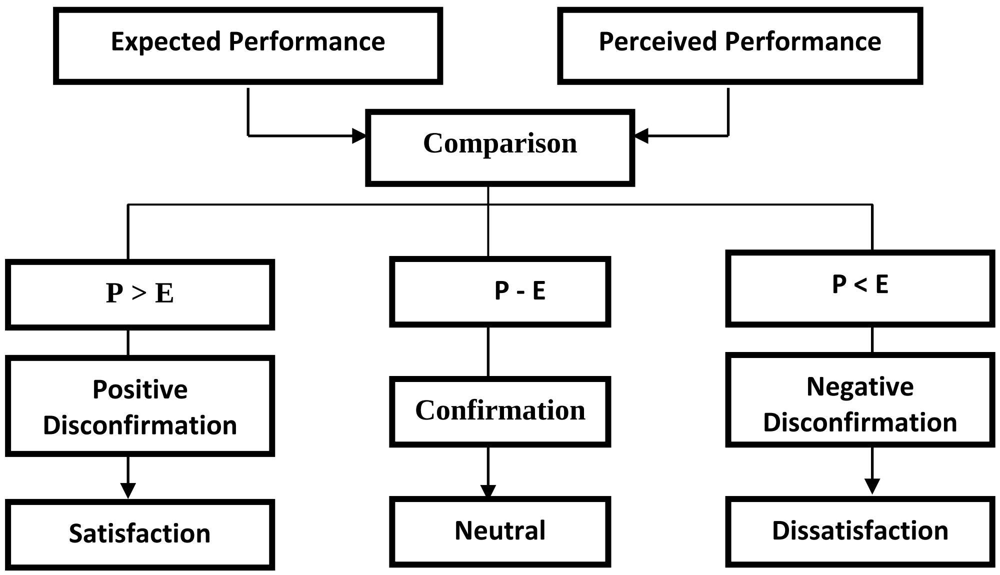

Figure 4.1.: The Disconfirmation Model of Consumer Satisfaction
Source: Walker 1995, pp.7-14

Customer satisfaction occupies a strategic position for the company's existence, because a satisfied customer tends to buy back the same service or product from the same manufacturer and become loyal (Anderson, et al. 1994, pp.53-66). Customer satisfaction is widely recognized as s key influence in the formation of customers' future purchase intentions (Taylor and Baker 1994, pp.163-78). Increasing customer satisfaction leads to improved profits and lower marketing expenditures (Reicheld 1990, pp.105-111). Satisfied customers are also likely to tell others about their favorable experiences and thus engage in positive word of mouth advertising (Richens 1983, p.69; File and Prince 1992, pp.25-29). As mentioned earlier, customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell 1992, pp.6-21). Dissatisfied customers, on the other hand, are likely to switch brands and engage in negative word of mouth advertising, which in turn directly affect the viability and profitability of a firm (Dabholkar et al. 1996). Smart companies aim not only to satisfy their customers but also to delight them which calls for exceeding customer expectations, not just meeting them (Kotler and Johnson 1999). Satisfaction and service quality are often treated together as functions of a customer's perceptions and expectations.

4.4. CUSTOMER LOYALTY

Customer loyalty, the most important objective of companies is defined as buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver 1999, pp.33-44). Customer loyalty manifests itself in a variety of behaviors such as recommending a service provider to other customers and repeatedly patronizing the provider (Fornell 1992, pp.6-21). Developing customer loyalty is reviewed as a way of strategy to identify the best customers, to hold them in hand, to add value for a long-term relationship and to enhance it. Customer loyalty is a prime determinant of long-term financial performance of firms (Jones and Sasser 1995, pp.88–99), particularly for service firms, where increased loyalty can substantially increase profits (Reichheld 1996).

Empirical findings have revealed that increased market share and decreased price sensitivity among customers are particular contributions of customer loyalty to a firm's profitability (Chaudhuri and Holbrook 2001, pp.81-93). In addition, a loyal customer base can lead to decreased costs (Reichheld 1993, pp.64-73; Berry 1995, pp.236-244), since it costs less to provide services to loyal and satisfied customers (Reichheld 1996) and because sales, marketing, and set-up costs can be amortized over an extended period, i.e., throughout the customer lifetime (Clark and Payne 1994).

Consequently, the retention of valuable customers is an important objective and requires airline management to understand the underlying factors that reinforce airline customers' loyalty toward a given airline brand. Loyal customers generate low customer turnover, and often introduce new customers to the firm through word-of mouth recommendations (Reichheld and Sasser 1990, pp.105-111; Schlesinger and Heskett 1991, pp.17-28; Zeithaml et al. 1996, pp.31-46). The establishment and maintenance of a loyal customer base should, therefore, be a key objective for airlines, since it promotes a sustainable competitive position in the market place.

4.5. CORPORATE IMAGE

Corporate identity relates to the self-presentation of an organization and thus consists of the cues that it offers via its symbols, communications and other signals. These corporate identity cues create a set of beliefs, experiences, feelings, knowledge, attitudes and perceptions about the institution in the minds of customers (Van Heerden and Puth 1995, pp.12-17; Benett and Kottasz 2000, pp.224-235; Christensen and Askegaard 2001, pp.292-315).

Corporate image on the other hand, can be described as the overall impression made by a firm on the minds of the public (Barich and Kotler 1991, pp.94-104; Dichter 1985, pp.75-81). Corporate image is a highly subjective perception by the customer audience since the elements that make up corporate image are complex, abstract and culture-dependent.

Corporate image is particularly important in the service industry and can heavily influence customers' buying behaviors. A good corporate image or reputation helps to establish and maintain a loyal relationship with customers. A favorable image has also been found to contribute to customers' recommendations of the organization to other customers. A more positive reputation lends to develop the sales and market share (Shapiro 1982, pp.20–35) and to establish greater customer loyalty (Andreassen and Lindestad 1998, pp.7-23; Robertson 1993, pp.87–96; Yoon et al. 1993, pp.215–228). In service industries, because of the intangibility of the service, other tangible characteristics such as contact personnel and physical environment may be used to influence consumer behavior and to create a more compelling image. For example, an airline company would emphasize the competence of its flight attendants or seat comfort as service quality indices in a strategy to create a favorable image.

Services marketing studies have identified corporate image as an important factor in the overall evaluation of the service and the company (Grönroos 1984, pp.36-44; Gummersson and Grönroos 1988). Corporate image has an effect on customer's choice of company when service attributes are difficult to evaluate and it also influences customers' perception of the goods and services offered (Andreassen and Lindestad 1998, pp.7-23). In the airline industry, a favorable image separates and distinguishes the company from its competitors. The more favorable an airline's image, the more likely passengers will assume that the services tendered by that airline are better, of higher quality and worth more in actual price (Dowling 1994).

4.6. DIMENSIONS OF SERVICE QUALITY

Sasser et al., (Sasser, Olsen and Wyckoff 1978) list seven service attributes which they believe adequately embrace the concept or service quality. These include security, consistency, attitude, completeness, condition, availability and training. Security represents confidence as well as physical safety whereas consistency represents receiving the same service at each time. Attitude represents politeness and social manners and completeness represents ancillary services available. Condition represents the condition of facilities and finally availability represents access, location and frequency of service.

On the other hand Grönroos (1988, 1991) believes that service quality is made up of three dimensions which are "technical quality of the outcome", the "functional quality of the encounter", and the "company corporate image".

Lehtinen and Lehtinen (1991) also believe that service quality comprises physical quality, corporate quality and interactive quality where the dimensions of quality originate in the interaction between the consumer and the service organization.

A more recent conceptualization of the service quality dimensions was proposed by Rust and Oliver (1994). They proposed a three-component model explaining service quality through service product, service delivery and service environment. Brady and Cronin (2001) on the other hand suggested similarly three service quality dimensions which are service outcome, consumer-employee interaction and service environment. The notion of service product/service outcome and service delivery/consumer-employee interaction is consistent with the idea of technical attribute and functional attribute derived from Grönroos' model.

4.7. THE SERVQUAL MODEL

Academics have conducted extensive work in the area of service quality. However the most traditional approach was developed by Parasuraman and his colleagues, which locates service quality perception within the contrast between consumer expectation and actual service performance (Parasuraman, Zeithaml and Berry 1990, pp.94-114). Parasuraman et al. (1985) developed a service quality measure, called SERVQUAL, which states that customer's assessment of overall service quality is determined by the degree and direction of the gap between their expectations and perceptions of actual performance levels. Service quality can thus be defined as the difference between customer expectations of service and perceived service (Figure 4.2). If expectations are greater than performance, perceived quality becomes less than satisfactory and as a result customer dissatisfaction occurs (Parasuraman *et al*. 1985, pp.41-50; Lewis and Mitchell 1990, pp.11-17). SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality and is one of the most valuable contributions to the services literature (Brown and Bond 1995, pp.25-39). SERVQUAL has been tested and used to measure service quality in various contexts including transportation and shipping (Frost and Kumar 2001, pp.371-86; Sultan and Merlin 2000, pp.188-216; Durvasula et al. 1999, pp.132-150).

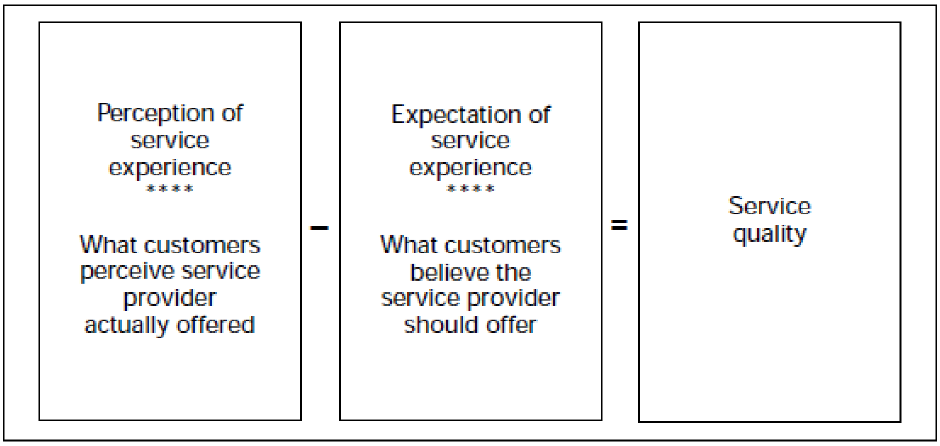

Figure 4.2: Measurement of SERVQUAL Service Quality
Source: Parasuraman et al. 1985, pp.41-50

There are seven major gaps in the service quality concept, which are shown in Figure 4.3. Gap 1 occurs between what the customer expects and what the company's management thinks customers expect. Gap 2 occurs when management fails to design service standards that meet customer expectations. Gap 3 occurs when the company's service delivery systems – people, technology and processes – fail to deliver to the specified standard. Gap 4 occurs when the company's communications with customers promise a level of service performance that people, technology and processes cannot deliver. Gap 5 occurs when there is a discrepancy between customer expectations and their perceptions of the service delivered. Gap 6 occurs when there is a discrepancy between customer expectations and employees' perceptions. Lastly, Gap 7 occurs when there is a discrepancy between employees' perceptions and management perceptions.

The first six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered, whereas Gap 5 may be identified as the overall difference between the expected service and the perceived service experienced. Gap 5 results from the combination of other 6 gaps and it is considered to be the true measure of service quality. The gap on which the SERVQUAL methodology has influence is Gap 5.

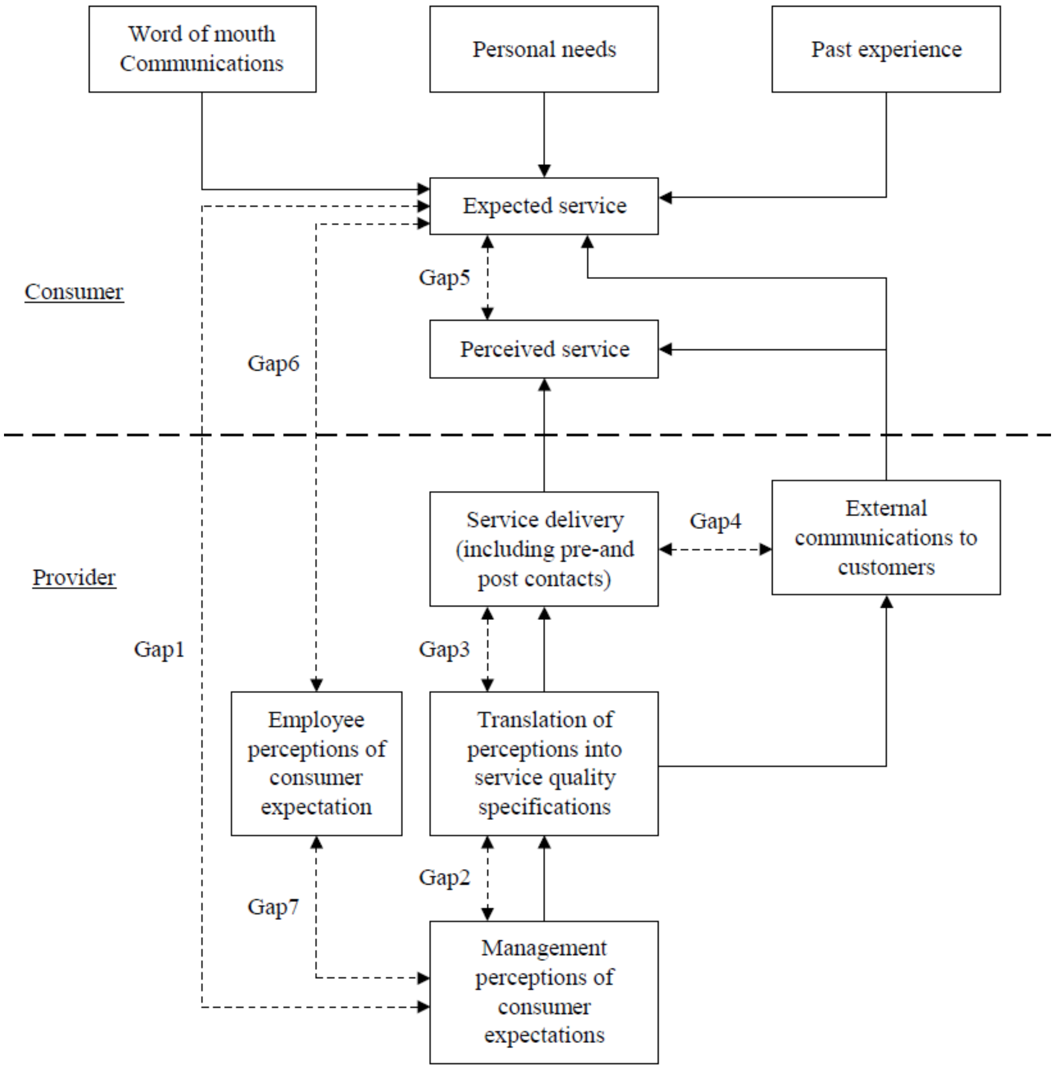

Figure 4.3: Model of Service Quality Gaps
Source: Parasuraman et al. 1985; Curry 1999, pp.180-190; Luk and Layton 2002, pp.109-128

To find the level and extent of the Gap 5, authors developed 22 item SERVQUAL scale (Figure 4.4). The model’s authors identified five dimensions underlying overall service quality: tangibles, reliability, responsiveness, assurance, and empathy. Tangibles are the physical surroundings represented by objects and subjects such as interior design and the appearance of employees. Reliability is the service provider’s ability to provide accurate and dependable services. Responsiveness is a firm’s willingness to assist its customers by providing fast and efficient service performances. Assurance is the diverse features that provide confidence to customers such as the firm’s specific service knowledge, polite and trustworthy behavior of employees. Empathy is the service firm’s readiness to provide each customer with personal service.

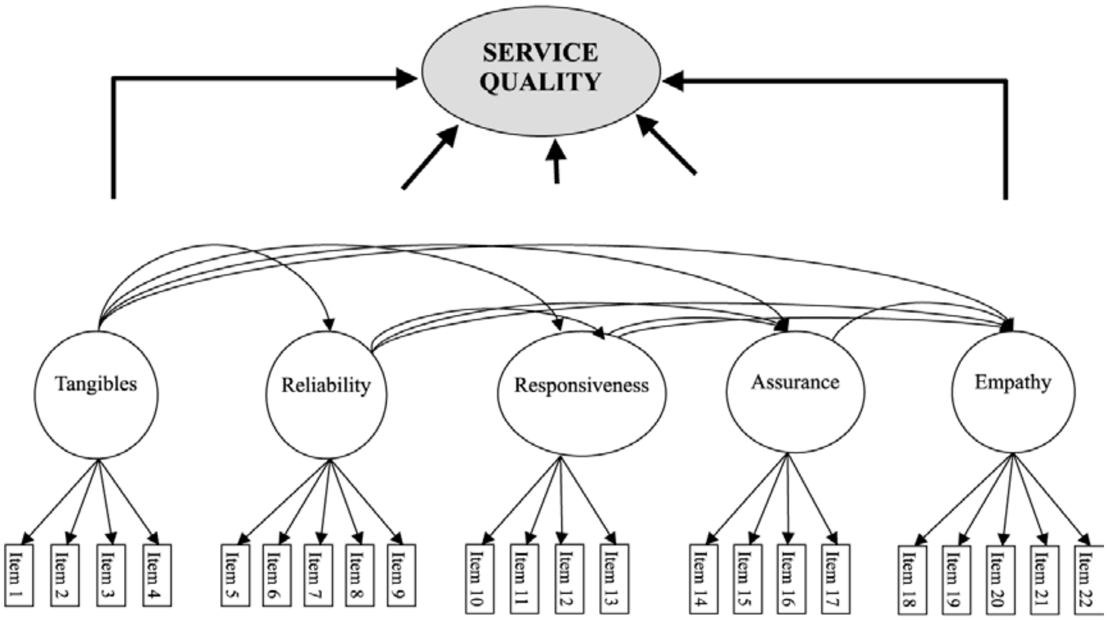

Figure 4.4: The SERVQUAL model for the confirmatory factor analysis (CFA)
Source: Badri, Abdulla and Al-Madani 2005, pp. 819-848.

4.8. SERVICE QUALITY IN AIRLINE INDUSTRY

Due to the competitive environment in transportation services, delivering high level of service quality has become a marketing requisite for airline companies (Clemes *et al.* 2008, pp.49-62). Airline service quality is a significant driver of passenger satisfaction, passenger's choice of airline and passenger loyalty (Alotaibi 1992; Ostrowski, O'Brien and Gordon 1993, pp.16–24). Satisfying passengers has a beneficial effect on a carrier’s long-term survival since customer satisfaction is a significant determinant of passengers' buying behavior (Rhea and Shrock 1987, pp.36-42).

In airline business service quality is the measure of how well the service delivered by airlines matches passengers' expectations (Alotaibi 1992). Airlines need to know how their service is meeting their passengers' needs and wants, so that they can enhance their passengers' satisfaction level. However measuring customers' expectations and perceptions for airline service is a real challenge because of intangible factors such as ambiance of the cabin, employee behaviors, etc. (Fitzsimmons and Fitzsimmons 1994).

Although there has been considerable amount of research made about the service quality, among these the SERVQUAL model (Parasuraman et al. 1988, pp.12-43) is used extensively in the air travel industry (Young et al. 1994, pp.76–96; Sultan and Simpson 2000, pp.188-216). According to the IATA (International Air Transportation Association), service items for airlines include seat reservation, selling ticket, airport check-in, cabin service, baggage delivery and the subsequent services after arriving at destinations. From a passenger's perspective, the service items of airline should include flight frequency, flight safety, cabin food and beverage, seating, flight on schedule, etc. On the other hand, from an operator's perspective, the airline industry generally pays more attention on safety, seating comfort, convenience, accuracy, and hospitality, etc. (Chen and Liu 2002, pp.44-54).

In addition, ticket price is one of the most important factors that influence air passengers' satisfaction and buying behavior because while evaluating the value of an acquired service customers usually think of price (Anderson et al. 1994, pp.53-66). Most air passengers are sensitive to airline ticket price, therefore airlines use pricing to differentiate market segments and objectives based on passenger price sensitivity (Stern 1989,pp.30–34).

It should be also noted that during airline services there encounters an interaction between the customers and the employees. The knowledge level, skills, attitudes and behaviors of the employees have an important effect on the satisfaction level of customers, since airline industry is a labor-intense industry.

Value is an important factor for airlines influences passengers' perception of airline service quality and their behavioral intentions. Value-added services such as providing beneficial frequent flyer programs and having special promotions are ways in which companies can gain competitive advantages in the airline industry (Dennett et al. 2000, pp.82-94).

In summary, understanding the key drivers of passenger's airline choice is fundamental in achieving growth in today's competitive aviation market. In order to create appropriate marketing strategies and management decisions, airlines need to know how passengers choose airlines and what kind of selection criteria do they consider while making this selection (Fourie and Lubbe 2006, pp.98-102). Service attributes of airlines are the important determinants affecting air travelers' selection of airlines (Proussaloglou and Koppelman 1999, pp.193-201). Any airline's competitive advantage, market share and profitability depend on customer satisfaction and loyalty (Morash and Ozment 1994, pp.115-140). These, in turn, depend on customers' perceptions of service quality. In service industries such as the airline industry, the distinctive features of services require that managers understand customer needs and expectations, and keep promises Assessing passenger expectations is not a static exercise as passengers are becoming increasingly sensitive to quality.

5. IN-DEPTH INTERVIEWS

In the first stage of primary data collection, in-depth interviews were conducted with senior directors and managers especially from commercial departments of four well-known airline companies which are THY, Onur Air, AtlasJet and Pegasus.

Our aim was to explore how each company is developing and implementing its domestic competitive strategy in Turkish airline market. About 25 interview questionnaires were designed as informal and semi-structured. The record of the interviews was made either by taking notes or recording the voice of the interviewees. The topic guide was used to give a direction to the interview and respondents were encouraged to talk at length within and around the topic areas.

Individual in-depth interviews were chosen as the main method for the collection of data from managers as they encourage interviewees to share as much information as possible in a free-flowing environment (Cooper *et al*. 1995). In depth interviews also provided an opportunity to probe and clarify points arising during the discussion.

5.1. INTERVIEW CONSTRUCTION

Based on the integrated model which was developed from literature review, interview questionnaire was developed. It was pre-tested with some professionals who are occupied with airline business.

The questions of in-depth interview can be classified into two groups. Some questions are about the company itself and others are about competitors and market conditions.

First part of the interview addressed questions related to the core competitive strategy, mission, vision and general goals of the company for domestic airline market. It is also asked them to talk about their core competencies, strengths and weaknesses, pricing strategy, target customers, type of aircraft they use, catering services, promotions, ticket sales channels, advertising channels and future plans. We encouraged them to give us information on how they differentiate themselves from other companies, which factors they consider while selecting the routes and preparing their schedules, which companies they regard as competitors and how they evaluate the customer feedback.

The second part of the questions were related to opportunities, threats, critical success factors and key players of domestic market, strengths and weaknesses of competitors, current competition in the market and future scenarios. It is also asked about the characteristics of Turkish Low-Cost-Carrier model to managers in this part (Appendix 2).

5.2. ANALYSIS OF IN-DEPTH INTERVIEWS

After the in-depth were conducted, the results were assembled, transcribed and e-mailed to the respondents for their review and approval, eliminating any misinterpretation. The transcripts were then coded with concepts and transformed and simplified in order to facilitate display, analysis and comparison along the lines.

5.2.1. Turkish Airlines

Turkish Airlines is projected to be Europe's 7th biggest airline in terms of passengers carried in 2009 and the Europe's fourth-biggest national flag carrier (Wikipedi 2010). Turkish Airlines obtain a significant part of its income from (about three quarters) international flights (Türk Hava Yolları A. O. 2010). However it also has strong domestic presence. The company currently has 67 per cent domestic market share and 59 per cent international market share (Türk Hava Yolları A. O. 2009). Turkish Airlines is developing very dynamically and aggressively by growing its’ fleet, launching new routes, increasing capacity, advertising on a global scale and remaining profitable at the same time.

Although Turkish Airlines has a strong presence in Turkish domestic market, its’ market share steadily dropped over the last seven years from 100 per cent to 60 per cent with the entry of new competitors after liberalization in 2003. According to an interview made with Temel Kotil, the CEO of the Turkish Airlines, it is expected that this market drop in domestic lines would proceed as the company focuses more on international expansion. Turkish Airlines has been reducing domestic flights at Ataturk to free up slots for more international flights. It has been said that Turkish Airlines will continue to serve all the main cities in Turkey to preserve international connections and meet premium demand, but for the lower end the company is leaving domestic market to other companies (Sobie 2008).

According to the interview that we made with authorities from Turkish Airlines, it has been said that THY's goal is to become a global five-star airline company by providing qualified service in a profitable manner. In detail their goal is to increase productivity and quality, to reduce costs, to lower ticket prices and to ensure profitability. It has been said that THY has two different general strategies that they apply in domestic market: Firstly, they supply service where there is a demand and secondly they supply the service first and create a demand for it after which is called “stimulation” (the act of arousing an organism to action).

THY’s target customer segment is stated as everyone who wants to travel by plane and who can afford the companies qualified service. The company keeps its’ customers loyal by providing high quality service.

Turkish Airlines’ mission is stated as “To become the flag carrier of Turkey by providing air transportation services in order to: Pioneer the country’s attempts to penetrate world markets; connect all regions with a certain passenger potential within Turkey: serve as a bridge between the Turkish Republics of Central Asia, the Balkans, the Middle and Far East, the Americas and Europe; act as a leading technical service provider for the aviation industry. As can be seen THY gives more weight to international operations.

Company’s main strengths are listed as its brand awareness, credibility, financial resource, brand value, Istanbul hubbing capability**,** substantial cost advantage over its rivals and customer loyalty. In addition company’s income is diversified among the major currencies from both income and expenses side which minimizes exposure risk.

On the other hand Turkish Airlines has a number of subsidiaries to spread the risk of operations and discourage new entry of rivals: AnadoluJet, SunExpress, THY Technic, THY Flight Training, THY OPET Havacılık Yakıtları, And THY Do & Co Catering.

Although the overall strategy of THY is to focus on a full-service offering and leave the low-cost market to others, the company maintains a solid position at the low cost market domestically and expands flight network through AnadoluJet and its Lufthansa JV, SunExpress.

It has been declared that AnadoluJet, launched in April 2008, is based in Ankara with a network of slightly less than 30 destinations. The company was established in order to provide an alternative for narrow segment passengers with lower income under the trust of the Turkish Airlines name. It has been added that THY’s goal when establishing AnadoluJet was to provide price advantage with more effective and affordable flight network connecting Ankara to the rest of Anatolia since it is believed that passengers on that route could not afford Turkish Airline ticket prices.

In addition it has been mentioned by Temel Kotil in one of his interviews that the main purpose for launching AnadoluJet is to exercise how to lower the operational cost of THY. They want to apply the method for lowering costs to the full-service carrier, since it is believed that both operations are very similar when compared to the whole business. In addition it has been added that AnadoluJet is also part of a plan to create a second hub at Ankara, where Turkish Airlines plans to later add full-service international flights. It is also confirmed by Mr. Karlıtekin, the chairman of the board, that AnadoluJet's main target would be domestic flights, while THY focuses more on new plans for international flights. They hope to increase the commercial value of THYwith AnadoluJet and to benefit Turkey more as a national carrier as well as improving domestic aviation (Todays Zaman 2008).

SunExpress on the other hand is owned 50-50 per cent by THY and Lufthansa respectively and is a low cost carrier especially established for ethnic (commuter passengers who work overseas) and leisure passengers. When we asked about SunExpress, it has been declared that the company is another alternative for a certain type of passengers. The company is based in Antalya and operates to 19 destinations in Turkey. Since 2006 SunExpress is operating domestic flights and currently operating from Izmir, Istanbul Sabiha Gökcen Airport and Antalya Airport.

It can be seen that Turkish Airlines is not only a substantial full service carrier in its own right, but also positions itself against other companies in domestic market through these fast growing subsidiaries. These LCCs are more than just a defensive weapon for Turkish Airlines which enable the carrier to focus on its core business operations, while boosting group traffic, both domestically and internationally.

In Turkey, Turkish Airlines determines the ticket fares and other companies try to sell tickets with lower prices compared to THY. However it has been said that since THY's positioning is totally different from other Turkish airline companies and since the company is quality-oriented there is always a demand for THY in domestic routes.

For the domestic market it has been added that price depends on destinations since each destination has a certain income level and a limit that passengers are willing to pay. If THY price is high for a specific route, the company enters there through AnadoluJet or searches for alternatives like changing the type of aircraft, analyzing new ways of advertising or a business model, establishing connections with chamber of commerce or industrial organizations in that area or making promotions. If that route is still not profitable, the company cancels it. THY tries all possible ways before withdrawing from a specific route and the company is sure that if they can't stay profitable in a specific route that means none of other companies have a chance to do so.

We asked THY authorities about in-flight catering service since it creates superiority for THY over low cost carriers. It has been said that Turkish Airlines has always given top priority to in-flight service and offer in-flight service in the same manner as the relationship between a host and guest. It is believed that in-flight service trends are indicative of competitive strength in the airline sector and Turkish Airlines is constantly improving its in flight service standards and is proud to be an airline that is actively competitive in this area. In order to deliver the best restaurant quality and service possible on an airplane, the catering company Turkish DO&CO was formed in 2007 through a partnership between the Austria-based DO&CO and Turkish. Only fresh materials are used in food preparation and all products are carefully selected for quality and flavor. Passengers are served meals that have been prepared with great expertise and meticulously tested for their conformity with international standards of hygiene.

When we asked about the key players and major competitors in domestic market, it has been just answered that in Turkey there is "THY" and "the others". THY sees itself totally different from other airline companies in Turkey since the company has a huge network and it does not only carry local passengers, but also carries transit and local passengers. Only international companies such as Lufthansa, Air France and British Airways are regarded as their competitors. It has been agreed that there is no strict competition between other Turkish companies and THY. It has been added that other competitors suit THY's purposes and easify their job since they expand the market by adding new passengers who have never had a flight experience before. Other companies divert people to fly and they make people accustomed to fly. Those passengers who experienced to fly then begin to search for better quality and finally they achieve THY. Therefore other private airline companies act like a beginner step for THY in domestic market.

THY is making successful international advertisements and global marketing campaigns. In 2009, THY launched a global marketing campaign titled "Feel Like A Star", where they connected their brand with the face of American actor and director, Kevin Costner. The Costner Turkish Airlines ad mainly focused on the First and Business class product, but also raised brand awareness all around the world as it aired in 70 countries in 2009. In 2010, THY is moving into the sports arena and becomes the official airline of the Spanish soccer team, FC Barcelona and English soccer team Manchester United. All the advertising materials and logos of Turkish Airlines will be displayed on the internal screens of the stadiums and all other locations of the two teams. In addition commercial films will be made with the players of Manchester United and FC Barcelona Clubs. As being "the official sponsor" of both companies, THY will transport the players of the two clubs to the tournaments and training camps.

Given that both football teams have fans on a truly global level, the brand awareness of Turkish Airlines will certainly grow in the next few years.
Lastly, about the future of domestic competition in Turkey, it has been said by THY authorities that companies that don't pay attention to its cost structure, safety and quality, which are the key success factors of this industry, would not be able to exist in this market.

5.2.2. Onur Air

With the slogan "Fly Turkey Fly" and the philosophy of "everyone will fly on a plane once in lifetime", Onur Air launched the scheduled domestic flights on 9 December 2003 in an attempt to ensure that airline transportation is the preferred way of travel by everyone in Turkey. Onur Air has been applying Low Cost Carrier model and flies to main points of Turkey from its main base Istanbul Ataturk Airport.

According to the interview we made with authorities from Onur Air, it has been said that Onur Air's target customers are not high-income passengers, but the ones who spent their money carefully. When Onur Air first entered the market, THY had been a brand for 70 years and it was not easy to attract its passengers; so instead Onur Air chose to appeal to middle income customers. Onur Air's product perception is lower than Turkish Airlines' product perception and the company created its product accordingly.

It has been declared that the most important point Onur Air focuses on is offering reasonable price to its target audience. In this context, the company has been trying to create the image in people's mind that Onur Air's products are affordable and decided to beat the impression that air transport is expensive. In order reach its goal, Onur Air firstly applied psychological pricing by reserving a couple of seats from each flight at some certain periods and announced that Onur Air sells those tickets from 9 TL. With this application Onur Air gave a strong message that air travel is affordable and is not very different from that of bus travel.

Secondly, Onur Air quotes low ticket price for a specific future flight and makes a purchase condition that no cancellation or refund will be made for that ticket. This application has two benefits for the company. The passengers who can plan themselves earlier have a chance to fly by paying nearly the same price of a bus ticket. When those passengers experience air transport, they see how comfortable it is and they become potential airline customers. Also since the conditions of these tickets are heavy that no cancellation or refund will be made, a high percent of these passengers are unable to come and “no show” occurs. Since the passenger purchased the ticket from a very reasonable price, he/ she can easily waste it if he is unable to catch up with the flight. The company knows that if the percentage of low-cost ticket is high for a certain flight, at least 10 or 15 per cent of low ticket passengers will not be able to come. Therefore Onur Air makes “over-booking” which means “selling more seats than available” for those flights.

Thirdly Onur Air applies its pricing strategy due to demand and traffic of the destination. For instance, at times when there is low air traffic Onur Air books its seats from radical cheap prices. As a result of this application empty seats are utilized and more passengers experience air transport. One is always better than zero and people get the idea that there is an airplane ticket from 29 TL. Also when a passenger experiences air transport, he realizes how disturbing it is to go by bus and complies to pay that little price difference and becomes a potential airline passenger. For instance Onur Air does promotions in every Ramadan month. On the other hand in Bairam periods, when the traffic is very high, airline prices doubles or triples depending on the destinations. Lastly, Onur Air follows other competitors’ prices continuously and according to these observed prices, the company offers prices which are 3 TL, 5 TL or at least 1 TL lower than that of competitors.

It has been declared that Onur Air chooses its destinations that would take at least 8 hours by bus. Otherwise bus and train companies would also become the main competitors of the company. Also Onur Air generally chooses the main big cities which are called “Trunk Routes” instead of small routes. For instance Onur Air is not flying to Ankara because in a short while high-speed train will become an important competitor.

Also Ankara is a city where the businessman traffic is high and if they enter that route, at least 6 or 7 flight per day should be set to in order to counteract THY. The company's strategy is follow THY and to enter routes where there is a high share. Therefore selection, price and frequency of THY routes are very important data for Onur Air.
Onur Air also aims to add "Small and Medium Business Enterprise employee" to its portfolio and those businessmen generally need to go very early in the morning and turn back at night with the latest possible flight to use their day efficiently. That is why when Onur Air is entering to a certain route, the company sets two or at least one flight for everyday. However there are some exceptions: for instance since Bodrum is a seasonal place, Onur Air flies there more frequently in summer than in winter and flies to Dalaman only in summers. But to other places like Samsun, Trabzon, Diyarbakir, Adana, Antalya, Izmir, the company flies at least once a day.

When we asked Onur Air authorities about other competitors and how they asses the competition, it has been said that in order to become a competitor of Onur Air, a company should be flying from Ataturk Airport and should apply low cost strategy. Onur Air regards Turkish Airlines as the biggest and most important competitor since THY's main hub is Ataturk Airport and flies to many points frequently. However, the products of both companies do not correspond to each other. THY's product is basically high segment and expensive and is designed according to high-income groups. It has been declared that both companies would exist in their own markets. Onur Air's cost base is totally different from THY's, so the likelihood of Onur Air to remain in the market in the long term is very strong.

It has been said that there are two main differences between Turkish Airlines' and Onur Air's service. Firstly, both companies use same type of aircraft but THY uses it with 150 seats, whereas Onur Air uses it with 170 seats. As a result there is a 2 cm more gap in front of passenger's feet in THY's aircrafts. However by using per cent 10-12 more seats Onur Air automatically has a cost advantage.

Second issue is about catering services. With THY flights, food and drink is offered during flight, and no matter if a passenger wants it or not they pay ticket prices

accordingly. In other words they all pay for the ones who eat and drink on board. On the other hand Onur Air is not offering free catering services in order to lower the costs and ticket prices. Instead the company sells food and drink only to those who want to pay for it. This system became suitable for company's target audience, since the costs and ticket prices are reduced and flying became affordable for middle income passengers.
This system is successfully applied by Low Cost Carriers all around the world. Onur Air is adhering to the rules of LCC system as much as possible and the company is targeting middle-income level passengers. Now the passenger knows what he will pay and what he will get in return. It has been proved that the importance of these two factors is not that important for a 1 hour flight and passengers realize it.

Onur Air lists Pegasus Airlines as one of the key players in Turkey however the company does not regard it as the main competitor since Pegasus' main hub is Sabiha Gökçen Airport and Izmir.

On the other hand AtlasJet is confined to west side of Turkey by flying generally to Bodrum, Izmir, and Antalya whereas Onur Air keeps its' network a little more broad in order to exist all in Aegean, in Mediterranean as well as in Eastern and Southeast Anatolia. As a result AtlasJet isn't regarded as the main competitor of Onur Air either. However on some routes AtlasJet becomes Onur Air's competitor such as Istanbul-Antalya or Istanbul-Izmir. In addition Pegasus' sub-brand İzAir becomes Onur Air's competitor on Izmir- Istanbul Ataturk Airport line.

SunExpress flies from Izmir, Antalya and Sabiha Gökçen and AnadoluJet is flying from Ankara so Onur Air does not regard these two companies as its competitors either. Therefore it can be concluded that on the basis of Turkey in general Onur Air's main competitor is THY; however Onur Air has also line-based competitors among other private airlines. The company basically follows other companies' prices which are flying from/to Ataturk Airport and closely monitor their frequency policies.

Onur Air has been using Boeing MD aircrafts since it began flying in domestic routes. It has been said that MDs are right aircrafts for domestic operations, however its shape (long and thin and the engines are at the back) created a negative impression on passengers. Also it has been added that fuel consumption and carbon production emission of those aircrafts are slightly high. In addition the capacity of MD is less than A320 and A 321s. As a result of these factors Onur Air decided to exchange MDs with A 321 and A 320s. Another reason for exchanging those aircrafts is that since it is increasingly becoming very hard to get slot allowance from Ataturk Airport and since Onur Air can't increase the frequency of flights, the company decided to enlarge the capacity of the aircraft by enlarging its body instead.

It has been said that Onur Air's business model is dispersing the risk to four different areas: Domestic line, international line, charter line, and Saudi Arabia operations. Onur Air is standing on all these operations in perfect health and if there is any weakness in any of these areas, the company moves the capacity to other areas and minimizes their risk.

Onur Air has always avoided from sensations, made very little advertising and explanations. Advertising is one of their cost elements and the company doesn't make ads unless it is extremely necessary. It has been said that Onur Air has an advantage over their rivals since it was the first company operating scheduled domestic flights in Turkey. The company is said to be very well known and the image of Onur Air as a passenger airline company is very well-established. Therefore it has been said that other companies need to advertise more than Onur Air. However they are planning to make informative ads when new Airbus aircrafts arrive so that the passengers realize the innovation.

Moreover Onur Air's owner Mr. Bagana doesn't like to be in sight or come into agenda with sensational statements. It has been declared that he abstains from being a subject to newspapers but instead he prefers to act wisely in the framework of trade rules.

For the last three years Onur Air is not growing much in domestic lines since THY is growing so fast and supplies a huge capacity of Ataturk Airport. It has been declared that as long as THY continues to grow aggressively, other companies operating from

Ataturk Airport don't have a chance to grow. Onur Air's domestic strategy is focused on Ataturk Airport so what THY does really matters for the company. Therefore it has been lastly declared that the company is not planning to grow in domestic lines for the near future.

5.2.3. Pegasus Airlines

The third company Pegasus Airlines started to run scheduled domestic flights in Turkey at the end of 2005. The company adapted LCC system to Turkish culture and currently has the second biggest market share with 20 per cent in domestic market after THY.
The company has a wide domestic network with 18 points in Turkey and flight frequency to each point is very high. The company's basic strategy is to provide secure and comfortable flight services to people who wish to travel by plane with offering them the best prices.

According to an interview made with authorities from Pegasus Airlines, it has been said that Turkish domestic market has been growing around per cent 20 per year whereas Pegasus Airlines' growing ratio is around 43 per cent per year, which is 2,1- 2,2 times more than the market growth ratio. This shows that the company is both attracting other carriers' passengers and also creating a new market on every route that it enters. Last year the company had only 4 aircrafts and currently it has 32 aircrafts. The company has been enlarging its fleet very fast.

Pegasus has been growing by providing the needed service to its guests by offering the best prices and without installing unnecessary costs on them. In this regard Pegasus Airlines' mission is declared as to improve air transport service in Turkey and provide many people to fly.

It has been added that Pegasus' target customers are people who spend their money carefully, make smart choices, and think rationally in this context. The company generally appeals to middle income passengers but it has also high-income passengers.

Pegasus Airlines reduces its costs and lower its’ ticket prices as much as it can. The company is not offering in-flight catering service since it pollutes the aircraft and deep cleaning is required in every take off and landing which results in longer grounding time. Therefore by not offering in-flight catering, the ground time gets shorter and costs are reduced.

Another cost advantage that the company has is its uniform fleet with all aircrafts from Boeing 737 family. Having a uniform fleet puts the company in a very “cost effective” situation in terms of maintenance of aircraft, number and quality of technicians and spare parts stocks. Also the company currently has 40 new aircraft orders which have more efficient fuel consumption.

Pegasus’ important difference from other airline companies is that the company operates from Sabiha Gökçen Airport in Istanbul. It has been said that the company made an extensive research before deciding on Sabiha Gokcen. The company had meetings with city mayors from Anatolian side of Istanbul and also from neighborhood cities such as İzmit, Adapazarı and Bursa and made extensive research about the characteristics of the population in those areas. Pegasus realized that the potential population was roughly 6.5 million and the risk was worth taking. As a result they decided to take advantage of it. Pegasus was the first company based in Sabiha Gokcen, however the number of companies operating from that airport is increasing.

It has been said that it is not possible to fly on the desired time from Ataturk Airport. Although a company gets the desired time slot, aircrafts have to wait in line for takeoff which extends the grounding time. Depending on takeoff time, return time is also delayed. Since Sabiha Gökçen is not a crowded airport, Pegasus is the most on-time company among others with per cent 80-85 ratio which is impossible to catch at Ataturk Airport. As a result the company can make more flights per day with each of its aircraft. For instance Pegasus can fly 10 legs per day with one aircraft whereas other companies flying from Ataturk Airport fly at most 6 or 7 legs. In consequence Pegasus gains more profit compared to others.

Pegasus applies a dynamic pricing system with the slogan “buy early & buy cheap”. With this system passengers who can plan themselves ahead have price advantage and have a chance to experience air transport. It has been said that while determining Pegasus’ pricing policy, they set forth the costs, prices of competitors, expected occupancy rates and previous price scales. Then they study on these data thoroughly and depending on the results, price scales are determined. There are 17 types of price levels for each flight. Certain number of seats is allocated for each price level. For instance first five seats are sold from 29 TL, the next 15 seats are sold from 49 TL, and last 10 seats are sold from the highest price. In addition Pegasus uses a revenue management system called “Airmax” on which all prices are installed. This system makes an optimization, forecasting and suggestions on the number of seats that should be sold from each price level. Then these reports are studied, analyzed and then adapted to market conditions and special dates. Finally all flights are revised daily.

When we asked about the current competition in Turkish aviation market, it has been said that key-players of the domestic market are THY, Onur Air and Pegasus. Onur Air is a very well known company since it is the first company that began to run domestic flights in Turkey and the company is very strong in Eastern region. It has been confirmed that although Onur Air doesn’t make investment on his brand, the company’s brand awareness is very high especially among “C” class passengers. It has been added that Onur Air has no growth strategy and the company has been flying to the same points with same frequencies since Pegasus entered the market. Since Onur Air doesn’t foster itself and invest on its brand, Pegasus doesn’t see the company’s success sustainable.

On the other hand AtlasJet has an inconsistent business strategy. First the company was positioned as a low cost carrier, then the company changed its business model and became a full service carrier. Also the company flies to very few points like Antalya, İzmir, Adana, Bodrum and is a kind of ETS tour’s airline company. Therefore, Pegasus doesn’t see AtlasJet in a strong position either.

It has been said that AnadoluJet and SunExpress, the sub-brands of THY, are the two companies that Pegasus will be actually competing in coming periods. These two companies operate from Sabiha Gökçen Airport on domestic lines and they nearly fly to the same points with Pegasus. Although brand awareness of both companies is still very low, they create a threat for Pegasus.

It has been declared that SunExpress is managed well with its homogenous fleet and is growing consistently. If the managers of the company apply good marketing strategies, invest on their brand and bring the company up to certain level, they can create a threat for Pegasus.

It has been declared that competition with AnadoluJet on a price base is unfair since the company is not still separated from THY. The company doesn't have a separate balance sheet and all the profits and losses of the company is absorbed within the cost of THY. THY just separates some of its aircrafts, paints them in AnadoluJet color and put its own pilots on it. Everything that the company has belongs to THY, but a brand called "AnadoluJet"competes in the market as a low cost carrier on its behalf. In other words, THY earns money on its own side and spends it through AnadoluJet despite making loss. AnadoluJet's biggest advantage is being a sub-brand of a big and important company like THY. It has been declared that since THY is a network carrier and its business mentality is totally different from that of low cost carriers, the possiblity of AndoluJet to catch up to Pegasus' rate is low. In order for this competition to be fair, AnadoluJet should become a separate brand.

Additionally another difference of Pegasus is that the company sees itself more of a marketing company rather than an airline company. It has been said that Pegasus positions itself as a marketing company which markets aircraft seats. Pegasus is the only company making the greatest investment on its brand and it is the fastest growing company among its competitors. The company is an aggressive and marketing-oriented company and creates a huge budget for advertising. The company is sure that the money they spend on advertising would double and turn back as a profit in the long run.

It has been said that if Pegasus enters to a specific route, everyone should know that Pegasus flies to that point everyday at the same hour. It has been once again mentioned that Pegasus flies to maximum number of points in domestic lines compared to other private companies. If there is an intense competition on a certain route, Pegasus increases its flight frequency to that point despite the loss of money in order to be more active.

Pegasus uses different advertising channels and determines its budget and media channels depending on the target audience that the company wishes to access. Pegasus works with an advertising agent and advertises both in Turkish foreign markets. Locally Pegasus gives weight to campaign-based advertisements and makes hundreds of weekly campaigns per year. In some periods the company makes heavy advertising bombardment thorough all channels including outdoors, radios and TV. Pegasus is predominantly based on web and is trying to direct its customers to flypgs.com. As a result the company receives all details of passengers and has a chance to communicate them directly. Actually the company is using almost all advertising channels through mailing, online sites, mobiles and digital marketing and allocates them in its annual plan.

When we asked them how Pegasus attracts passengers from European side of Turkey, it has been said that the company makes “direct marketing” activities such as “happy hours” especially in business plazas at Maslak and Levent region. The company emphasizes the closeness of Sabiha Gökçen Airport to that region and mentions the easiness of access to the airport since there is no traffic problem in that area. In addition the company reaches to Europe region with its general low price message. It is believed that when the price is good, and when a person is going on a vacation at least for one week he accepts to go to Sabiha Gökçen from European side, since he knows that he’ll save 100 Euros in advance. However if a person is flying somewhere daily, of course he wouldn’t prefer to come to Sabiha Gökçen from European side. Pegasus also makes advertisement at Ataturk Airport so that passengers flying from there may think of flying with Pegasus the next time. Pegasus already regards itself as number one in

Anatolian side, so the volume of marketing activities in European side is higher compared to the Asian side of the city in order to attract passengers living in there About the future it has been said that there is an excessive capacity supply both in Ataturk Airport and in Sabiha Gökçen Airport which should be arranged and reached to an optimum order. All the companies are growing rapidly and the increase in demand is less than the increase in supply. Therefore there should be a consolidation in the sector. About future plans, Pegasus is planning to focus on digital marketing and to launch a loyalty program in 2010. Pegasus gives weight to virtual world and young teens and the company is constructing new marketing policies through social networking sites especially for young teens. It has been lastly declared that the company carried 5.8 million passengers in 2009 and is aiming to carry 8 million passengers im 2010.

5.2.4. AtlasJet

AtlasJet began launching domestic services in 2004 and now serves to 13 destinations in Turkey. AtlasJet focuses on thinner routes to western Turkey and the Turkish Republic of Cyprus under a full-service model. It has been said by the AtlasJet authorities that it is important for AtlasJet is to become an alternative to THY rather than compete with it. It has been added that they are very much in knowledge of how difficult it is to compete with big carriers. Therefore they diverted from big carriers' markets and moved on to new markets that the big carriers don't operate.

The vision of AtlasJet is stated as "To become a brand that has adopted total quality concept and is known and trusted by its service quality". As can be seen from this statement, AtlasJet give weight to high quality rather than to low price since the company operates as a full service carrier. It has been also declared that AtlasJet is interested in expanding its domestic operations but the increasing fuel rates are becoming a very serious burden for the sector.

Regretfully, the information that we got through the interview made with AtlasJet authorities were not as detailed as others. We could not get enough information on company’s strategies since they work with ETS group and all pricing strategies and route selection strategies are determined by ETS.

5.2.5. General

For some questions, we received the similar or same answers from each interviewee, so we hereby present these common answers.

According to the interviews made with authorities from Onur Air, AtlasJet and Pegasus, it has been agreed that although there is a free domestic competition in Turkey, the only obstacle that private companies have is the slot allocation at Ataturk Airport. In other words private companies are getting difficulties to get departure and landing permission from Ataturk Airport. It has been said that THY has a significant influence on slot allocation and the company has no obstacles like other private companies have. This is the most important factor that blocks them to compete. For the last 8 years, THY has been growing annually 20 per cent and will probably continue to grow the same way within the next 5-10 years as long as Ataturk Airport allows. It has been also agreed that THY is still acting monopolistic and offering very high prices on some routes where there isn’t a competition.

It has been agreed by all company managers that critical success factors for airline business are listed as providing qualified service with the least possible cost, on-time departures, alternative flight times, high frequency distribution, domestic and international flight connections, huge market share, successful branding, price competitiveness, effective customer loyalty and advertising.

When we ask the authorities’ thoughts about opportunities and threats of airline sector, it has been stated that in Turkey aviation potential is not fully used and Turkey is a country of opportunities. The country has an increasing need for air transportation due to Turkey’s relatively large geographical area (780,000 sq km), growing population base (75 million), dynamic economy, popular attractive tourism, rapid urbanization, active regional commercial base, and increasing disposable income among its population. Travelling from east to west side of the country takes around two hours by plane. The majority of population is not yet flying and they mostly prefer road transport since sea and rail transport is not well developed. Therefore there is a great potential for airline companies. In particular, there are many unused airports in the Eastern part of Turkey due to the topographic structure of that region. In a short time, increasing need for air transportation would bring these airports in use and provide important advantages for Turkey.

It has been agreed that low cost carrier companies should use this potential efficiently, because “A” class is very narrow and has many alternatives, but the middle income passengers who travel by bus have not experienced flying yet or are flying very rarely. Therefore if the right policies are applied to attract those people success will come along with it. Each passing day LCC model is becoming more successful in Turkey. Now people realize that by only paying a little more price difference in early tickets, they can go to a specific point in only 1 or 2 hours by plane which normally takes 22 hours by bus. Once the passenger has the comfortable flight experience, he/she gets used to that comfort and never wants to use road transport again.

On the other hand threats for the industry are listed as increasing fuel rates, political problems in the country, acts of air piracy, terrorism and other security-related threats. Also the sector is highly regulated with civil aviation rules, safety and security rules and airline rules. It has been agreed that currency risk also creates a threat for airline companies in domestic market. Since the tickets are sold in TL and all the costs are paid in Euro, companies’ success depends on TL / Euro and TL / USD parity. Overvaluation of TL reduces profitability no matter how great the company is, so the companies should also have an exchange income. In order to overcome this risk, companies operating in domestic market are dispersing the risks to different areas like international lines and charter operations. When there is devaluation, all companies move the capacity to international routes since foreign tourists would come for a cheaper price to Turkey and demand in international routes would increase. Therefore domestic and international operations of the companies complete and balance each other.

When we asked them about their route selection criteria, it has been said that the criteria to be followed are generally forecasts of potential passengers, demand, cost and revenue forecasts, selection of aircraft, airport and slot availability, distance from main hub, alternative transportation ways, air traffic in that destination, characteristics of the point, presence and expected response of competitors, regulations, bilaterals, additional costs of airport facilities, staff re-location, sales offices, quality and suitability departments that are necessary for the development of the route, and amount of the financing requested per passenger.

It has been also agreed that the characteristics of the point, whether it is a business region or a student city, or whether there is a fellow citizen structuring or a migration to that area, are very important sata while planning the schedules. The companies in Turkey generally offer at least one flight per day to a specific point in domestic market. For instance if there is business traffic on that route the most suitable time for businessman is to go early in the morning and come back with the latest flight possible. On the other hand time schedule for fellow citizens is not that important. If the point is a touristic place, then in summers they increase number of flights to that point.

When we asked about the aircraft selection for domestic operations, it has been agreed that narrow body aircraft like Airbus 320 and Boing 737-738 are the most appropriate aircraft types in terms of cost structure for short and medium haul.

When we asked about the ticket sales ways, it has been estimated that direct sales ratio of the companies would increase further since people are learning to buy their tickets from web. In order to make web selling attractive, companies reduce the service fee from agency prices and sell tickets from lower prices through web compared to agencies. As a result, the ratio of passengers who are buying their tickets through web is increasing every passing year.

Finally it has been agreed that in Turkey the companies that are applying low cost carrier model are not offering in-flight catering services in domestic flights in order to minimize their costs and maximize satisfaction levels of passengers by reflecting these minimized costs on ticket prices. At first the companies were receiving many complaints from passengers who regard air transport as a luxury. Passengers think that they would receive at least a sandwich or a drink while flying, so it is disappointing when a cola costs 5 TL. But this disappointment is tried to be treated with lower prices and people are getting used to it. It is important to explain the reasons to passengers that catering service affects the whole operation.

6. METHODOLOGY OF THE RESEARCH

6.1. AIM OF THE RESEARCH

The purpose of this study is to identify perceived differences in passengers' expectations and perceptions of service quality among domestic airlines in Turkey.

More specifically our goal is,

a) To investigate competitive strategies of airline companies operating in Turkish domestic market
b) To find out the critical factors that affect passenger choices for major airlines
c) To provide a better understanding of satisfaction levels of domestic air travelers in Turkey based on service quality
d) To help domestic aviation industry managements to better diagnose the needs and expectations of customers and improve their service quality
e) To help domestic aviation industry managements in identifying their present situations and future strategies for giving better services to passengers

6.2. METHODOLOGY OF THE RESEARCH

In this phase of the study, model, hypothesis and method of the research are presented. Limitations are also cited in this phase. A step-by-step description of this research structure is presented hereafter in this section.

6.2.1. Model of the Research

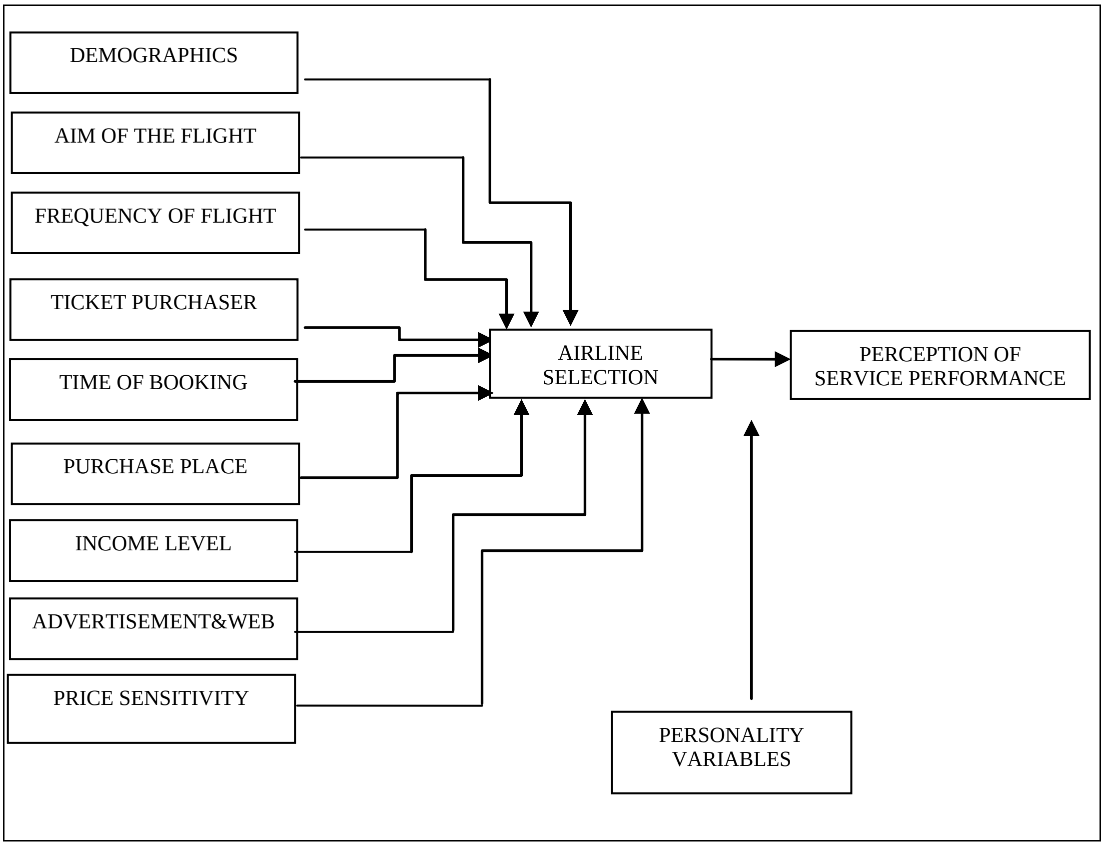

Figure 6.1: Model of the Research

According to our model the determinants that affect airline choice of passengers are demographic variables, aim of the flight, flight frequency, ticket purchaser, time and place of the purchase, income level, price sensitivity, advertisement success and webpage success of airline companies.

Companies in Turkey operate either as “Low-Cost-Carrier” or as “Full-Service-Carrier” and ticket fares of these companies depend on their business model. Therefore income level of the passenger, price sensitivity and the purchaser of the ticket directly affect the choice of airline.

Different purposes of travels lead to different wants and needs. For a passenger, important service quality factors for business flights might not be that important when travelled for vacation purposes. Therefore the relationship between the aim of the flight and choice of airlines is considered.

Moreover the effect of flight frequency, purchase place of the ticket, and time of booking on airline selection is considered by this study. Finally, advertisement success of an airline company is considered as another important factor on passengers' choice of airline.

Relationship between all these factors and airline selection are investigated separately by this study. Apart from these factors, gender, marital status, education level as demographics and personality variables are added to our model. All these determinants lead to selection of airlines and at the end of our model, the service performance of these selected airlines are evaluated by passengers. This study administered the Big-Five scale to derive the measurements of personality traits and the SERVQUAL scale to measure service quality perception.

6.2.2. Hypotheses of the Research

Based on review of the existing literature and our model, we developed the following research hypothesis:

H1: Income level has an effect on passengers' choice of airlin
H2: Education level has an effect on passengers' choice of airline
H3: Gender has an effect on passengers' choice of airline
H4: Flight purpose has an effect on passengers' choice of airline.
H5: Flight frequency has an effect on passengers' choice of airline.
H6: Ticket purchaser has an effect on passengers' choice of airline.
H7: Time of ticket purchase has an effect on passengers' choice of airline.
H8: Purchase place has an effect on passengers' choice of airline.
H9: Advertisement success of an airline company has an effect on passengers' choice of airline.

H10: Webpage success of an airline company has an effect on passengers' choice of airline.
H11: Price sensitivity has an effect on passengers' choice of airline.
H12: Personality variables have an effect on passengers' choice of airline.

6.2.3. Research Method and Sample

A survey was administered to young working professionals who live in Istanbul in 2010. 300 young professionals aged from 20 to 35 were chosen by convenience sampling. The survey was shared through web and social network sites between 10th of June 2010 and 5th of July, 2010. Young professionals in the social network were asked to fill in the questionnaire.

The questionnaire design consists of 5 stages including 114 questions. The questions were based on a review of the literature and personal interviews with executives from several airlines.

Questions in part 1 includes general information about respondents' domestic flight experiences such as the number of flights per year, general purpose of flights, payment method of ticket, and time and place of ticket purchase. Also, respondents' knowledge on low cost companies in Turkey is tested in this part. In addition, respondents were asked to declare the first 3 airlines that they choose to fly with. All these questions are asked for domestic routes in Turkey.

In the second part of the survey, respondents flying on domestic routes were asked to rate the service quality of the first 3 airline companies that they declared in the first part of the survey. The self-selection of the airline was chosen to make sure that respondents have sufficient knowledge about the airline to answer the questions. Answers were based on passengers' experiences and perceptions of airline images. This part of our survey has evaluated airline service quality based on SERVQUAL instrument which was developed by Parasuraman, Zeithalm and Berry (1985) and improved by Grönroos

(2000). It contains five determinants which are Tangibles, Reliability, Responsiveness, Assurance and Empathy. Details of these service attributes and questions are presented in Table 6.1. However the study has also developed specific dimensions that are suitable for airlines by modifying and adding new items important for evaluating airline service quality. These dimensions are also listed in the table as “image” and “others”.

Table 6.1: Service Dimensions and Measurement

TAN1	Modern appearance of aircrafts
TAN2	Visually appealing office, terminal and gate facilities
TAN3	Visually appealing and uniform appearance of personnel
TAN4	Visually appealing brochures and booklets
REL1	On time performance of scheduled flights
REL2	Providing services as promised
REL3	Performing the services right at the first time
RES1	Prompt attention to passengers’ specific needs
RES2	Ready to meet the specific demands of passengers
RES3	Keeping customer informed about when services will be performed
RES4	Prompt respond of employees to passengers’ request
ASS1	Sincere and responsive attitude to passenger complaints
ASS2	Knowledgeable employees to answer customer question
ASS3	Employees instill confidence to passengers
ASS4	Employees are consistently courteous
ASS5	Having faithful employees
EMP1	Convenient flight scheduling
EMP2	Spontaneous care and concern for passengers’ needs
TEC1	It is a reliable company
IMA1	Well established and trustful company
IMA2	To be a well-known brand
IMA3	To make customers win
OTH1	Successful web page
OTH2	Successful advertisement
OTH3	Making frequent advertising
OTH4	Offering cheap service
OTH5	Always offering cheap service
OTH6	Making good promotions

Respondents were asked to separately evaluate each service attribute on a 5 point Likert-type scale ranging from very strong to very weak. For example, on-time services of the airline was measured through the question, “The flights are on time” with "strongly agree" as the best positive response and "strongly disagree" as the worst negative response, any other response can be recorded between these two on the scale.

The six domestic airlines considered for the study are THY, Onur Air, AtlasJet, AnadoluJet, Pegasus, and SunExpress. The major reason to consider these airlines is that they all provide domestic flights in Turkey and all respondents mentioned at least one or more of these airlines. These airlines consist from full fare to low priced airlines. Since only 4 respondents listed IzAir, we did not take the service quality of that airline in consideration.

In the third part of our survey, respondents were asked to provide information about their general travel habits. The questions in this part are also designed on a point Likert-type scale ranging from "Strongly Agree" to "Strongly Disagree". Questions in this part try to measure if the respondents are price sensitive or quality sensitive. In addition, in this section we are trying to measure the importance of some determinants on passengers' airlines choices. These determinants are promotions offered by airlines, negative media news about airlines, in-flight food and drink offerings, frequent flyer program, web site, advertising, closeness of airport, and consistency of flights to same point. For example, the influence degree of negative media news on airline choice was measured through the question, "Negative media news about airline companies influence my airline choice" with "strongly agree" as the best positive response and "strongly disagree" as the worst negative response.

Fourth part of our survey aims to classify the personality traits of the respondents depending on "The Big Five: A Five-Factor Model of Personality". The model represents a hierarchical taxonomy characterizing specific personality traits through five superordinate dimensions: Neuroticism, Extraversion, Openness, Agreeableness, and Conscientiousness. These five dimensions are meant to describe the most common individual differences in emotional, cognitive, behavioral, and motivational styles within humans (McCrae and Costa 1987, pp.81-90). This part of the survey includes 50 questions to measure these five personality traits using 5-point ratings from "Very False for Me" to "Very True for Me".

Finally part 5 of our survey gathers demographic and socio-economic characteristics of the respondents such as sex, age, education, marital status, and monthly income. The questionnaire designed for the study is available in Appendix 1.

6.2.4. Limitations of the Research

The research is limited by the questionnaire answered between the 10th of June, 2010 and 5th of July, 2010 by 300 passengers. The limitations of such a sample size should be noted.

Respondents were all working professionals and they had time restriction. Many of the respondents had difficulty in paying enough attention especially while rating the service quality of companies. Also some of the respondents were not using air transport much, so they rated the service quality of airlines based on their few experiences or only based on perceptions of airline images.

Other limitation of the study is that, sample used in the study does not reflect the general population on several variables (e.g. income and education). Generalizing the results of the study is limited by this lack of correspondence. Besides, our population was limited to social network of the participants and there was a time limit to collect data that it was collected mostly by snow-ball effect.

6.3. ANALYSIS AND RESULTS

In this phase of the study demographic and psychographic characteristics of the respondents, trip-related characteristics of the sample, factor analysis of service quality items, reliability test of service quality factors, analysis of variance, frequency and cross table analysis, correlation analysis, chi square tests and results of the hypotheses are presented. The analyses were carried out with the help of 300 questionnaires which are valid.

6.3.1. Demographic Structure of the Sample

Frequencies of respondents' demographic characteristics can be found at tables below:

Table 6.2: Mean of Age of the Sample

	Min	Max	Mean
Age	25,00	35,00	26,8033
Valid : 300			

Mean age of the respondents is approximately 27, which is consistent with our target audience for this research (Table 6.2).

Table 6.3: Distribution of Gender

	Frequency	Valid Percent
Man	179	59,7
Woman	121	40,3
Total	300	100,0

As can be seen in Table 6.3, 60 per cent of the respondents are women and men comprised 40 per cent of the sample. It is possible to allege that there is an equal distribution of gender in the sample of the study.

Table 6.4: Distribution of Education

	Frequency	Valid Percent
High School	7	2,3
University	201	67,0
Master	86	28,7
PhD	6	2,0
Total	300	100,0

Statistics of educational status is given in Table 6.4. According to the table, 67 per cent of our respondents are university graduates and 29 per cent of the sample has master's degree. The percentage of the respondents that have PhD degree is 2. Only 2,3 per cent of the participants are high school graduates. It can be concluded that educational profile of our sample is quite high.

Table 6.5: Distribution of Monthly Individual Income

	Frequency	Valid Percent
Up to 500 TL	5	1,7
501-1000 TL	10	3,3
1001-1500 TL	38	12,7
1501-2000 TL	55	18,3
2001-2500 TL	58	19,3
2501 TL ≤	134	44,7
Total	300	100,0

Distribution of monthly individual income of the respondents is shown in Table 6.5. According to the distribution of monthly income, passengers with 2501 TL and more individual income constitute the biggest part of sample with 44,7 per cent proportion. Passengers with 2001 TL to 2500 TL generate the second biggest portion of the sample with 19,3 per cent proportion. Only 1,7 per cent of the respondents have 500 TL and less individual income that they could be considered as minority in our sample in terms of monthly income. It can be concluded that majority of the respondents are from upper class of Turkey with high economical power.

Table 6.6: Distribution of Marital Status

	Frequency	Valid Percent
Married	25	8,3
Single	272	90,7
Divorced	3	1,0
Total	300	100,0

As can be seen in Table 6.6, which shows the marital status of the respondents, 90,7 per cent of the respondents are single, 8,3 per cent of them are married, and only 1 per cent of them are divorced.

6.3.2. Trip-Related Characteristics of the Sample

The tables in this part provides general information about respondents' domestic flight experiences such as the number of flights per year, general purpose of flights, time, place and way of ticket purchase. The first three airline companies that are declared by the respondents are also presented in this part.

Table 6.7: No of Journey / Year

	Frequency	Valid Percent
1 time	45	15,0
2 times	62	20,7
3 times	31	10,3
4 times	37	12,3
5-10 times	61	20,3
More than 10 times	64	21,3
Total	300	100,0

As can be seen at Table 6.7, which shows the flight frequency of passengers in domestic lines, the majority of the respondents with 21,3 per cent fly more than 10 times per year. Respondents who are flying between 5 and 10 times and two times generate the second biggest portion of the sample with 20 per cent. As a consequence, flight frequency of our respondents in domestic lines is quite high.

Table 6.8: Purpose of Flight

	Frequency	Valid Percent
Business	94	31,3
Vacation	164	54,7
Visit	31	10,3
Education	6	2,0
Health	4	1,3
Others	1	0,3
Total	300	100,0

As can be seen in Table 6.8, 55 per cent of the respondents fly in domestic routes generally for vacation purpose whereas 31 per cent of them fly for business purpose. Approximately 10 per cent of the respondents generally fly for visiting their relatives. Education and health purposes generate the fourth and fifth biggest portion of the sample, and lastly 3 per cent of the respondents fly for other reasons than the stated ones.

Table 6.9: Ticket Purchaser

	Frequency	Valid Percent
Company	71	23,7
Own Company	23	7,7
Family	51	17,0
Myself	155	51,7
Total	300	100,0

As can be seen at Table 6.9, which represents the frequency of ticket purchasers, the passengers who purchase their own flight tickets constitute the biggest part of the sample with 52 per cent proportion. Totally 31 per cent of respondents' tickets are purchased either by the company they work for or by the company they own. Lastly 17 per cent of the respondents' tickets are purchased by their families.

Table 6.10: Time of Ticket Purchase

	Frequency	Valid Percent
Last day	7	2,3
Last 3 days	43	14,3
Last week	94	31,3
Last two weeks	94	31,3
One month	62	20,7
Total	300	100,0

As can be seen in Table 6.10, respondents that buy their tickets either one week or two weeks before the flight constitute the biggest parts of the sample each with 31 per cent proportions. 21 per cent of the respondents however can decide earlier and buy their tickets one month before the flight. The ones who buy the tickets in the last three days generate the 14 per cent of the sample. Lastly 2 per cent of the respondents buy their tickets in the last day which are called last-minute passengers. The table shows that Turkish passengers are not prone to buy their tickets earlier.

Table 6.11: Way of Ticket Purchase

	Frequency	Valid Percent
Web	196	65,3
Call Center	22	7,3
Agency	77	25,7
Other	5	1,7
Total	300	100,0

As seen in table 6.11, majority of the respondents with 65 per cent buy their tickets through web and 26 per cent of the sample buy their tickets through agencies. Proportion of other ways of ticket purchase can be seen in the table.

Table 6.12: No. Of Respondents Listing Preferences

	First Preference	Second Preference	Third Preference
Valid	300	289	280
Missing	0	11	20

When passengers were asked to list the first three airline companies that they prefer to fly with, 11 respondents declared that they only fly with one airline company which is listed in their first preference. Also 20 respondents declared that they only choose to fly with the airlines that they listed in their first and second preferences. Therefore the number of passengers who listed three airline companies is 280 (Table 6.12).

Table 6.13: First Airline Company Preference

	Frequency	Valid Percent
THY	222	74,0
PEGASUS	40	13,3
ATLASJET	17	5,7
ONURAIR	19	6,3
SUNEXPRESS	2	,7
Total	300	100,0

As can be seen in table 6.13, respondents, whose first preference is THY, constitute the biggest part of the sample with 74 per cent proportion. Frequency of other companies that are listed as first preference can be seen in the table.

Table 6.14: Second Airline Company Preference

	Frequency	Valid Percent
THY	27	9,3
PEGASUS	112	38,8
ATLASJET	77	26,6
ONURAIR	32	11,1
ANADOLUJET	16	5,5
SUNEXPRESS	24	8,3
IZAIR	1	,3
Total	289	100,0

37 per cent of the respondents’ second preference is Pegasus Airlines. AtlasJet follows it with a proportion of 26 per cent. In addition, although IzAir is not listed as first preferences of respondents only one respondent listed the company as his second preference. Frequencies of other companies that are listed as second preference are listed in Table 6.14.

Table 6.15: Third Airline Company Preference

	Frequency	Valid Percent
THY	19	6,8
PEGASUS	70	25,0
ATLASJET	94	33,6
ONURAIR	57	20,4
ANADOLUJET	20	7,1
SUNEXPRESS	17	6,1
IZAIR	3	1,1
Total	280	100,0

31 per cent of the respondents’ third preference is AtlasJet. Frequencies of other thirdly preferred companies are listed in Table 6.15.

6.3.3. Service Quality Ratings of the Sample

In the second part of the survey, respondents were asked to rate the service quality of the first three airline companies that they declared in the first part. Table 5.15 shows the number of respondents who evaluated the service quality of each company. In other words the table shows how many times each company were declared either in the first, second or third choice of the respondents. For instance THY was mentioned 268 times in first three preference, which means 268 respondents evaluated the service quality of THY. Similarly, 222 respondents evaluated Pegasus Airlines, 188 respondents evaluated AtlasJet, 108 respondents evaluated Onur Air, 36 respondents evaluated AnadoluJet and 43 respondents evaluated SunExpress (Table 6.16).

Table 6.16: Frequency of Companies Evaluated

	Frequency
THY Total	268
PEGASUS Total	222
ATLASJET Total	188
ONUR AIR Total	108
ANADOLUJET Total	36
SUNEXPRESS Total	43

6.3.3.1. Factor Analysis

Since some of the 28 airline service quality related items measured similar service attributes; factor analysis method was performed to reduce them into a small number of factors. The total percentage of variance for the present solution was nearly 60 percent, which was acceptable to represent all the service attributes.

Factor analysis is a statistical approach that can be used to analyze interrelationships among a large number of variables and to explain these variables in terms of their common underlying factors (Hair et al. 1998). Factor analysis can be useful for reducing a mass of information to their common factor patterns. These new factors concentrate and index the dispersed information in the original data and can therefore replace the original factors without much loss of information.

The rotation we used on the service quality data is VARIMAX since it is often used in surveys to see how groupings of questions (items) measure the same concept. Varimax minimizes the complexity of the components by making the large loadings larger and the small loadings smaller within each component. Varimax simplifies the interpretation because, after a varimax rotation, each original variable tends to be associated with one or a small number of factors, and each factor represents only a small number of variables (Kaiser 1958, pp.187-200).

Table 6.17: KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,918
Bartlett's Test of Sphericity	Approx. Chi-Square	3045,108
	Df	300
	Sig.	,000

As seen in Table 6.17, KMO coefficient is 0,918 suggesting that the sample of the study was adequate since it is close to 1. Moreover Bartlett test revealed a significant p value less than 0,05 suggesting that the level of correlation between scale items is enough for conducting a factor analysis on the sample.

Table 6.18: Rotated Component Matrix[a]

	Component			
	1	2	3	4
Spontaneous care and concern for passengers' needs	,813			
Courteous employees	,796			
Knowledgeable employees	,785			
Faithful employees	,773			
Prompt attention to passengers' specific needs	,764			
Making customers feel safe& secure during operations	,707			
Prompt respond of employees to passengers' request	,701			
Performing the services right at the first time	,644			
Visually appealing uniform & appearance of personnel	,544			
Making customers win	,543			
Keeping customer continuously informed	,526			
Providing services as promised		,653		
On time performance of scheduled flights		,645		
Convenient flight scheduling		,611		
Modern appearance of aircrafts		,609		
Making frequent advertising			,794	
Making successful advertisements			,749	
Visually appealing office, terminal and gate facilities			,624	
Offering cheap prices compared to other airlines				,835
Always offering affordable prices				,818

Total variance explained: % 58,851

Table 6.18 shows the rotated component matrix using Varimax rotation where component loadings less than 0.50 were suppressed. The four components that emerged from the factor analysis were labeled as "Personnel Success" (Factor 1), "Convenience of Flight" (Factor 2), "Advertisement and Image Success" (Factor 3), and "Price Affordability" (Factor 4).

The reliabilities of the factors were tested by calculating the test- retest reliability coefficient. A reliability value of 0.00 means absence of reliability whereas value of 1.00 means perfect reliability. Each factor has high reliability value ranging between

0,60 and 0,90 which indicates good internal consistency of the items in the scale (Table 6.19).

Table 6.19: Reliability Statistics of Service Quality Factors

	THY	Pegasus	Atlas Jet	Onur Air	Anadolu Jet	Sun Express
Personnel Success	,912	,913	,903	,921	,940	,905
Convenience of Flight	,648	,691	,705	,729	,485	,624
Ad and Image success	,663	,629	,660	,639	,606	,596
Price Affordability	,699	,687	,702	,457	,794	,723

6.3.3.2. Correlation Analysis Between Service Factors

In addition to reliability test, relationships between these four factors were checked. The Pearson correlation coefficients for each comparison are listed for each company. Pearson correlation reflects the strength of a linear relationship between two variables.

Table 6.20: Correlation of Service Quality Factors for THY

	Personnel Success	Convenience of Flight	Ad and Image Success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,568****	1		
Ad and Image success	**,451****	**,372****	1	
Price Affordability	**,196****	**,182****	**,138***	1

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

For THY, there is a positive linear correlation between personnel success and convenience of flight with 57 per cent (Table 6.20). It can be concluded that high scores in personnel success are associated with high scores in convenience of flight. In other words passengers who gave high scores THY for personnel success also gave high scores for convenience of flight. The correlation between advertisement and image success and personnel success is 45 per cent. Correlation coefficients for each comparison are shown in the table.

Table 6.21: Correlation of Service Quality Factors for Pegasus

	Personnel Success	Convenience of Flight	Ad and Image success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,603****	1		
Ad and Image success	**,377****	**,307****	1	
Price Affordability	**,286****	**,306****	**,128**	1

As seen in Table 6.21, for Pegasus Airlines there is a positive linear correlation between personnel success and convenience of flight with 60 per cent. It can be concluded that high scores in personnel success are associated with high scores in convenience of flight. Correlation coefficients of each comparison for the company are shown the table.

Table 6.22: Correlation of Service Quality Factors for AtlasJet

	Personnel Success	Convenience of Flight	Ad and Image success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,620****	1		
Ad and Image success	**,419****	**,354****	1	
Price Affordability	**,228****	**,235****	**,138**	1

Similarly for AtlasJet there is a positive linear correlation between personnel success and convenience of flight with 62 per cent. Correlation coefficients of each comparison for the company are shown in Table 6.22.

Table 6.23: Correlation of Service Quality Factors for Onur Air

	Personnel Success	Convenience of Flight	Ad and Image success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,584****	1		
Ad and Image success	**,393****	**,356****	1	
Price Affordability	**,353****	**,230***	**,099**	1

As seen in Table 6.23, for Onur Air, there is a positive linear correlation between personnel success and convenience of flight with 58 per cent. Correlation coefficients of each comparison for the company are shown in the table.

Table 6.24: Correlation of Service Quality Factors for AnadoluJet

	Personnel Success	Convenience of Flight	Ad and Image success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,620****	1		
Ad and Image success	**,426****	**,247**	1	
Price Affordability	**-,160**	**,031**	**-,139**	1

As seen in Table 6.24, for AnadoluJet there is a negative association between personnel success and price affordability and also between advertisement & image success and price affordability. A negative correlation indicates that high scores in one variable are associated with low scores in the other variable. In other words passengers who gave high scores for personnel success gave low scores for price affordability to THY. Correlation coefficients of each comparison for the company are shown in the table.

Table 6.25: Correlation of Service Quality Factors for SunExpress

	Personnel Success	Convenience of Flight	Ad and Image success	Price Affordability
Personnel Success	1			
Convenience of Flight	**,602****	1		
Ad and Image success	**,549****	**,587****	1	
Price Affordability	**,245**	**,127**	**,124**	1

As seen in Table 6.25, for SunExpress, there is a positive linear correlation between personnel success and convenience of flight with 60 per cent. The correlation convenience of flight and advertisement & image success is 59 per cent. Correlation coefficients of each comparison for the company are shown in the table.

6.3.3.3. ANOVA

Then Analysis of Variance (ANOVA) test is used in order to compare the means of factors for each company. ANOVA provides a statistical test of whether or not the means of several groups are all equal.

Table 6.26: Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Personnel Success	1,371	5	862	,233
Convenience of Flight	2,245	5	862	,048
Ad and Image Success	1,772	5	862	,116
Price Affordability	1,539	5	862	,175

The null hypothesis for the test of homogeneity of variance states that the variance of the dependent variable is equal across groups defined by the independent variable, in other words, the variance is homogeneous. Since the probability associated with the

Levene Statistic is more than or equal to the level of significance (>0.05), we accept the null hypothesis and conclude that the variance is homogeneous (Table 6.26).

Table 6.27: ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Personnel Success	Between Groups	59,089	5	11,818	26,867	,000
	Within Groups	379,166	862	,440		
	Total	438,255	867			
Convenience of Flight	Between Groups	94,261	5	18,852	45,594	,000
	Within Groups	356,421	862	,413		
	Total	450,682	867			
Add and Image Success	Between Groups	229,579	5	45,916	72,420	,000
	Within Groups	546,525	862	,634		
	Total	776,104	867			
Price Affordability	Between Groups	383,091	5	76,618	115,958	,000
	Within Groups	569,560	862	,661		
	Total	952,651	867			

The results of the ANOVA are presented in Table 6.27. Personnel success differed significantly among the six airlines with 26.867 F value and 0,00 significance level. Convenience of flight differed significantly among the six airlines with 45.594 F value and 0,00 significance level. Similarly, advertisement and image success differed significantly among the six airlines with 72.420 F value and 0,00 significance level. Finally price affordability differed significantly among the six airlines with 115.958 F value and 0,00 significance level. Since the significance levels are less than our cutoff p-value 0,05 for α risk of 5 per cent, H0 can be rejected that there are differences in means.

Table 6.28: Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Min.	Max.
Personnel Success	Thy	268	**3,9837**	,66450	,04059	3,9038	4,0636	1,36	5,00
	Pegasus	222	3,5315	,64471	,04327	3,4463	3,6168	1,45	5,00
	Atlas	189	3,3627	,64296	,04677	3,2704	3,4549	1,73	5,00
	Onur	108	**3,3510**	,71306	,06861	3,2150	3,4870	2,00	5,00
	Anadolu	38	3,4139	,74418	,12072	3,1693	3,6585	2,09	5,00
	Sunex.	43	3,5856	,63243	,09644	3,3910	3,7803	2,18	4,91
	Total	868	3,6094	,71097	,02413	3,5621	3,6568	1,36	5,00
Convenience of Flight	THY	268	**4,2463**	,58818	,03593	4,1755	4,3170	1,75	5,00
	Pegasus	222	3,6757	,64353	,04319	3,5906	3,7608	1,50	5,00
	Atlas	189	3,5198	,64407	,04685	3,4274	3,6123	1,75	5,00
	Onur	108	**3,3889**	,73967	,07118	3,2478	3,5300	1,50	5,00
	Anadolu	38	3,5439	,72460	,11755	3,3057	3,7820	2,33	5,00
	Sunex.	43	3,5523	,62811	,09579	3,3590	3,7456	2,50	5,00
	Total	868	3,7704	,72098	,02447	3,7223	3,8184	1,50	5,00
Ad and Image Success	Thy	268	**3,9614**	,81379	,04971	3,8636	4,0593	1,00	5,00
	Pegasus	222	3,3318	,77576	,05207	3,2292	3,4344	1,00	5,00
	Atlas	189	2,7778	,82657	,06012	2,6592	2,8964	1,00	4,67
	Onur	108	3,6898	,70947	,06827	3,5545	3,8252	1,50	5,00
	Anadolu	38	2,5439	,73285	,11888	2,3030	2,7847	1,33	4,67
	Sunex.	43	**2,5039**	,90668	,13827	2,2248	2,7829	1,00	4,67
	Total	868	3,3746	,94613	,03211	3,3116	3,4376	1,00	5,00
Price Affordability	Thy	268	**2,3302**	,86120	,05261	2,2266	2,4338	1,00	5,00
	Pegasus	222	3,8896	,78748	,05285	3,7855	3,9938	1,00	5,00
	Atlas	189	3,5344	,82683	,06014	3,4157	3,6530	1,00	5,00
	Onur	108	3,6898	,70947	,06827	3,5545	3,8252	1,50	5,00
	Anadolu	38	3,8289	,86428	,14020	3,5449	4,1130	2,00	5,00
	Sunex.	43	**3,9186**	,76322	,11639	3,6837	4,1535	2,50	5,00
	Total	868	3,3047	1,04823	,03558	3,2349	3,3746	1,00	5,00

As seen in table 6,28, THY has the highest mean score with 3,99 in terms of personnel success compared to other companies whereas Onur Air has the lowest score with 3,35 for the same factor. This means that THY is given the highest scores in terms of personnel success compared to other companies, however Onur Air is given the lowest scores for the same factor.

Similarly, THY has the highest mean score with 4,25 in terms of convenience of flight compared to other companies. This means that THY is given the highest scores in terms of convenience of flight compared to other companies. On the other hand Pegasus and SunExpress have the second and third highest mean score respectively for the same factor. Again Onur Air is given the lowest scores with 3,39 for convenience of flight.

In terms of advertisement and image success, THY again has the highest mean score with 3,97 compared to other companies. This means that THY is given the highest scores in terms of advertisement and image success compared to other companies. Onur Air and Pegasus have the second and third highest mean scores respectively whereas SunExpress is given the lowest scores with 2,46 for the same factor.

In terms of price affordability, SunExpress has the highest mean score with 3,92 compared to other companies. This means that SunExpress is given the highest scores in terms of price affordability compared to other companies. Pegasus and AnadoluJet have the second and third highest mean scores respectively whereas THY is given the lowest scores with 2,33 for this factor. AtlasJet has the second lowest score for the same factor which is acceptable since the company is a full service carrier, not a low cost carrier.

However, 1-way ANOVA does not specifically indicate which pair of groups exhibits statistical differences. Therefore Post Hoc tests are applied in order to determine which specific pair/pairs are differentially expressed.

Table 6.29: Tukey HSD Multiple Comparisons

Dependent Variable		(I) firm	(J) firm	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Personnel Success	Tukey HSD	THY	Pegasus	,45219*	,06019	,000	,2803	,6241
			AtlasJet	,62104*	,06300	,000	,4411	,8010
			Onur Air	,63271*	,07559	,000	,4168	,8486
			AnadoluJet	,56984*	,11496	,000	,2415	,8982
			SunExpress	,39809*	,10895	,004	,0869	,7093
		Pegasus	THY	-,45219*	,06019	,000	-,6241	-,2803
			AtlasJet	,16886	,06564	,105	-,0186	,3563
			Onur Air	,18052	,07781	,187	-,0417	,4028
			Anadolu	,11766	,11643	,915	-,2149	,4502
			SunExpress	-,05409	,11050	,997	-,3697	,2615
		AtlasJet	THY	-,62104*	,06300	,000	-,8010	-,4411
			Pegasus	-,16886	,06564	,105	-,3563	,0186
			Onur Air	,01166	,08000	1,000	-,2168	,2402
			AnadoluJet	-,05120	,11791	,998	-,3880	,2856
			SunExpress	-,22295	,11206	,349	-,5430	,0971
		Onur Air	THY	-,63271*	,07559	,000	-,8486	-,4168
			Pegasus	-,18052	,07781	,187	-,4028	,0417
			AtlasJet	-,01166	,08000	1,000	-,2402	,2168
			AnadoluJet	-,06287	,12509	,996	-,4201	,2944
			SunExpress	-,23461	,11959	,365	-,5762	,1070
		AnadoluJet	THY	-,56984*	,11496	,000	-,8982	-,2415
			Pegasus	-,11766	,11643	,915	-,4502	,2149
			AtlasJet	,05120	,11791	,998	-,2856	,3880
			Onur Air	,06287	,12509	,996	-,2944	,4201
			SunExpress	-,17175	,14766	,854	-,5935	,2500
		SunExpress	THY	-,39809*	,10895	,004	-,7093	-,0869
			Pegasus	,05409	,11050	,997	-,2615	,3697
			AtlasJet	,22295	,11206	,349	-,0971	,5430
			Onur Air	,23461	,11959	,365	-,1070	,5762
			AnadoluJet	,17175	,14766	,854	-,2500	,5935
Convenience of Flight	Tukey HSD	THY	Pegasus	,57059*	,05836	,000	,4039	,7373
			AtlasJet	,72643*	,06108	,000	,5520	,9009
			Onur Air	,85738*	,07329	,000	,6481	1,0667
			AnadoluJet	,70241*	,11146	,000	,3841	1,0208
			SunExpress	,69394*	,10563	,000	,3922	,9957
		Pegasus	THY	-,57059*	,05836	,000	-,7373	-,4039
			AtlasJet	,15583	,06364	,141	-,0259	,3376
			Onur Air	,28679*	,07544	,002	,0713	,5023
			Anadolu	,13182	,11289	,852	-,1906	,4542
			SunExpress	,12335	,10714	,860	-,1826	,4293
		AtlasJet	THY	-,72643*	,06108	,000	-,9009	-,5520
			Pegasus	-,15583	,06364	,141	-,3376	,0259
			Onur Air	,13095	,07756	,540	-,0906	,3525
			AnadoluJet	-,02402	,11432	1,000	-,3505	,3025
			SunExpress	-,03248	,10864	1,000	-,3428	,2778

		Onur Air	THY	-,85738*	,07329	,000	-1,0667	-,6481
			Pegasus	-,28679*	,07544	,002	-,5023	-,0713
			AtlasJet	-,13095	,07756	,540	-,3525	,0906
			AnadoluJet	-,15497	,12128	,797	-,5014	,1914
			SunExpress	-,16344	,11595	,721	-,4946	,1677
		AnadoluJet	THY	-,70241*	,11146	,000	-1,0208	-,3841
			Pegasus	-,13182	,11289	,852	-,4542	,1906
			AtlasJet	,02402	,11432	1,000	-,3025	,3505
			Onur Air	,15497	,12128	,797	-,1914	,5014
			SunExpress	-,00847	,14317	1,000	-,4174	,4004
		SunExpress	THY	-,69394*	,10563	,000	-,9957	-,3922
			Pegasus	-,12335	,10714	,860	-,4293	,1826
			AtlasJet	,03248	,10864	1,000	-,2778	,3428
			Onur Air	,16344	,11595	,721	-,1677	,4946
			AnadoluJet	,00847	,14317	1,000	-,4004	,4174
Ad and Image Success	Tukey HSD	THY	Pegasus	,62961*	,07226	,000	,4232	,8360
			AtlasJet	1,18367*	,07563	,000	,9676	1,3997
			Onur Air	,27163*	,09075	,034	,0124	,5308
			AnadoluJet	1,41758*	,13802	,000	1,0234	1,8118
			SunExpress	1,45757*	,13081	,000	1,0840	1,8312
		Pegasus	THY	-,62961*	,07226	,000	-,8360	-,4232
			AtlasJet	,55405*	,07881	,000	,3290	,7791
			Onur Air	-,35798*	,09342	,002	-,6248	-,0912
			Anadolu	,78797*	,13979	,000	,3887	1,1872
			SunExpress	,82796*	,13267	,000	,4490	1,2069
		AtlasJet	THY	-1,18367*	,07563	,000	-1,3997	-,9676
			Pegasus	-,55405*	,07881	,000	-,7791	-,3290
			Onur Air	-,91204*	,09605	,000	-1,1864	-,6377
			AnadoluJet	,23392	,14156	,564	-,1704	,6382
			SunExpress	,27390	,13453	,323	-,1103	,6581
		Onur Air	THY	-,27163*	,09075	,034	-,5308	-,0124
			Pegasus	,35798*	,09342	,002	,0912	,6248
			AtlasJet	,91204*	,09605	,000	,6377	1,1864
			AnadoluJet	1,14596*	,15018	,000	,7170	1,5749
			SunExpress	1,18594*	,14358	,000	,7759	1,5960
		AnadoluJet	THY	-1,41758*	,13802	,000	-1,8118	-1,0234
			Pegasus	-,78797*	,13979	,000	-1,1872	-,3887
			AtlasJet	-,23392	,14156	,564	-,6382	,1704
			Onur Air	-1,14596*	,15018	,000	-1,5749	-,7170
			SunExpress	,03998	,17728	1,000	-,4664	,5463
		SunExpress	THY	-1,45757*	,13081	,000	-1,8312	-1,0840
			Pegasus	-,82796*	,13267	,000	-1,2069	-,4490
			AtlasJet	-,27390	,13453	,323	-,6581	,1103
			Onur Air	-1,18594*	,14358	,000	-1,5960	-,7759
			AnadoluJet	-,03998	,17728	1,000	-,5463	,4664
Price Affordability	Tukey HSD	THY	Pegasus	-1,55942*	,07377	,000	-1,7701	-1,3487
			AtlasJet	-1,20417*	,07721	,000	-1,4247	-,9836
			Onur Air	-1,35959*	,09265	,000	-1,6242	-1,0950
			AnadoluJet	-1,49872*	,14090	,000	-1,9012	-1,0963
			SunExpress	-1,58838*	,13353	,000	-1,9698	-1,2070

	Pegasus	THY	1,55942*	,07377	,000	1,3487	1,7701
		AtlasJet	,35525*	,08045	,000	,1255	,5850
		Onur Air	,19982	,09536	,291	-,0725	,4722
		Anadolu	,06069	,14270	,998	-,3469	,4683
		SunExpress	-,02897	,13543	1,000	-,4158	,3579
	AtlasJet	THY	1,20417*	,07721	,000	,9836	1,4247
		Pegasus	-,35525*	,08045	,000	-,5850	-,1255
		Onur Air	-,15542	,09805	,609	-,4355	,1246
		AnadoluJet	-,29456	,14451	,321	-,7073	,1182
		SunExpress	-,38421	,13734	,059	-,7765	,0080
	Onur Air	THY	1,35959*	,09265	,000	1,0950	1,6242
		Pegasus	-,19982	,09536	,291	-,4722	,0725
		AtlasJet	,15542	,09805	,609	-,1246	,4355
		AnadoluJet	-,13913	,15332	,945	-,5770	,2988
		SunExpress	-,22879	,14657	,625	-,6474	,1898
	AnadoluJet	THY	1,49872*	,14090	,000	1,0963	1,9012
		Pegasus	-,06069	,14270	,998	-,4683	,3469
		AtlasJet	,29456	,14451	,321	-,1182	,7073
		Onur Air	,13913	,15332	,945	-,2988	,5770
		SunExpress	-,08966	,18098	,996	-,6066	,4272
	SunExpress	THY	1,58838*	,13353	,000	1,2070	1,9698
		Pegasus	,02897	,13543	1,000	-,3579	,4158
		AtlasJet	,38421	,13734	,059	-,0080	,7765
		Onur Air	,22879	,14657	,625	-,1898	,6474
		AnadoluJet	,08966	,18098	,996	-,4272	,6066

*. The mean difference is significant at the 0.05 level.

Table 6.29 shows the results of multiple comparison tests of each factor for all companies. The most relevant portions of this table are the F-values, significance levels and effect sizes. This table gives information on which means are significantly different from each other. The Tukey HSD post-hoc test reveals some significant differences among the mean values of these factors.

First, the mean values of personnel success are significantly different between THY and other airlines (Sig 0,05). THY passengers perceive personnel success significantly higher compared to other companies since the mean differences are positive.

Second, significant differences appear in the factor concerned with convenience of flight between THY and other airlines with it being perceived significantly lower by the passengers using the latter (Sig< 0,05). In other words, THY passengers perceive convenience of flight significantly higher compared to other companies' passengers since the mean differences are positive. In addition, the mean values of convenience of flight are significantly different between Pegasus and Onur Air (Sig< 0,05). The latter's passengers perceive convenience of flight significantly lower compared to Pegasus' passengers.

Thirdly, passengers who travelled with different airlines differ on the mean values of airline image. In particular, passengers who prefer THY appraise the advertisement and image success of the carrier significantly higher than those who prefer other companies (Sig< 0,05). Also, Pegasus' passengers perceive advertisement and image success significantly higher compared to AtlasJet, AnadoluJet and SunExpress passengers and lower compared to Onur Air's passengers.

The mean values of advertisement and image success are significantly different between Onur Air and other companies except THY (Sig< 0,05). Onur Air's passengers perceive advertisement and image success significantly higher compared to other companies' since the mean differences are positive.

Finally, the mean values of price affordability are significantly different between THY and other companies (Sig<0,05). THY passengers perceive price affordability significantly lower compared to other companies which means that THY ticket prices are less affordable compared to other companies. This is acceptable since THY is not a low cost carrier and passengers of other companies tend to consider low ticket prices as an important factor. Again the mean values of price affordability are significantly different between Pegasus and AtlasJet (Sig< 0,05) which means that Pegasus ticket prices are more affordable compared to AtlasJet since the mean differences are positive.

Table 6.30: Bonferroni Multiple Comparisons

Personnel Success	Bonferroni	THY	Pegasus	,45219*	,06019	,000	,2750	,6293
			AtlasJet	,62104*	,06300	,000	,4356	,8065
			Onur Air	,63271*	,07559	,000	,4102	,8552
			AnadoluJet	,56984*	,11496	,000	,2315	,9082
			Sunexpress	,39809*	,10895	,004	,0774	,7188
		Pegasus	THY	-,45219*	,06019	,000	-,6293	-,2750
			AtlasJet	,16886	,06564	,154	-,0244	,3621
			Onur Air	,18052	,07781	,309	-,0485	,4095
			Anadolu	,11766	,11643	1,000	-,2251	,4604
			Sunexpress	-,05409	,11050	1,000	-,3793	,2712
		AtlasJet	THY	-,62104*	,06300	,000	-,8065	-,4356
			Pegasus	-,16886	,06564	,154	-,3621	,0244
			Onur Air	,01166	,08000	1,000	-,2238	,2471
			AnadoluJet	-,05120	,11791	1,000	-,3983	,2959
			Sunexpress	-,22295	,11206	,704	-,5528	,1069
		Onur Air	THY	-,63271*	,07559	,000	-,8552	-,4102
			Pegasus	-,18052	,07781	,309	-,4095	,0485
			AtlasJet	-,01166	,08000	1,000	-,2471	,2238
			AnadoluJet	-,06287	,12509	1,000	-,4311	,3053
			Sunexpress	-,23461	,11959	,752	-,5866	,1174
		AnadoluJet	THY	-,56984*	,11496	,000	-,9082	-,2315
			Pegasus	-,11766	,11643	1,000	-,4604	,2251
			AtlasJet	,05120	,11791	1,000	-,2959	,3983
			Onur Air	,06287	,12509	1,000	-,3053	,4311
			Sunexpress	-,17175	,14766	1,000	-,6064	,2629
		Sunexpress	THY	-,39809*	,10895	,004	-,7188	-,0774
			Pegasus	,05409	,11050	1,000	-,2712	,3793
			AtlasJet	,22295	,11206	,704	-,1069	,5528
			Onur Air	,23461	,11959	,752	-,1174	,5866
			AnadoluJet	,17175	,14766	1,000	-,2629	,6064
Convenience of Flight		THY	Pegasus	,57059*	,05836	,000	,3988	,7424
			AtlasJet	,72643*	,06108	,000	,5466	,9062
			Onur Air	,85738*	,07329	,000	,6417	1,0731
			AnadoluJet	,70241*	,11146	,000	,3743	1,0305
			Sunexpress	,69394*	,10563	,000	,3830	1,0049
		Pegasus	THY	-,57059*	,05836	,000	-,7424	-,3988
			AtlasJet	,15583	,06364	,218	-,0315	,3432
			Onur Air	,28679*	,07544	,002	,0647	,5088
			Anadolu	,13182	,11289	1,000	-,2005	,4641
			Sunexpress	,12335	,10714	1,000	-,1920	,4387
		AtlasJet	THY	-,72643*	,06108	,000	-,9062	-,5466
			Pegasus	-,15583	,06364	,218	-,3432	,0315
			Onur Air	,13095	,07756	1,000	-,0974	,3593
			AnadoluJet	-,02402	,11432	1,000	-,3605	,3125
			Sunexpress	-,03248	,10864	1,000	-,3523	,2873
		Onur Air	THY	-,85738*	,07329	,000	-1,0731	-,6417
			Pegasus	-,28679*	,07544	,002	-,5088	-,0647
			AtlasJet	-,13095	,07756	1,000	-,3593	,0974
			AnadoluJet	-,15497	,12128	1,000	-,5120	,2020
			Sunexpress	-,16344	,11595	1,000	-,5047	,1779

	AnadoluJet	THY	-,70241*	,11146	,000	-1,0305	-,3743
		Pegasus	-,13182	,11289	1,000	-,4641	,2005
		AtlasJet	,02402	,11432	1,000	-,3125	,3605
		Onur Air	,15497	,12128	1,000	-,2020	,5120
		Sunexpress	-,00847	,14317	1,000	-,4299	,4129
	Sunexpress	THY	-,69394*	,10563	,000	-1,0049	-,3830
		Pegasus	-,12335	,10714	1,000	-,4387	,1920
		AtlasJet	,03248	,10864	1,000	-,2873	,3523
		Onur Air	,16344	,11595	1,000	-,1779	,5047
		AnadoluJet	,00847	,14317	1,000	-,4129	,4299
Ad and Image Success	THY	Pegasus	,62961*	,07226	,000	,4169	,8423
		AtlasJet	1,18367*	,07563	,000	,9610	1,4063
		Onur Air	,27163*	,09075	,043	,0045	,5388
		AnadoluJet	1,41758*	,13802	,000	1,0113	1,8238
		Sunexpress	1,45757*	,13081	,000	1,0725	1,8426
	Pegasus	THY	-,62961*	,07226	,000	-,8423	-,4169
		AtlasJet	,55405*	,07881	,000	,3221	,7860
		Onur Air	-,35798*	,09342	,002	-,6329	-,0830
		Anadolu	,78797*	,13979	,000	,3765	1,1994
		Sunexpress	,82796*	,13267	,000	,4375	1,2184
	AtlasJet	THY	-1,18367*	,07563	,000	-1,4063	-,9610
		Pegasus	-,55405*	,07881	,000	-,7860	-,3221
		Onur Air	-,91204*	,09605	,000	-1,1947	-,6293
		AnadoluJet	,23392	,14156	1,000	-,1828	,6506
		Sunexpress	,27390	,13453	,631	-,1221	,6699
	Onur Air	THY	-,27163*	,09075	,043	-,5388	-,0045
		Pegasus	,35798*	,09342	,002	,0830	,6329
		AtlasJet	,91204*	,09605	,000	,6293	1,1947
		AnadoluJet	1,14596*	,15018	,000	,7039	1,5880
		Sunexpress	1,18594*	,14358	,000	,7633	1,6086
	AnadoluJet	THY	-1,41758*	,13802	,000	-1,8238	-1,0113
		Pegasus	-,78797*	,13979	,000	-1,1994	-,3765
		AtlasJet	-,23392	,14156	1,000	-,6506	,1828
		Onur Air	-1,14596*	,15018	,000	-1,5880	-,7039
		Sunexpress	,03998	,17728	1,000	-,4818	,5618
	Sunexpress	THY	-1,45757*	,13081	,000	-1,8426	-1,0725
		Pegasus	-,82796*	,13267	,000	-1,2184	-,4375
		AtlasJet	-,27390	,13453	,631	-,6699	,1221
		Onur Air	-1,18594*	,14358	,000	-1,6086	-,7633
		AnadoluJet	-,03998	,17728	1,000	-,5618	,4818
Price Affordability	THY	Pegasus	-1,55942*	,07377	,000	-1,7765	-1,3423
		AtlasJet	-1,20417*	,07721	,000	-1,4314	-,9769
		Onur Air	-1,35959*	,09265	,000	-1,6323	-1,0869
		AnadoluJet	-1,49872*	,14090	,000	-1,9135	-1,0840
		Sunexpress	-1,58838*	,13353	,000	-1,9814	-1,1953
	Pegasus	THY	1,55942*	,07377	,000	1,3423	1,7765
		AtlasJet	,35525*	,08045	,000	,1184	,5920
		Onur Air	,19982	,09536	,546	-,0809	,4805
		Anadolu	,06069	,14270	1,000	-,3593	,4807
		Sunexpress	-,02897	,13543	1,000	-,4276	,3697

	AtlasJet	THY	1,20417*	,07721	,000	,9769	1,4314
		Pegasus	-,35525*	,08045	,000	-,5920	-,1184
		Onur Air	-,15542	,09805	1,000	-,4440	,1332
		AnadoluJet	-,29456	,14451	,627	-,7199	,1308
		Sunexpress	-,38421	,13734	,079	-,7885	,0200
	Onur Air	THY	1,35959*	,09265	,000	1,0869	1,6323
		Pegasus	-,19982	,09536	,546	-,4805	,0809
		AtlasJet	,15542	,09805	1,000	-,1332	,4440
		AnadoluJet	-,13913	,15332	1,000	-,5904	,3121
		Sunexpress	-,22879	,14657	1,000	-,6602	,2026
	AnadoluJet	THY	1,49872*	,14090	,000	1,0840	1,9135
		Pegasus	-,06069	,14270	1,000	-,4807	,3593
		AtlasJet	,29456	,14451	,627	-,1308	,7199
		Onur Air	,13913	,15332	1,000	-,3121	,5904
		Sunexpress	-,08966	,18098	1,000	-,6224	,4430
	Sunexpress	THY	1,58838*	,13353	,000	1,1953	1,9814
		Pegasus	,02897	,13543	1,000	-,3697	,4276
		AtlasJet	,38421	,13734	,079	-,0200	,7885
		Onur Air	,22879	,14657	1,000	-,2026	,6602
		AnadoluJet	,08966	,18098	1,000	-,4430	,6224

As can be seen in Bonferonni multiple comparison test results in table 6.30, the results are similar to that of Tukey HSD. The significant difference in the mean scores found in Tukey HSD is confirmed by Benforroni test but with different significance levels.

6.3.4. Factors Affecting Respondents'' Choice of Airline

Tables in this part exhibit the agreeableness scores of the respondents on some factors which may affect their airline selection. Also in this part, sensitivity of respondents on some factors like ticket price, catering service, closeness of airport and success of LCC model are exhibited.

Table 6.31: Importance of Flying to Same Points Everyday at Same Hour

	Frequency	Valid Percent
Strongly Disagree	14	4,7
Disagree	43	14,3
Neither Agree or Disagree	88	29,3
Agree	94	31,3
Strongly Agree	61	20,3
Total	300	100,0

As can be seen in Table 6.31, majority of the respondents with 51,6 per cent agreed or strongly agreed that it is important an airline company to fly to same points at the same hour of everyday. On the other hand 19 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 29,3 per cent of them did not deliver an opinion on the subject.

Table 6.32: Importance of Successful Advertising

	Frequency	Valid Percent
Strongly Disagree	29	9,7
Disagree	75	25,0
Neither Agree or Disagree	101	33,7
Agree	74	24,7
Strongly Agree	21	7,0
Total	300	100,0

As can be seen in Table 6.32, the respondents who agreed or strongly agreed that successful advertising influences their choice of airline constitute the 31,7 per cent of the sample. On the other hand the biggest portion of the sample 36,7 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 33,7 per cent of them did not deliver an opinion on the subject.

Table 6.33: Importance of Successful Webpage

	Frequency	Valid Percent
Strongly Disagree	13	4,3
Disagree	31	10,3
Neither Agree or Disagree	43	14,3
Agree	142	47,3
Strongly Agree	71	23,7
Total	300	100,0

Similarly as can be seen in Table 6.33, majority of the respondents with 71 per cent agreed or strongly agreed that successful webpage of an airline company influences their choice of airline. On the other hand 14,6 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 14,3 per cent of them did not deliver an opinion on the subject.

Table 6.34: Importance of Promotions

	Frequency	Valid Percent
Strongly Disagree	7	2,3
Disagree	33	11,0
Neither Agree or Disagree	63	21,0
Agree	121	40,3
Strongly Agree	76	25,3
Total	300	100,0

As can be seen in Table 6.34, majority of the respondents with 65,6 per cent agreed or strongly agreed that promotions offered by companies influence their choice of airline. On the other hand 13,3 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 21 per cent of them did not deliver an opinion on the subject.

Table 6.35: Importance of Negative Media News

	Frequency	Valid Percent
Strongly Disagree	8	2,7
Disagree	32	10,7
Neither Agree or Disagree	60	20,0
Agree	139	46,3
Strongly Agree	61	20,3
Total	300	100,0

As seen in Table 6.35, majority of the respondents with 66,6 per cent agreed or strongly agreed that negative media news about airline companies influence their choice of airline. On the other hand 13,4 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 20 per cent of them did not deliver an opinion on the subject.

Table 6.36: Importance of Frequent Flyer Program

	Frequency	Valid Percent
Strongly Disagree	22	7,3
Disagree	44	14,7
Neither Agree or Disagree	91	30,3
Agree	103	34,3
Strongly Agree	40	13,3
Total	300	100,0

As can be seen in Table 6.36, majority of the respondents with 47,6 per cent agreed or strongly agreed that offering Frequent Flyer Program influences their choice of airline. On the other hand 22 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 30,3 per cent of them did not deliver an opinion on the subject.

Table 6.37: Importance of In-flight Catering Offer

	Frequency	Valid Percent
Strongly Disagree	16	5,3
Disagree	44	14,7
Neither Agree or Disagree	69	23,0
Agree	105	35,0
Strongly Agree	66	22,0
Total	300	100,0

As seen in Table 6.37, majority of the respondents with 57 per cent agreed or strongly agreed that catering offer is important for them and influence their choice of airline. On the other hand 20 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 23 per cent of them did not deliver an opinion on the subject.

Table 6.38: In Case Low Prices - In-flight Catering Offer Unimportant

	Frequency	Valid Percent
Strongly Disagree	31	10,3
Disagree	65	21,7
Neither Agree or Disagree	63	21,0
Agree	96	32,0
Strongly Agree	45	15,0
Total	300	100,0

As can be seen in table 6.38, 47 per cent of the respondents agreed or strongly agreed that if ticket prices are low, it is not important to have catering offerings. This means that although catering service is an important factor affecting the respondents' choice of airline, they can tolerate it if ticket prices are considerably lower. On the other hand 32 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 21 per cent of them did not deliver an opinion on the subject.

Table 6.39: Importance of Airport Closeness

	Frequency	Valid Percent
Strongly Disagree	44	14,7
Disagree	75	25,0
Neither Agree or Disagree	49	16,3
Agree	103	34,3
Strongly Agree	29	9,7
Total	300	100,0

As can be seen in table 6.39, 44 per cent of the respondents may prefer to fly from the far airport if the companies flying from the closer airport do not offer low prices. This means closeness of airport is not that important if a company offers affordable ticket prices. On the other hand 39,7 per cent of the respondents either disagreed or strongly disagreed with it. Lastly 16,3 per cent of them did not deliver an opinion on the subject.

Table 6.40: Always Searching for Lowest Ticket Price

	Frequency	Valid Percent
Strongly Disagree	31	10,3
Disagree	55	18,3
Neither Agree or Disagree	73	24,3
Agree	94	31,3
Strongly Agree	47	15,7
Total	300	100,0

As can be seen in table 6.40, 47 per cent of the respondents agreed or strongly agreed that they always search for the cheapest tickets. On the other hand 28,6 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 24,3 per cent of them did not deliver an opinion on the subject.

Table 6.41: Always Same Company Although Prices Increase

	Frequency	Valid Percent
Strongly Disagree	45	15,0
Disagree	108	36,0
Neither Agree or Disagree	80	26,7
Agree	54	18,0
Strongly Agree	13	4,3
Total	300	100,0

As can be seen in Table 6.41, 51 per cent of the respondents disagreed or strongly disagreed that they fly with the same airline company although the ticket prices are increased. This means that a rise in ticket prices make them search for another company and their loyalty might be damaged if the prices are increased unnecessarily. On the other hand 22,3 per cent of the respondents either disagreed or strongly disagreed with the phrase. Lastly 26,7 per cent of them did not deliver an opinion on the subject.

Table 6.42: Success of Low Cost Carrier Model

	Frequency	Valid Percent
Strongly Disagree	21	7,0
Disagree	50	16,7
Neither Agree or Disagree	98	32,7
Agree	104	34,7
Strongly Agree	27	9,0
Total	300	100,0

Finally, Table 6.42 shows that approximately 43,7per cent of the respondents agree that Low Cost Carrier model is successful for Turkish airline market. The proportion of respondents who do not agree with it is approximately 23,7 per cent. Lastly 32,7 per cent of the respondents did not deliver an opinion on the subject.

Table 6.43: Companies Listed As Low Cost Carrier

	THY	**PEG.**	**ATLAS**	**ONUR**	**ANAD.**	**SUNEX.**	**IZAIR**
LCC1	8	156	42	41	21	29	1
LCC2	2	56	97	76	27	23	1
LCC3	17	45	63	73	24	23	3
TOTAL	**27**	**257**	**202**	**190**	**72**	**75**	**5**

As can be seen in Table 6.43, when respondents were asked to declare the three low cost carriers that they know in Turkey, majority of the respondents declared Pegasus. This means that Pegasus successfully positioned itself as a low cost carrier in Tukish market. Surprisingly, the respondents who declared AtlasJet as a low cost carrier constitute the second biggest part of the sample. As we told before, Atlasjet first positioned itself as a low cost carrier, and then changed its model to full-service carrier. This change in strategy may mislead the passengers to regard the company still as a low cost carrier. Another reason for this delusion may be respondents' lack of knowledge on low cost carrier model. In addition there is a common perception among passengers in Turkey that companies other than THY are all low cost carriers which might be another reason for this delution. Onur Air is also highly regarded as a low cost carrier which is consistent with the company's strategy. Some respondents also declared THY as a low cost carrier, which for sure shows that these passengers do not have a sufficient knowledge on low cost carrier model.

6.3.5. Hypothesis Testing

Tables in this part exhibit the results of hypothesis tests and results.

H1: Income level has an effect on passengers' airline choice.

Table 6.44: Chi-Square Tests Income / First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40,267[a]	20	,005
Likelihood Ratio	25,317	20	,190
Linear-by-Linear Association	1,760	1	,185
N of Valid Cases	300		

Since P value is less than 0,05 we reject the null hypothesis and it can be concluded that income level has an effect on passenger's airline choice (Table 6.44).

Table 6.45: Mean Scores of Passengers' Income / First Airline

First Preference	Mean	Std. Deviation
THY	4,8919	1,27170
PEGASUS	4,8250	1,25856
ATLASJET	4,8235	1,18508
ONURAIR	4,2632	1,72698
SUNEXPRESS	5,5000	,70711
Total	4,8433	1,29785

Table 6.45 shows the mean scores of passengers' income levels depending on their first preferences. As can be seen in the table, SunExpress has the highest mean score, which

means that passengers whose first choice is SunExpress have the highest income level compared to other companies. Secondly THY passengers have the highest mean score for income level. Pegasus and AtlasJet passengers on the other hand have nearly the same income levels. Finally Onur Air passengers have the lowest income level compared to others.

H2: Education level has an effect on passengers' airline choice.

Table 6.46: Chi-Square Tests Education / First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,778[a]	12	,927
Likelihood Ratio	7,584	12	,817
Linear-by-Linear Association	,979	1	,322

Since P value is greater that 0,05, we accept the null hypothesis. It can be concluded that education level doesn't have any effect on passenger's airline choice. Majority of the passengers of all companies are university graduates and secondly masters graduates (Table 6.46).

H3: Gender has an effect on passengers' airline choice.

Table 6.47: Chi-Square Tests Gender / First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,148[a]	4	,386
Likelihood Ratio	4,810	4	,307
Linear-by-Linear Association	,801	1	,371

Since P value is greater that 0,05, we accept the null hypothesis. It can be concluded that gender doesn't have any effect on passenger's airline choice. Majority of both men and women prefer the same airlines respectively (Table 6.47).

H4: Purpose of flight has an effect on passenger's airline choice

Table 6.48: Chi-Square Tests Purpose of Flight/ First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31,634[a]	20	,047
Likelihood Ratio	29,649	20	,076
Linear-by-Linear Association	,321	1	,571

Since P value is less than 0,05 we reject the null hypothesis and it can be concluded that purpose of flight has an effect on passenger's airline choice (Table 6.48).

H5: Flight frequency has an effect on passengers' choice of airline

Table 6.49: Chi-Square Tests Flight Frequency/ First Airline

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21,404[a]	20	,374
Likelihood Ratio	22,080	20	,336
Linear-by-Linear Association	,215	1	,643

Since P value is greater that 0,05, we accept the null hypothesis. It can be concluded that flight frequency doesn't have any effect on passenger's airline choice (Table 6.49).

Table 6.50: Custom Table for Flight Frequency / First Airline

First Preference	1 time	2 times	3 times	4 times	between 5 and 10	More than 10 times
THY	34	45	23	26	45	49
PEGASUS	2	14	4	5	9	6
ATLASJET	2	2	1	3	3	6
ONURAIR	6	1	3	3	3	3
SUNEXPRESS	1	0	0	0	1	0

Table 6.51: Mean Comparison of Flight Frequency / First Airline

First Preference	Mean	N	Std. Deviation
THY	3,6757	222	1,81329
PEGASUS	3,5750	40	1,63123
ATLASJET	4,2353	17	1,82104
ONURAIR	3,2632	19	1,91027
SUNEXPRESS	3,0000	2	2,82843
Total	3,6633	300	1,79836

Table 6.50 shows that majority of THY passengers fly more than 10 times per year in domestic lines. THY passengers who fly between 5 and 10 times and 2 times per year generate the second biggest portion of the sample. For Pegasus Airlines, majority of the passengers fly 2 times per year. On the other hand, AtlasJet passengers generally fly more than 10 times per year. Interestingly, majority of the respondents whose first choice is Onur Air generally fly 1 time per year. Also when we look at the mean score table for number of journey per year, AtlasJet has the highest mean score, which means that passengers whose first choice is AtlasJet fly more frequently compared to others (Table 6.51).

H6: Ticket purchaser has an effect on passengers' airline choice.

Table 6.52: Chi-Square Tests Ticket Purchaser / First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11,093[a]	12	,521
Likelihood Ratio	11,899	12	,454
Linear-by-Linear Association	1,504	1	,220

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that ticket purchaser doesn't have any effect on passenger's airline choice. For all companies majority of the passengers for buy their tickets themselves (Table 6.52).

H7: Time of ticket purchase has an effect on passengers' airline choice.

Table 6.53: Chi-Square Tests Time of Ticket Purchase/ First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12,052[a]	16	,740
Likelihood Ratio	14,546	16	,558
Linear-by-Linear Association	,303	1	,582

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that time of ticket purchase doesn't have any effect on passenger's airline choice (Table 6.53).

Table 6.54: Custom Table for Time of Ticket Purchase / First Airline

First Preference	Last day	Last 3 days	Last week	Last two weeks	One month
THY	7	35	65	68	47
PEGASUS	0	4	12	15	9
ATLASJET	0	3	7	4	3
ONURAIR	0	1	10	6	2
SUNEXPRESS	0	0	0	1	1

As can be seen in Table 6.54, majority of the passengers of all companies buy their tickets generally in the last two weeks and last week. Again for all companies the passengers who buy their tickets one month before generate the third biggest portions. However SunExpress passengers are exception since they buy their tickets earlier compared to others.

H8: Place of ticket purchase has an effect on passenger’s airline choice.

Table 6.55:Chi-Square Tests Place of Purchase/ First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,287[a]	12	,762
Likelihood Ratio	11,533	12	,484
Linear-by-Linear Association	1,049	1	,306

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that place of ticket purchase doesn’t have any effect on passenger’s airline choice. Majority of the passengers of all companies buy their tickets generally through web and secondly through agencies (Table 6.55).

H9: Success of advertising has an effect on passengers’ airline choice.

Table 6.56: Chi-Square Tests Success of Advertising /First Airline

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10,056[a]	16	,864
Likelihood Ratio	11,039	16	,807
Linear-by-Linear Association	,648	1	,421

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that success of advertising doesn't have any effect on passenger's airline choice. Majority of the respondents who declared their ideas, either disagree or strongly disagree with the phrase (Table 6.56).

H10: Success of webpage has an effect on passengers' airline choice.

Table 6.57: Chi-Square Tests Success of Webpage/ First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17,819[a]	16	,335
Likelihood Ratio	20,501	16	,199
Linear-by-Linear Association	,029	1	,866

Since P value is greater that 0,05 we accept null hypothesis. It can be concluded that success of webpage doesn't have any effect on passenger's airline choice. Majority of the passengers of all companies agree or strongly agree that successful webpage of airline is important (Table 6.57).

H11: Low price sensitivity has an effect on passengers' airline choice.

Table 6.58: Chi-Square Tests Low Price Sensitivity /First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21,540[a]	16	,159
Likelihood Ratio	20,258	16	,209
Linear-by-Linear Association	,089	1	,765

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that low price sensitivity doesn't have any effect on passenger's airline choice. Majority of the passengers of all companies agree or strongly agree that they always search for the cheapest ticket price (Table 6.58).

Table 6.59: Mean Comparisons for Low Price / First Airline

First Preference	Mean	N	Std. Deviation
THY	3,3153	222	1,07612
PEGASUS	3,2750	40	1,03744
ATLASJET	3,0588	17	1,56007
ONURAIR	3,7368	19	1,09758
SUNEXPRESS	2,5000	2	,70711
Total	3,3167	300	1,10474

However as can be seen in Table 6.59, Onur Air has the highest agreeableness scores for this phrase, which means that passengers whose first choice is Onur Air are more sensitive to low prices than other companies' passengers.

H12: Personality Traits of Respondents have an effect on passengers' airline choice.

Table 6.60: Chi-Square Tests Low Price Sensitivity /First Airline

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,116[a]	4	,714
Likelihood Ratio	2,129	4	,712
Linear-by-Linear Association	1,399	1	,237

Since P value is greater that 0,05 we accept the null hypothesis. It can be concluded that personality traits of the respondents don't have any effect on passenger's airline choice (Table 6.60).

Table 6.61: Custom Table for Personality Factors / First Company

		Big-Five Factors				
		Open.	Consc.	Extraver.	Agreeab.	Neurotic.
First Preference	THY	23	63	18	111	7
	PEGASUS	5	13	6	16	0
	ATLASJET	2	4	3	7	1
	ONURAIR	1	5	2	10	1
	SUNEXPRESS	0	0	0	2	0

As seen in Table 6.61, majority of the passengers of all companies generally have highest agreeableness score. On the other hand respondents who have high neuroticism scores don't prefer Pegasus and SunExpress.

6.3.6. Personality Traits

The Big Five Personality Factors Model (McCrae and Costa 1997, pp.509-516) represents the dominant conceptualization of personality structure in the current literature. This model is comprised of five relatively independent dimensions: Openness, Conscientiousness, Extraversion, Agreeableness and Neuroticism.

Extraversion is the act, state, or habit of being predominantly concerned with and obtaining gratification from what is outside the self (Wikipedia 2010). Extraverts tend to enjoy human interactions and the typical behavioral tendencies associated with extraversion include being assertive, talkative, and sociable. Neuroticism on the other hand is an enduring tendency to experience negative emotional states. Individuals who score high on neuroticism are more likely to experience feelings such as anxiety, anger, guilt, depression, emotionalism and sadness (Matthews and Deary 1998).

Conscientiousness reflects willpower and dependability; that is, being careful, thorough, responsible, and planning carefully. The typical behaviors associated with it include being hardworking, achievement-oriented, persevering, self-disciplined, careful, thorough, organized and deliberate (Barrick and Mount 1991, pp.1-26). Furthermore, they place their emphasis on the importance of fulfilling moral obligations, and show a high need for personal achievement and sense of direction. Conscientious individuals are generally hard working and reliable. When taken to an extreme, they may also be workaholics, perfectionists, and compulsive in their behavior.They show high capacity to initiate tasks and follow through to completion despite boredom or distractions, and tend to think things through before acting or speaking (McCrae and John 1992, pp.175-215).

Agreeableness describes the humane aspects of people, such as altruism, nurturance, caring, and emotional support (Digman 1990, pp.417-440). The behavioral tendencies typically associated with it include being courteous, good-natured, co-operative, soft-hearted, and tolerant (Barrick and Mount 1991, pp.1-26). People who score high on this dimension are empathetic, considerate, friendly, courteous, generous, good-natured, co-operatibe, soft-hearted, tolerant and helpful. They also have an optimistic view of human nature and they tend to believe that most people are honest, decent, and trustworthy (Wikipedia 2010).

Openness is related to scientific and artistic creativity, divergent thinking, and political liberalism (Judge, Heller and Mount 2002, pp. 530-541; McCrae 1996, pp.51-87). At the core of this dimension is openness to feelings and new ideas, flexibility of thought, readiness to indulge in fantasy and creativity (Digman 1990, pp.417-440). The behavioral tendencies typically associated with it include being imaginative, cultured, curious, intelligent, and artistically sensitive (Barrick and Mount 1991, pp.1-26). The trait distinguishes imaginative people from conventional people since individuals who score high on openness are more likely to hold unconventional beliefs.

In this study the reliability of Big five scale for our respondents were evaluated via Cronbach's Alpha reliability as shown in Table 6.62.

Table 6.62: Reliability Statistics of Big Five Personality Factors

	Cronbach's Alpha	N of Items
Openness	,700	10
Conscientiousness	,792	10
Extraversion	,834	10
Agreeableness	,782	10
Neuroticism	,867	10

The table shows that each personality factors have high reliability value ranging between 0,70 and 0,87. A high value for Cronbach's alpha indicates good internal consistency of the items in the scale.

Table 6.63: Means and Std. Deviations of Big Five Personality Factors

	Mean	Std. Deviation
Openness	3,1307	,31377
Conscientiousness	3,9730	,57072
Extraversion	2,9727	,25964
Agreeableness	4,1977	,49583
Neuroticism	2,8413	,62503

While scoring the Big Five Personality, high scores indicate greater levels of each factor. As can be seen in Table 6.63, agreeableness has the highest mean score compared to other personality factors. This means that majority of the respondents have high scores of agreeableness which means these people are good natured, caring and forgiving. The respondents who have high conscientiousness scores generate the second biggest portion of the sample, which means these people are careful, reliable, persevering, and well organized. The respondents who have high openness scores generate the third biggest portion of the sample, which means that these people are daring and imaginative, and welcome change and challenges. On the other hand the respondents who have high extroversion are outgoing, sociable and uninhibited. Finally minority of the respondents have higher scores of neuroticism which means these people have high level of distress in their life.

Moreover, it has been found in the literature that, when studying response to a paper-based organizational survey, respondents tended to be higher in conscientiousness and greeableness than non-respondents which is consistent with our sample (Rogelberg et al. 2003, pp.1104–1114).

Table 6.64: Correlation of Personality Factors

	Consc.	Extrav.	Agree.	Neuro.	Openn.
Consc.	1				
Extrav.	**,163****	1			
Agree.	**,276****	**,280****	1		
Neuro.	**-,184****	-,084	,014	1	
Openn.	**,143***	**,390****	**,270****	,039	1

**Correlation is significant at the 0,01 level.
*Correlation is significant at the 0,05 level.

When we look at the correlation between five personality factors, we see that there are low correlations between some of the factors. For instance there is a positive low correlation between conscientiousness and agreeableness, which means that respondents who have high scores of conscientiousness also have high scores of agreeableness. On the other hand there is a low negative relationship between neuroticism and conscientiousness which means increase in neuroticism score corresponds to decrease in conscientiousness scores. However it should be noted that since the correlation coefficients are low, it is not enough to conclude there is a strong link between these variables (Table 6.64).

6.3.7. Relationship between Personality Traits and Factors Affecting Respondants' Choice of Airline

Table 6.65: Success of LCCs / Personality Factors

	Mean	Std. Deviation	N
Openness	3,3401	1,07905	197
Conscientiousness	3,4148	1,04207	229
Extraversion	3,3931	1,09776	173
Agreeableness	3,4312	1,08926	269
Neuroticism	3,3333	1,13613	48

Respondents who have high agreeableness scores tend to agree more that LCC model is successful in Turkey compared to others. Respondents who have high neuroticism on the other hand give lower scores, in other words they tend to disagree about the success of LCC model.

Since agreeable individuals are described as courteous, cooperative, considerate, warm and trusting. They tend to give more agreeable responses. On the other hand Neurotic feelings may lead to negative emotions and neurotic individuals tend to make negative judgments. That is passengers who have high neuroticism scores tend to disagree more with all statements compared to other passengers (Table 6.65).

Table 6.66: Negative Media News / Personality Factors

	Mean	Std. Deviation	N
Openness	3,7208	1,05377	197
Conscientiousness	3,7118	1,00214	229
Extraversion	3,6879	1,03751	173
Agreeableness	3,6914	1,13905	269
Neuroticism	3,6458	1,12967	48

Respondents who have high openness and conscientiousness scores tend to agree more that negative media news influences their airline selection compared to others. Respondents who have high neuroticism on the other hand give lower agreeableness scores for the same factor (Table 6.66).

Table 6.67: In-flight Catering service / Personality Factors

	Mean	Std. Deviation	N
Openness	3,4213	1,16503	197
Conscientiousness	3,4934	1,14945	229
Extraversion	3,5723	1,12153	173
Agreeableness	3,5279	1,16068	269
Neuroticism	3,5417	1,00970	48

Respondents who have high extraversion scores tend to agree more that catering services influences their airline selection compared to others. Respondents who have high openness on the other hand give lower agreeableness scores for the same factor. This might be because openness is related to divergent thinking, openness to feelings and new ideas, flexibility of thought. Normally majority of people agree that catering service is important for them, however LCCs are not offering catering services in order to decrease the costs and the individuals who have high openness scores tend to realize the benefit of this more than others (Table 6.67).

Table 6.68: Price sensitivity / Personality Factors

	Mean	Std. Deviation	N
Openness	3,3147	1,13499	197
Conscientiousness	3,2707	1,14945	229
Extraversion	3,4104	1,06165	173
Agreeableness	3,3197	1,09358	269
Neuroticism	3,2083	,98841	48

Respondents who have high extraversion scores tend to search for the lowest ticket price compared to others. Respondents who have high neuroticism on the other hand give lower agreeableness scores for the same factor. Extraverts are seen as adaptive, ambitious and hardworking and they tend to make more money. That might be the reason that they are more concerned with price issues. That might be the reason why they generally tend to agree that they always search for the cheapest tickets and that catering service is important for them (Table 6.68).

Table 6.69: Importance Same Points at same Hours / Personality Factors

	Mean	Std. Deviation	N
Openness	2,9848	1,22256	197
Conscientiousness	3,0175	1,26687	229
Extraversion	2,9249	1,25759	173
Agreeableness	3,0037	1,25335	269
Neuroticism	2,4167	1,21748	48

Respondents who have high conscientiousness scores tend to agree more that flying to same points at same hour of the day influences their airline selection compared to others. Respondents who have high neuroticism on the other hand give lower agreeableness scores for the same factor. Conscientiousness is related to being organized, reliable, self-disciplined and careful. Therefore knowing that a company is flying to same points everyday at same hour might be more important for them compared to others (Table 6.69).

Table 6.70: Being Quality-Focused / Personality Factors

	Mean	Std. Deviation	N
Openness	3,4721	,93976	197
Conscientiousness	3,4367	,92796	229
Extraversion	3,4566	,94907	173
Agreeableness	3,4498	,94745	269
Neuroticism	3,3958	,96182	48

Respondents who have high openness scores tend to agree that high quality is more important than low price compared to others. Respondents who have high neuroticism on the other hand give lower agreeableness scores for the same factor. Individuals who have higher openness scores generally have aesthetic sensitivity and that might be the reason why they are quality-focused than other respondents (Table 6.70).

Table 6.71: Tendency of Loyalty / Personality Factors

	Mean	Std. Deviation	N
Openness	2,2741	, 91807	197
Conscientiousness	2,3406	,95842	229
Extraversion	2,3410	,94892	173
Agreeableness	2,3755	,96791	269
Neuroticism	2,3958	1,04657	48

Respondents who have high neuroticism scores tend to agree more that they prefer to fly with different airlines instead of one compared to others, which means that they are not tend to be loyal to one company. This is consistent with the general characteristics of neuroticism since it tends to be viewed negatively and is associated with negative effect. On the other hand respondents who have high openness scores give lower agreeableness scores for the same factor. Since Openness is associated with tolerance of ambiguity, they tend to be tolerable and loyal to one company (Table 6.71).

Table 6.72: Promotion Sensitivity / Personality Factors

	Mean	Std. Deviation	N
Openness	3,7513	1,03217	197
Conscientiousness	3,7467	1,04569	229
Extraversion	3,7572	1,05600	173
Agreeableness	3,7695	1,05043	269
Neuroticism	3,8750	1,12278	48

Respondents who have high neuroticism scores again tend to agree more that if a promotion is offered by another company, they would prefer to fly with it, which means that they are not tend to be loyal to one company and promotion is important for them. On the other hand respondents who have high conscientiousness and openness scores tend to disagree with the same factor (Table 6.72).

7. CONCLUSION AND MANAGERIAL IMPLICATIONS

In this section managerial implications and recommendations based on the conclusions and statistics will be presented. We will address practitioners and management as well as provide ideas for theory and future research.

As can be seen in the results, domestically THY is the most preferred airline company in Turkey. Then Pegasus, AtlasJet and OnurAir come respectively. Brand awareness of SunExpress and AnadoluJet are still low in Turkey, especially in European side of Istanbul. These two companies should develop branding strategies and invest on their brand in order increase their brand awareness.

Passengers of THY gives high points to the company in terms of personnel success, convenience of flight, advertisement and image success. These results are reasonable since it is the mostly preferred airline company in Turkey.

The results of service analysis show that Onur Air has low and insufficient service performance in terms of personnel success and convenience of flight. The management should take considerable actions in the areas such as convenient flight scheduling, providing service as promised, on time performance of scheduled flights and all factors related to its personnel. AtlasJet should also give weight to personnel success and convenience of flight, since the company is given the second lowest scores in terms of these two factors.

SunExpress is the most well-known company in terms of low prices. Also Pegasus and AnadoluJet are given high scores in terms of low price success. These results show that these three companies successfully positioned themselves in the market through their generic “low cost” strategies. Passengers of these companies know that tickets of these companies are affordable which perfectly match with their missions. AtlasJet and THY on the other hand have lowest scores for price affordability. This result is reasonable since two companies are full service carriers and they don’t offer low prices. However AtlasJet is still regarded as a lox cost carrier in the market. This creates both an advantage and a disadvantage for the company. The advantage is that since the company offers more qualified and full service including in-flight catering the company is perceived as highly qualified compared to other low cost carriers. Therefore, the passengers perceive other low cost carriers' services as worser compared to AtlasJet which gives damage to their image. However since AtlasJet is a full-service carrier and quality-focused, being regarded as a low cost carrier does not match with company's mission and will turn back as a disadvantage to the company in the long run. The company should therefore strengthen its image on people's mind as a full service carrier.

Through the in-depth interview made with authorities from Onur Air, we were informed that the company has been positioning itself as a low cost carrier through its pricing policies and special promotions. However passenger of Onur Air gave lower scores to the company in terms of price affordability compared to other low cost companies. The reason might be that the company makes very little or no advertising. Therefore managers should focus on to improve the company's image as a low cost carrier through right marketing strategies. Although Onur Air is the first low cost airline company in Turkey, many new low cost companies emerged in recent years and making no advertising caused people to focus on other companies. Although passengers declare that advertising does not have an effect on their choice of airline, they are affected unconsciously.

SunExpress and AnadoluJet should focus on advertisement and image success since they have the lowest scores in terms of this factor. After THY, Onur Air is given the highest scores which means that although the company does not make frequent advertisings, it's still very well-known and has a successful image.

In Turkey majority of the passengers give importance to in-flight catering service. Majority of the passengers in Turkey still give negative feedback about the absence of in-flight catering services and they regard air transport as luxurious since they have not realized the necessities of low cost carrier system yet. However they also agree that if ticket prices are considerably low then catering service becomes less important.

On the other hand majority of the respondents think that LCC model is successful in Turkey; however 33 per cent of the respondents did not deliver an opinion which may indicate that they don’t know the system well. Therefore low cost carriers in Turkey should explain their passengers the differences between full service carriers and low cost carriers. In addition they should inform passengers about the benefits of low cost carriers and the reasons for not offering in-flight catering service. They should convince the customers that the low cost system is successfully applied all around the world and that in-flight catering service is not just about 2 TL cost, but it affects the whole operation. By doing so expectation level of customers will get lower since the passenger knows what he will pay and what he will get in return. If the companies can express themselves well, passengers would get used to the system and become more tolerable.

According to our research, it can be concluded that while selecting their airlines, passengers give weight to factors such as security, schedule, convenience of schedule, aircraft comfort and design, successful webpage, negative media news, promotions offered by companies, in-flight catering service, ticket price, behavior and attitude of personnel procedures, and closeness of airport. These factors are influential in creating value for customers and ensuring customer loyalty. Successful airlines will be those that continue to lower their costs and improve their products, thereby securing a strong presence in the market. Companies should also work to increase domestic line routes and frequency of flights as much as they can.

In order for airline companies operating in domestic lines to determine the methods and strategies appropriate for themselves, they have to identify accurately the characteristics of the market in which they provide service. Airlines operating in domestic lines should explore the service expectations and perceptions of customers and determine the service criteria regarded important by customers in order to stay alive in industry’s increasing competition. Knowing accurately what customers prefer, successful airline companies will be able to satisfy and delight them and make a core competency to overcome their competitors. They should particularly have to ensure customer value, which is defined as providing products and services with qualities different from rival airlines and with most benefit and lowest price.

Companies should gain more information about travelers’ attitude and prepare plans to improve their weak points. Managers should study their target market precisely and recognize customers’ attributes and their demands in order to reveal out what they really want and how they can be satisfied. They should be involved in more interaction with their customers through methods such as questionnaires or interviews designed to gauge customer expectations and satisfaction periodically and continuously. As a result, airlines can develop more efficient marketing strategies by understanding relatively important or unimportant factors which enhance passengers’ buying behavior.

Finally the airline companies offering service in domestic market should also examine points affecting costs and get involved in some innovative and improvement actions and decrease costs reflected on tickets fares as much as possible.

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APPENDICES

APPENDIX 1- Questionnaire

Merhaba,

Bu anket çalışması Bahçeşehir Üniversitesi "İngilizce Pazarlama Yüksek Lisans Öğrencisi Özge Peksatıcı" tarafından, Prof. Dr. Selime Sezgin danışmanlığında yürütülen "Türkiye'de Operasyon Yapan Havayolu Şirketlerinin İç Hatlardaki Rekabet Stratejileri Analizi" konulu tez çalışması kapsamında gerçekleştirilmektedir.

Sorular da doğruluk veya yanlışlık yoktur, önemli olan kişisel görüşünüzdür. Verdiğiniz tüm cevaplar gizli tutulacak ve kişisel bazda kaydedilip kullanılmayacaktır.

Bu çalışma ile ilgili herhangi bir sorunuz varsa veya sonuçlar hakkında bilgi almak isterseniz aşağıdaki adresi verilen ilgili kişilere danışabilirsiniz.

Özge PEKSATICI: opeksatici@gmail.com

Çalışmamıza katkıda bulunduğunuz için size teşekkür ederiz.

1. Son bir yıl içerisinde kaç kez yurt içinde uçakla seyahat ettiniz?

a) 1 kez b) 2 kez c) 3 kez d) 4 kez e) 5-10 arası f) 10' dan fazla

2. En çok hangi amaçla yurt içinde seyahat ediyorsunuz? (lütfen sadece bir seçenek işaretleyiniz)

a) İş b) tatil c)ziyaret d) öğrenim e) sağlık f) diğer

3. Uçak bilet ücretinizi kim karşılıyor?

a) Çalıştığım şirket
b) Sahibi olduğum firma
c) Aile
d) Kendim
e) Diğer (lütfen belirtiniz): _______________

4. **Genelde uçak biletinizi uçuşa ne kadar kala alırsınız?**

   a) Son gün b) Son üç gün c) Son bir hafta d) Son iki hafta e) Bir ay evvel

5. **Lütfen yurt içi uçuşlarda tercih ettiğiniz veya edeceğiniz ilk 3 özel havayolu şirketini belirtiniz.**

   a)

   b)

   c)

6. **Uçak bileti satın alırken en sık kullandığınız yol hangisidir?**

   a) Şirketin Web sitesi b) Çağrı merkezi c) Acente-Ofis d) Havalimanı e) Diğer:______

7. **"Düşük Maliyetli Havayolu" denildiğinde aklınıza gelen Türk havayolu şirketlerini belirtiniz.**

   a) b) c)

AÇIKLAMA

Aşağıdaki her bir soru için; **6. Soruda tercih etmiş olduğunuz ilk üç havayolu şirketi**nin hizmet performansı seviyesini işaretleyiniz.

	ONUR AIR	ATLASJET	ANADOLU JET	PEGASUS	THY	SUNEXPRESS
8. Uçaklarının modern görünüme sahip olması	Düşük Yüksek 1 2 3 4 5	Düşük Yüksek 1 2 3 4 5	Düşük Yüksek 1 2 3 4 5	Düşük Yüksek 1 2 3 4 5	Düşük Yüksek 1 2 3 4 5	Düşük Yüksek 1 2 3 4 5
9. Vaat ettiği zamanda hizmet sağlaması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
10. Vaat ettiği gibi hizmet sağlaması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
11. Uçuşlarının uygun saatlerde olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

12. Uçuş yapılan havalimanın evime yakın mesafede olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
13. Uçtuğu noktaların seçimini iyi yapması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
14. Web sitesinin başarılı olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
15. Bilet fiyatlarının diğer şirketlere göre uygun olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
16. Yaptığı reklamların başarılı olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
17. Her zaman uygun fiyatlı hizmet sunması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
18. Her zaman çok kaliteli hizmet sunması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
19. Hem iç hatlarda hem dış hatlarda bir çok noktaya uçuyor olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
20. Mil programının olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
21. Köklü ve eski bir firma olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
22. Uçuş sonrası servis hizmeti sağlaması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
23. Yurt içinde çok fazla noktaya uçuyor olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
24. Ofis, terminal ve kapı tesislerinin görsel çekiciliğe sahip olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
25. Personellerinin düzenli ve profesyonel görünümlü olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

26. Marka bilinirliğinin olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
27. Özel günlerde özel promosyonlar yapması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
28. Çok sık reklam yapması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
29. Güven veren bir şirket kimliği olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
30. On-line check in hizmeti olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
31. Kitapçık, broşür gibi hizmetle ilgili materyallerinin görsel çekiciliğe sahip olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
32. Müşterilerin problemlerini çözmede güvenilir olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
33. Hizmeti ilk seferde doğru vermesi	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
34. Rahat ve Konforlu uçuş sağlaması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
35. Hizmetin ne zaman sağlanacağı ile ilgili sürekli olarak müşterileri bilgilendirmesi	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
36. Müşterilere hızlı şekilde ve gerektiği anda hizmet vermesi	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
37. Müşterilerin taleplerini karşılamaya hazır olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
38. Müşterilere güven veren personellere sahip olması	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

39. Müşterileri işlemlerinde güvende hissettirmesi	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
40. Çalışanlarının daima nazik davranmaları	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
41. Personellerin, soruları cevaplayabilecek bilgilere sahip olmaları	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
42. Müşterilerle özenle ilgilenen çalışanlara sahip olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
43. Müşterilerin kazançlarına gönülden sahip çıkan bir havayolu olması.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
44. Müşterilerin ihtiyaçlarına duyarlı personellere sahip olması	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Lütfen aşağıdaki sorulara katılım derecenizi belirtiniz:

	Kesinlikle Katılmıyorum	Katılmıyorum	Ne Katılıyorum ne Katılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
45. Uçarken genellikle en ekonomik biletleri satın alırım					
46. Sürekli aynı şirketle uçmak yerine olabildiğince fazla sayıda değişik havayolu ile seyahat etmeyi tercih ederim.					
47. Kullanmakta olduğum hava yolu şirketi fiyatlarında artış yapsa bile ben aynı firmayla uçmaya devam ederim.					
48. Hava yolu şirketleri hakkında basında çıkan olumsuz haberler seçimimi etkiler					

49. Başka bir şirket tarafından sunulan promosyonla (bedava hediye veya bilet teklifi) ile karşılaşırsam büyük ihtimalle bunu sunan hava yolu şirketini tercih ederim					
50. İç hatlarda uçarken yiyecek içecek ikramı almak benim için önemlidir					
51. Bir yere uçacağım zaman her havayolunu tek tek araştırır mutlaka en ucuz bileti almaya çalışırım.					
52. Bir havayolunun mil programının olması benim için önemli bir tercih nedenidir.					
53. Bir şirketin bir noktaya her gün aynı saatte sefer düzenlemesi benim için çok önemlidir.					
54. Bilet fiyatları uygunsa yiyecek içecek hizmeti almak benim için önemli değildir.					
55. Eğer bana yakın olan havalimanından (Atatürk/Sabiha Gökçen) gideceğim noktaya uygun fiyatlı uçan havayolu yoksa uzak olan havalimanından uçmayı da tercih edebilirim.					
56. Benim için fiyattan ziyade kalite önemlidir					
57. Uçacağım firmanın başarılı reklam yapması benim seçimimi doğrudan olarak etkiler.					
58. Uçtuğum havayolunun web sitesi benim için önemlidir					
59. Düşük maliyetli havayolu şirket modelinin Türkiye'de başarılı olduğunu düşünüyorum					

Aşağıda, insanların davranışlarını tanımlayan cümleler bulunmaktadır. Lütfen aşağıdaki puanlama skalasını kullanarak ilgili cümlenin sizi ne kadar tanımladığını işaretleyiniz. Nasıl olmak istediğinizi düşünerek değil, genelde nasıl biri olduğunuzu düşünerek puanlama yapınız.

Lütfen her cümleyi dikkatlice okuyunuz ve uygun olan kutucuktaki numarayı işaretleyiniz.

	Çok Yanlış	Kısmen Yanlış	Ne Doğru Ne Yanlış	Kısmen Doğru	Çok Doğru
60. Anlaşılması zor kelimeler kullanırım					
61. Arka planda kalırım					
62. Başkaları için kaygılanmam					
63. Başkalarına zaman ayırırım					
64. Başkalarını aşağılamaktan çekinmem					
65. Başkalarının duygularına karşı duyarlıyımdır					
66. Başkalarının problemleriyle ilgilenmem					
67. Çalışmalarımda titizimdir					
68. Canlı bir hayal gücüm vardır					
69. Çok konuşmam					
70. Çok nadir hüzünlenirim					
71. Detaylara dikkat ederim					
72. Diğer insanlara karşı ilgisizimdir					
73. Dikkat çekmeyi sevmem					
74. Düzeni severim					
75. Partinin odağıyımdır					
76. Partilerde çok sayıda değişik insanla konuşurum					
77. Eşyaları bulunmaları gereken yerlere koymayı genellikle unuturum					
78. Eşyalarımı ortada bırakırım					
79. Genelde rahatımdır					
80. Görevlerimden kaçarım					
81. Her zaman hazırlıklıyımdır					

82. Uğraştığım her şeyi berbat ederim					
83. Her şeyi çabuk anlarım					
84. İlgi odağı olmaktan rahatsız olmam					
85. İnsanlar arasında rahat hissederim					
86. İnsanları rahat hissettiririm					
87. İnsanlarla ilgiliyimdir					
88. İşlerimi hemen yaparım					
89. Kuvvetli bir hayal gücüm yoktur					
90. Kelime haznem geniştir					
91. Kolay gıcık olurum					
92. Kolay moralim bozulur					
93. Kolay strese girerim					
94. Kolay tedirgin olurum					
95. Mükemmel fikirlerim vardır					
96. Olaylar karşısında endişelenirim					
97. Programlı yaşarım					
98. Ruh halimi çok sık değiştiririm.					
99. Sık sık hüzünlenirim					
100.Sık sık ruh halim değişir					
101.Sohbetleri ben başlatırım					
102.Söyleyecek az şeyim vardır					
103.Soyut fikirleri anlamakta zorlanırım					
104.Soyut fikirlerle ilgili değilimdir					
105.Yabancıların yanında sessizimdir					
106.Yeni fikirlerle doluyumdur					
107.Yumuşak kalpliyimdir					
108.Zamanımı birçok konuyu derinlemesine düşünerek geçiririm					
109.Başkalarının duygularını hissederim.					

110. Cinsiyetiniz?

a) Bayan b) Erkek

111. Yaşınız?

112. Medeni Durumunuz

a) Evli b) Bekar c) Dul /Boşanmış

113. Aylık net geliriniz

a) 500 TL ve altı
b) 500-1000 TL
c) 1001-1500 TL
d) 1501-2000 TL
e) 2001-2500 TL
f) 2501 YTL ve üzeri

114. Eğitim Durumunuz

a) İlköğretim b) Lise c) Üniversite d) Yuksek Lisans e) Doktora

APPENDIX 2- In-depth Interview Questionnaire

1. İç hatlar için belirlediğiniz misyonunuz, vizyonunuz ve genel hedefleriniz nelerdir?
2. İç hatlarda uyguladığınız temel rekabet stratejinizi tanımlayabilir misiniz?
3. İç hatlarda kritik başarı faktörleri sizce nelerdir? Bu faktörler açısından kendiniz rakiplere nasıl değerlendiriyorsunuz?(Critical success factors)
4. Kendinizi iç hatlarda rakiplerinizden nasıl farklılaştırıyorsunuz?
5. Sizce iç hatlarda “key player” lar hangi şirketlerdir?
6. İç hatlarda kendinize rakip gördüğünüz şirketler hangileridir?
7. İç hatlarda Diğer özel şirketlerden farklı yanlarınız nelerdir, rekabet üstünlükleriniz nedir? (Core competency)
8. İç hatlarda rakiplere göre sektörde fırsat ve riskleriniz nelerdir?
9. Türkiye’de iç hatlarda rakiplerinizin size göre üstünlük veya zayıflıkları nelerdir?
10. İç hatlarda belirli bir fiyatlama politikasınız var mıdır? Fiyatlandırmayı neye göre yapıyorsunuz?
11. Kendinizi iç hatlarda Low Cost Carrier olarak goruyor musunuz?
12. İç hatlarda müşteri segmentasyonunuz var mı? İç hatlarda hitap ettiğiniz müşteri grubu kimler? (Market segmentation)
13. İç hatlarda sizinle benzer stratejileri uyguladığını düşündüğünüz rakipler var mı?
14. İç hatlarda ağırlıklı olarak hizmet verdiğiniz noktalar hangileri?
15. Bu rotaları /hatları seçme kriterleriniz nedir? Rota /hatları seçerken hangi faktörleri göz önünde bulunduruyorsunuz? Yeni rotaları /hatları neye göre belirliyorsunuz?
16. Tarifelerinizi, frekansı, hangi saatlerde, Hangi günlerde hangi route’lara uçulacağını rekabet açısından ele alacak olursak neye göre belirliyorsunuz?
17. İç hatlarda özellikle hangi tip uçakları kullanmayı tercih ediyorsunuz? Neden?
18. İkramsız uçuş yapmanızın negatif geri bildirimleri konsunda ne düşünüyorsunuz? Bu sizi ne şekilde etkiliyor?
19. Yaptığınız promosyonlardan bahseder misiniz? Bunun size ne gibi etkileri oluyor ve bunun gibi başka ne tür uygulamalar yapıyorsunuz?

20. Bilet satış kanallarınız nelerdir? Acentelere mi kendinize mi bağımlısınız? Rekabet ederken acentelerinizi nasıl kullanıyorsunuz? (Distribution channels)
21. İç hatlarda yolcu geri bildirimini değerlendiriyor musunuz? Hizmet kalitesini nasıl ölçüyorsunuz? Bu ölçülen kaliteyi "feedback" olarak iç hatlar stratejilerinize yansıtıyor musunuz?
22. Reklam verirken özellikle hangi kanalları tercih ediyorsunuz ve neden?
23. Genel olarak iç hat-dış hat dengenizi nasıl sağlıyorsunuz?
24. Türkiye'deki LCC'lerle ilgili düşünceleriniz nelerdir? Bu şirketlerin varlığı sizin stratejilerinizde değişikliğe yol acıyor mu?
25. Sizce iç hatlarda serbest rekabet var mı? Mevcut rekabeti nasıl değerlendiriyorsunuz? THY'nin rekabeti önlediğini düşünüyor musunuz?
26. İç hatlarda yakın gelecekteki rekabet ortamını nasıl öngörüyorsunuz? Dengelere değişecek mi? Özel hava yolu şirketleri açısından değişim olacak mı? Piyasadan çekilenler olur mu? Market share dengelerinde büyük değişiklikler olacak mı?