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PERCEIVED FAIRNESS OF AIRLINES' REVENUE MANAGEMENT PRACTICES FROM YOUNG ADULTS PERSPECTIVE

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Abstract

Title Perceived fairness of airlines' revenue management practices from young adults perspective

Purpose The objective of this research paper is to familiarize the reader with airline revenue management (RM) practices and assess the perceived fairness.

Methodology A mixed method approach was implemented, as both qualitative and quantitative methods were employed. Initially, focus groups were executed in order to develop instruments for the survey. Subsequently, the questionnaire was used to test the qualitative results on a bigger scale.

Results Airline RM was identified to be significantly different from the one implemented in the hotel and cruise ship industries due to capacity constraints, differences in pricing and implementation of specific versus establishment-wide RM.
Furthermore, airline revenue management is generally perceived as a fair business practice that most of the participants are familiar with. Despite that, matters such as short termed fare alterations, excessive prices of ancillaries or lack of choice were indicated as unfair issues. Additionally, social comparison appeared to cause negative effects too.

Value The paper contributes to the existing literature by revealing specific issues of revenue management that are negatively perceived. From a managerial point of view, the study points out the areas which require rewording and reformulation in order to increase perceived fairness.

Key words: revenue management, airlines, perceived fairness, pricing.

Acknowledgments

First of all, I would like to dedicate this paper to my grandmother, who had passed away last year. Not only she encouraged me to undertake these master studies, but also was a great source of inspiration and motivation throughout the years. If not her constant support, I would probably not be where I am now and this paper would not had been written.

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Yours sincerely,

Erikas Kazlauskas

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List of Abbreviations

BAR – best available rate

CRM – customer relationship management

FG – focus group

LCC – low cost airline

OD – origin & destination

P – participant

RM – revenue management

RQ – research question

SPSS – Statistical Package for the Social Sciences

WOM – word of mouth

1. Introduction

This chapter will initially provide a background to the study by overviewing the rise and evolution of revenue management with a special focus on RM practices applied by the airlines. Subsequently, the research issue is explained, and its social relevance provided by referring to the research questions. Then, the twofold aim of the study will be presented, and each research question discussed separately. In addition, the academic relevance of the study will be briefly explained. Lastly, the scope of the paper will be described and an outline of it given.

1.1 Background

The changing economic environment, increasing competition and an urge for flexibility had started the era of deregulation in the late 70s (Fisk, Brown, & Bitner, 1993). The main cause for the latter 'revolution' in the service sector is considered to be the pass of Airline Deregulation Act, which gave rise to price discrimination, based on which the contemporary revenue management system had developed (Talluri & Van Ryzin, 2006). In other words, for many decades the majority of service providers including the airlines had been strictly regulated and flexible pricing strategies were unimaginable. Yet, the release of the Airline Deregulation Act had changed the status quo of the most controlled airline industry, which in turn encouraged other businesses to follow the same path.

The publication of the Act had encouraged the origin of yield management (McGill & Van Ryzin, 1999), which focused on maximizing revenue from selling perishable service items by varying their rates (Jauncey, Mitchell, & Slamet, 1995). To be more precise, two types of fares, i.e. discounted and full, existed and were applied accordingly to maximize revenues. Though, the contemporary revenue management that is widely applied nowadays is a far more complex process (McGill & Van Ryzin, 1999). Not only it has a broader scope as revenues from base products as well as ancillary sales are being generated, but also it seeks to sell the right product, for the right customer, at the right time, for the right price (Chiang, Chen, & Xu, 2006).

To put it in a more operational terminology, the airline revenue management process establishes a number of seats that have to be accessible in each price category and should contain certain characteristics to support the divisions. Moreover, the latter sections should be within the same flight operating in the same origin-destination market (Belobaba, 2015). In other words, presently, revenue management not only works as a way of pricing, but also influences the way the product is presented, the features it possesses and determines the time frame, during which it could be acquired by the customers.

The application of revenue management in the airline industry and especially the financial success that resulted from it, encouraged other service industries to follow these footsteps. At the end of the 20th century some of the most traditional service businesses such as hotels and cruises started to implement similar practices (Kimes, 2003). Even though in the initial stages the changes were viewed with caution, eventually customers started to adapt.

In fact, presently, revenue management is a concurrent part of many businesses and they can no longer be imagined without it (Bitran & Caldentey, 2003). Though, the customers' perception of these practices is controversial and not as straightforward. To be more precise, the studies testing the perceived fairness of purchasers have provided a variety of results. Some claimed that familiarity with revenue management practices increases customers' acceptance of them (Kimes, 2002). Whereas, others discovered that social comparison of the outcome of revenue management practices might cause negative attitudes towards it (Choi & Mattila, 2004). Either way, further research is necessary as it is a relatively new phenomenon that requires studies on different perspectives.

To sum up, airline revenue management had evolved due to the pass of the Airline Deregulation Act. Initially, it had been known in a form of price discrimination, though later developed into a complex strategy comprising of segmented products with different features that are available simultaneously. The implemented strategy and its positive financial outcomes had encouraged other service providers such as hotels and cruises to attempt to apply similar methods. Currently, the extent to which revenue management is applied in the service industry is immense and diverse. Thus, it is alluring to follow the path of revenue management expansion from the airline industry to hotel and cruise ships businesses as well as to the viewpoint of the service users.

1.2 Research issue & societal relevance

As mentioned previously, the revenue management, as it is presently known, had emerged in the airline industry. Within a relatively short period of time it evolved to other service sectors and is currently recognized on a much broader scale. Yet, it should be highlighted that the revenue management applied in the airline business differs from the one applied elsewhere (Talluri & Van Ryzin, 2006). Therefore, it deems relevant to investigate its development to other service industries of a similar scale. For that reason, the comparative study of airlines, hotels and cruise ships' RM practices had been done.

The first research question of the paper covers this issue and assists a reader in understanding how revenue management applied in the airline industry varies from the one applied in the hotels and cruise ships businesses. Thus, initially, an analysis of 'original' practices is presented by overviewing the existing airline RM literature and then differed techniques and variations of RM are outlined in the section of hotels RM and cruises RM.

Once the reader is familiarised with a diversity of revenue management techniques and can place the knowledge of airlines' RM in a wider context, one's attention is drawn to the perceived fairness of such practices. The issue that is, arguably, shadowed by the constant focus on financial well-being of companies at a cost of customers' opinion regarding the employed methods. Hence, a reader is being introduced to another perspective of RM which is not as widely discussed as the initial one. To be more precise, the implementation of RM practices and subsequent financial results are put aside, as one is being shown a less communicated perspective of perceived fairness.

In other words, the second research question aims at assisting a reader in understanding how RM practices applied by the airlines are perceived from a fairness point of view. Additionally, since the current literature had mainly focused on analysing perceived fairness of the general population, it seemed relevant to assess whether the point of view regarding this matter differs per age group.

Considering that (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006) had initiated the assessment of students' perception, this paper builds up on it by selecting young adults, i.e. people aged 20-29 years old, as a focus group of the study.

In order to ease the way for understanding the airline revenue management practices and customers' perception of it in terms of fairness, airline revenue management had initially been portrayed in a context of hotels and cruises' RM and then assessed from a purchaser's point of view. As a result, the study had been supported by two research questions and each of them had been devoted for one of the two previously presented research areas.

1.3 Aim of the study & research questions

The aim of this paper is twofold. Firstly, to examine airline revenue management practices by putting it in a context of the world's largest service industries, namely hotels and cruise ships. Secondly, to investigate young adults' perception of airlines' RM practices in terms of fairness. In brief, *the objective is to familiarize the reader with airline RM practices and assess the perceived fairness.* Therefore, the following research questions had been formulated to facilitate the study.

RQ1) How do revenue management practices differ in the airline, hotel and cruise ship industries?

The first research question serves an explanatory function, as it helps to present the differences of revenue management practices among some of the world's biggest industries. Simply, presenting airline revenue management does not seem sufficient as there is no reference point for a reader. In other words, one cannot objectively assess practices of an industry without getting familiarised with actions implemented by the industries of a similar nature.

RQ2) How do young adults perceive airlines' revenue management practices in terms of fairness?

The second research question focuses on investigation of perceived fairness of airlines' revenue management practices by the customers of the service. Additionally, a special focus is put on social comparison and its impacts on the perceived fairness. The latter distinction combined with the target of specific age group allows this research to be unique and contribute to the existing literature.

Taking all of the above into a consideration, it could be stated that in the current literature there is a research gap regarding young adults' perception of fairness of revenue management practices with a focus on social comparison. Additionally, a systematic review of the literature concerning airline RM practices and its comparison to the model applied by hotels and cruise ships industries allows putting the former's methods into a perspective.

The findings obtained from the study should complement the existing research by systemizing revenue management practices used in some of the world's biggest industries. Also, it should add young adults' perspective to the literature of RM fairness perception.

1.4 Delimitations & focus

This section of the paper will set boundaries and, in a way, will form a frame, so that the extent of the paper would be reasonable having in mind the human resources, financial aspect and limited time.

First of all, the overview of revenue management practices used in the service industry had been limited to the airlines, hotels and cruise ships industries. The airline industry is considered to be the pioneer regarding implementation of RM, which is the reason of fairness assessment of this industry. Whereas, the other businesses were used as reference points that allowed putting airline RM in a wider context.

Secondly, the qualitative part of the data collection process, i.e. focus groups had been conducted only in Stockholm, Sweden limiting the scope of the project. Yet, the participants were of various national and cultural backgrounds, which strongly increased the diversity of the study. Despite that, the geographical location could have, arguably, impacted the perception of participants as they could have focused on the airlines operating in the area.

Thirdly, due to limited time frame, the variables for the survey had been built upon the information retrieved from 3 focus groups. In addition, the spotlight was put on general perceived fairness and impacts of social comparison on it. It should be noted that other comparison methods such as reference price had not been studied.

In short, the study was bounded to investigation of airlines, hotels and cruise ships' revenue management practices. Furthermore, the perception of the former's RM practices had been tested in terms of perceived fairness by young adults as well as impacts of social comparison on it.

1.5 Thesis outline

The paper consists of the following sections:

Chapter 1 – Introduction. In this chapter, the background of the study is presented, i.e. emerge of revenue management as well as its further evolution is explained. Additionally, the main research issue, the purpose and supporting research questions are outlined. Lastly, social as well as academic relevance of the topic is briefly described.

Chapter 2 – Literature review. This chapter provides the theoretical basis for the whole study as well as already answers the first research question. Additionally, the theoretical background for the second research question is provided along with an overview of the methodology used by other researchers.

Chapter 3 – Methodology. In this chapter, the research philosophy and approach are initially overviewed which then lead to the description of the research design. The latter explains the application of mixed methodology consisting of focus groups and a survey. Furthermore, sampling,

data collection as well as analysis processes are studied. Lastly, reliability and validity aspects are considered.

Chapter 4 – Findings and Analysis. In this section both qualitative findings gathered from focus groups as well as quantitative results acquired through the survey are presented and then analysed. Moreover, a connection between the two is drawn.

Chapter 5 – Discussion. The paper proceeds with the section where results are discussed from a critical point of view. In addition, the outcomes are compared with the literature and similarities as well as differences are pointed out.

Chapter 6 – Conclusion. The final section of the study provides answers to research questions and summarizes the whole study. Furthermore, main limitations together with suggestions for further research are indicated.

2. Literature review

2.1 Introduction

In the recent decades revenue management has gained significant interest as one of the most rewarding profit maximization tools among businesses with perishable or time-limited resources. Its beginning could be traced back to 1978 – a year when Airline Deregulation Act had been passed in the U.S. – which gave rise to the contemporary method of price discrimination (Talluri & Van Ryzin, 2006). The initial model was considerably less complex as it consisted of discounted and full fares with the main ideology being that less pricy fares should be available for as long as the revenue generated from them exceeds forecasted revenue of full price bookings (McGill & Van Ryzin, 1999). In fact, it is claimed that yield management emerged first, which then evolved into revenue management (McGill & Van Ryzin, 1999). Thus, this section of the paper will attempt to identify the difference between the two, elaborate on its development as well as overview revenue management working principles.

To start with, yield management is a method that allows maximizing revenue from selling certain perishable service units, e.g. hotel rooms or plane seats by swaying their rates based on demand forecasts (Jauncey et al., 1995). Whereas, revenue management similarly attempts to sell the right product to the right customer at the right time (Kimes, 2003), yet it operates on a broader scale (Chiang et al., 2006). In other words, yield management focuses solely on generating maximum possible revenue from selling the actual service product, while revenue management aims at achieving the best financial outcome by selling the main product as well as ancillary merchandise (Chiang et al., 2006).

Revenue management has been widely analysed by scholars, who compatibly believe that there are certain conditions which are necessary for its employment. Firstly, a service provider should have a fixed capacity such as limited number of airplane or sports event seats. Secondly, a company's inventory should be perishable, meaning that it is no longer available after a specific service took place. Thirdly, it should be possible to segment the market to be able to apply price discrimination. Lastly, industries should have a variable demand (Kimes, 2003; Weatherford & Bodily, 1992). In sum, if the latter conditions are satisfied revenue management could be employed in order to maximize the following aspects: profit, capacity utilization, average revenue and each customer's maximum price (Weatherford & Bodily, 1992).

The desired outcomes of revenue management are achieved upon application of established working principles. One of them states that a company should create different service packages which would satisfy needs of each customer segment. Additionally, such bundles should differ based on their price, included benefits, flexibility and distribution channels (Chiang et al., 2006). The other principle claims that companies should attempt to sell their products to clientele that has high valuation. Though, firms should avoid waiting too long for price-insensitive customers in order to avoid having unsold units, which could have been sold to a 'lower' customer segment with a lower margin (Bitran & Caldentey, 2003; McGill & Van Ryzin, 1999). Moreover, revenue management is advised to be built on one of the two pillars: control of duration and pricing management. The first one deals with estimates of

customers' length of use and arrival patterns, whereas the second compromises with establishing fair pricing rules to different market segments (Kimes, 2003).

As mentioned, revenue management has been implemented by airlines and achieved great success. For instance, US Airlines and Delta airlines have increased their revenues by 500 and 300 million dollars accordingly (Chiang et al., 2006). Thus, the fact that by the beginning of the 21st century a substantial amount of air carriers had implemented the system to a certain degree does not come as a surprise (McGill & Van Ryzin, 1999). In fact, the success that aviation industry has achieved encouraged the spread of revenue management to other transportation companies as well as other players of the service sector such as hotels, retailers, transportation suppliers, entertainment providers, IT service suppliers, etc. (Bitran & Caldentey, 2003; Chiang et al., 2006). Therefore, the next sections of the paper will overview revenue management techniques applied by airlines, hotels and cruise lines.

2.2 Airline revenue management

Since the airline industry is considered an ancestor of revenue management, it is deemed fit to initially analyse the application of the latter profit maximization tool in it and then turn to other sectors. It is widely known that an airline operates thousands of flights between an extensive range of origins and destinations on a daily basis, hence it is humanely impossible to apply an optimal technique for revenue generation in each individual case (Talluri & Van Ryzin, 2006). Therefore, due to favourable market climate (Bailey, 1986) and technological advancement, revenue management begun to be based on demand models, optimization algorithms and forecasting prototypes. They allowed simulating a real-world demand for an accountable future and implementing a range of different fares on each flight leg. Additionally, the computerized revenue management process was able to evaluate potential rewards and risks under specific market conditions within a fragment of a second. Though, tactical decision making related to change in technologies, competitors' pricing or significant shift in demand has remained in the hands of humans (Talluri & Van Ryzin, 2006).

The initial revenue management practices, influenced by the deregulation and emerging low cost carriers' fierce pricing strategies (Bailey, 1986; Doganis, 2006), were focused on either 'purchase restrictions' (advance purchase, fixed stay, inflexible cancellation policy) or 'capacity control' (restricted amount of seats on each flight) (Boyd & Kallesen, 2004). Legacy carriers had reassessed their business models and realized that due to fixed prices they had a surplus of seats on their flights. Therefore, after a re-evaluation, conventional carriers created new fare classes (with no substantial distinction apart from price) with fixed number of seats assigned to each group. Yet, soon great differences in daily demand on various flights was realized, which prevented further implementation of a fixed number of discounted seats per flight (Boyd & Kallesen, 2004). As a result, an analytical tool called 'DINAMO' was created which made assessing the required number of discounted seats possible and gave rise to what is now known as revenue management (Talluri & Van Ryzin, 2006).

Contemporary revenue management, according to (Belobaba, 2015, p. 99) is defined as: "the process that determines the number of seats to be made available to each 'fare class' on a flight, given a fare structure in which a variety of different prices with different characteristics for travel are offered in

the same origin-destination (OD) market''. As previously explained, the need for it emerged upon rise of differential pricing routines, i.e. the same seat on a plane can be sold at different fares. Therefore, for revenue to be optimized, the system must analyse the required number of seats to be bargained for and the sum of higher margin seats to be saved for purchases of less price-sensitive customers (Belobaba, 2015). In brief, the goal of revenue management system is to maximizes an airline's profit by selling each seat on every scheduled future flight for the highest possible fare while taking varying prices, capacities and schedules into a consideration (Kohl, Larsen, Larsen, Ross, & Tiourine, 2007).

Another important aspect that has to be taken into a consideration is the effects of one airline's fare distribution on the other airline's demand (Netessine & Shumsky, 2005). In the digital age price comparison is available to a significant share of airlines' clientele, thus revenue management systems must consider that customers' purchasing decisions are based on all the flights offered at a certain period of time (Zhang & Cooper, 2009). Furthermore, it is claimed that horizontal competition forces airlines to protect more seats for passengers with a higher willingness to pay, which may result in lower fill rates. Conversely, if companies apply horizontal cooperation (form alliances) they are likely to sell more seats and increase their revenues even if the margins are lower (Netessine & Shumsky, 2005).

Additionally, in the academia it is believed that to raise their revenues air carriers have to recognize market segments they wish to focus on (Doganis, 2006). It is claimed that companies have to identify customer groups which concentrate on low fares and the ones that value convenience and are more willing to pay higher fares (Shumsky, 2006). In addition, air carriers should investigate characteristics and profitability of individual sectors and define seating capacity on their planes accordingly. Moreover, by differentiating their products companies are able to build customer loyalty and charge premium fees to maximize their revenues (Doganis, 2006).

Furthermore, airline revenue management was thought to be based either on yieldable demand model or priceable demand model. In the case of yieldable demand design higher fare passengers are expected to purchase higher margin tickets even if tickets with a lower fare are available. Contrarily, in the priceable demand model higher fare passengers would opt for the lowest available price, even though they are willing to pay a higher price (Boyd & Kallesen, 2004). In terms of the application of an appropriate model, a few conditions should be considered. On one hand, if there are barely any fare class restrictions and prices are presented transparently – priceable demand model applies. On the other hand, if restrictions between different fare classes are considerable and passengers are presented only with fares that an airline prefers them to see – yieldable demand model is appropriate. Inappropriate model selection may lead to overestimating higher price class demand at an expense of lower fare demand and vice versa. Though, practically, the most suitable model is a blend of the two with a lean towards a priceable demand (Boyd & Kallesen, 2004).

In a similar vein, traditional and unrestricted revenue management techniques are compared. The former is based on segmented fares, restrictions and rules, whereas the latter is built without any restrictions and outside of specific fare classes. In the traditional revenue management system, tickets of different classes are available even on flights with less demand expecting that established fare rules will satisfy needed combination of passengers. While in unrestricted revenue management, it is assumed that all types of passengers will opt for the lowest available fare (Donnelly, James, & Binnion, 2004). Therefore, RM systems will try to hold a certain number of seats for passengers with a higher

willingness to pay, yet if low demand occurs seats will be sold for nearly any low fare to increase fill rates and cover the low margins with ancillary sales (Belobaba, 2015). To sum up, purely traditional RM systems are more and more used for data gathering in order to be able to assess all scheduled flights and support unrestricted systems which focus on closing available fares after a certain number of bookings or prior an established amount of days before a departure (Donnelly et al., 2004).

Previously mentioned ancillary revenues became an important tool to increase total revenue, which was significantly reduced in the first decade of the 21st century. The reduction in revenue was caused by economic recession, increasing fuel prices, terrorist attacks and decreasing yields, therefore airlines were forced to find an alternative source of revenue (O'Connell & Warnock-Smith, 2013). Ancillary revenues could be defined as earnings generated from sales of additional products and services, such as on-board sales, baggage fees, seat reservation fees, upgrades or commission from third party sales namely hotel rooms or car rental services (O'Connell & Warnock-Smith, 2013). It was estimated that ancillary revenues constituted on average 26% of total airline revenues in 2016, yet it reaches up to 40% and more in individual cases (Avram, 2017). Consequently, selling airplane seats for a lower fare with an expectation of generating revenue from ancillary sales became an ordinary practice not only among LCCs but also among traditional carriers (Belobaba, 2015; O'Connell & Warnock-Smith, 2013).

Lastly, it deems relevant to point out that implementation of revenue management varies between legacy carriers and low-cost airlines. This is because LCCs have a significantly lower number of fare classes, do not serve connecting flights, have more direct distribution channels and generate a substantial share of their profit from ancillary revenues. On the other hand, conventional carriers generate a significant share of their revenues from business class as well as transportation of freight which is not applicable in the case of low cost carriers (Doganis, 2006). Thus, based on the latter reasons it is, arguably, less pricy for LCCs to put a revenue management system in action. Though, if horizontal competition, uncomplicated cost structures, long-term price availability and rigid capacity is considered, implementation of RM becomes slightly more complex (Zhang & Cooper, 2009).

All in all, RM is a concurrent part of the airline industry, which goal is to maximize profit. Its main working principle consists of analysing substantial amounts of data and based on it offering prices to customers. Generally, lower fare tickets are being offered once the sales for a certain flight has been opened and increases with time or after a certain amount of purchases. In addition, various exceptions apply based on the actual demand and seasonality (Doganis, 2006).

2.3 Hotel revenue management

The origins of hotel revenue management lie within the airline industry as the former adopted the latter's technique for maximizing revenues (Cross, Higbie, & Cross, 2009). Inspired by the airlines' success, accommodation providers realized having the same issues such as perishable and fixed capacity as well as ahead of time sales. Consequently, 'Marriott' hotel chain took a chance and became the first lodging provider to implement revenue management in the late 80s or early 90s (Cross et al., 2009; Krass, 2000). The initial goal was to create a differentiated pricing strategy, which would allow offering products to the segmented market based on booking data as well as booking patterns for the sake of higher revenue (Cross et al., 2009; Krass, 2000). Even though the employment of revenue

management raised 'Marriott's' annual revenue by 150-200 million dollars, the primary techniques have considerably evolved over time (Krass, 2000).

In the beginning of the system's implementation, the main task was opening and closing predetermined room rates depended on forecasted demand, time of booking as well as time of consumption (Noone, McGuire, & Rohlfs, 2011; Weatherford & Kimes, 2003). The main goal was to sell the right number of rooms within the predefined price categories (Cross et al., 2009). In addition, during high demand periods rooms were 'saved' for clients that have a higher willingness to pay, contrarily if low demand occurred rooms were being sold at low rates for all market segments (Choi & Mattila, 2004; Kimes & Chase, 1998). Moreover, reservations were being accepted or rejected regarding established characteristics, i.e. 'fences', namely value of a booking, time of arrival, duration of stay, etc. (Choi & Mattila, 2004; Vinod, 2004).

Yet, over time, significant differences between airline and hotel industries showed which prevented hotels from operating in the same vein as before. To start with, airlines have a set schedule, whereas clients purchasing lodging services can independently define the duration of their visit as well as have a possibility of extending it. As a result, a room might be sold with a high margin, but an opportunity to sell it for someone else who would have stayed multiple nights disappears. Furthermore, hotels have greater possibilities of differentiating their products than airlines. Moreover, the hotel industry is affected by the 'price war' more significantly, as they cannot simply offer the same price as the competition (Cross et al., 2009). Also, a common overbooking technique widely used in tourism is more complicated in the case of hotels as guests arrive at different times, thus selection of guests who volunteer to adjust their trip is impossible (Anderson & Xie, 2010). Lastly, ancillary revenues were initiated by hotels and constitute a more significant part of the hotels' revenue compared to airlines (Cross et al., 2009). In brief, these reasons indicated that the traditional revenue management system is no longer applicable, and change is necessary.

As a result, the focus of hotel revenue management moved from maximizing revenues solely from selling rooms to concentrating on establishment-wide revenues (Anderson & Xie, 2010). Consequently, a term 'total hotel revenue management' emerged representing that other revenue sources such as spa, restaurants, conference rooms, golf courses, etc. were included in hotel revenue management system (Noone et al., 2011). Additionally, revenue management left optimization of inventory behind and implemented a customer-centric approach, which put perceived customer value and optimal pricing in the spotlight (Cross et al., 2009). In other words, instead of focusing on selling the right number of rooms within the boundaries of predetermined room categories, revenue management systems concentrated on realizing what is the right price and how customers perceive various offers (Cross et al., 2009; Noone et al., 2011). The latter customer-centric price optimization was based on foreseen demand and its elasticity as well as on competing prices, which required both technological advancement and human decision-making (Noone et al., 2011; Schwartz & Cohen, 2004). Thus, RM plays a fundamental role in hotel management as it is integrated in pricing, marketing and sales (Noone & Mattila, 2009). Moreover, its importance will, arguably, grow in the future as it will not only manage the demand but will aim to generate new one by finding innovative revenue streams (Kimes, 2011).

In the cases of economic downturn, low demand or price wars companies should avoid all around price cuts as it might result in substantial revenue reductions (Anderson & Xie, 2010). Instead, hotel revenue management should attract customers via other means, which could be categorized to non-price based and price based (Kimes & Anderson, 2011). The former methods include contesting based on quality, generating novel revenue sources, developing new market segments or easing the conditions for clients to become loyalty members. For instance, offering a free night sooner than it was determined by the initial conditions might prevent earnings from room sales, yet could generate revenue from ancillary purchases (Anderson & Xie, 2010; Kimes & Anderson, 2011). Whereas if price-based methods are applied, hotels should offer discounted rates directly to price-sensitive customers in a form of deals instead of reducing all available prices. Furthermore, accommodation providers could cooperate with third parties and bundle travel packages in such a way 'hiding' an actual room rate (Kimes & Anderson, 2011).

On top of that, hotel revenue management has been adjusting the way it portrays its prices to clientele. Traditionally, one price method was the industry's norm which meant that a guest is charged the same price for each night on his multiple night stay, although lower rates were accessible on some of the booked room nights (Rohlfs & Kimes, 2007). However, the growth of the internet disclosed pricing techniques used by hotels' revenue management and in turn increased transparency (Noone & Mattila, 2009). Consequently, the term best available rate (BAR) arose, which could be defined as the best available room rate on a given day (Palamar & Edwards, 2007). Its appearance meant that, on a multiple-night stay, a guest, booking via internet based distribution channel, is quoted a different rate for each night which at that time for that specific room is guaranteed to be the lowest accessible rate (Rohlfs & Kimes, 2007). Even though hotels established certain requirements such as prepaid bookings or BAR applicability only on platforms with which it is competing on price, they still faced a dilemma concerning the presentation of BARs in multiple night stays. (Noone & Mattila, 2009; Rohlfs & Kimes, 2007). To be more precise, there are two tactics in presenting individual night BARs of a multiple-night visit. The first one called a blended method concerns presenting a single rate for each night, which is based on an average of multiple BARs. Whereas the second approach called non-blended provides a guest with a list of different rates that will be charged on separate nights on a multiple night stay (Noone & Mattila, 2009).

To sum up, following success and increased revenues of the airline industry, accommodation providers implemented almost identical RM (Cross et al., 2009; Krass, 2000). Though, due to realized differences between the businesses, hotel revenue management has shaped considerably and shifted its focus from optimization of inventory to a much broader property-wide optimization (Anderson & Xie, 2010; Cross et al., 2009). Consequently, technological advancement encouraged emerge of BAR, which is one of the key issues that the hotel industry has been dealing with (Rohlfs & Kimes, 2007).

2.4 Cruise ship revenue management

Even though airline and hotel industries are two of the most significant parts of the tourism product, the cruise ship industry has been the fastest growing branch of the travel business, as an average annual growth of 8% has been continuously recorded in the last two decades (Douglas & Douglas, 2004; Sun, Jiao, & Tian, 2011). One of the distinctive features of the latter business is that it serves accommodation, transportation and destination functions at the same time (Sun et al., 2011). Moreover, cruise ship companies generally position themselves in one of the following categories, namely ultra-luxury, premium, contemporary and budget but could operate on a few levels at the same time (Wie, 2005). Yet, growing capacity of ships, cheap foreign labour and as a result reduced prices (Toh, Rivers, & Ling, 2005) led to mass market penetration and growth of a price-sensitive customer segment (Petrick, 2005), which deems a revision of revenue management techniques necessary (Sun et al., 2011).

The stereotypical cruise ship clients had been of greater age and higher income, however, due to previously outlined changes in the industry, younger clientele with lower incomes had been attracted by the product (Sun et al., 2011). Consequently, a growth in short duration cruises and discounted fares had been noted, which, arguably, might take a part of 'higher class' market share (Petrick, 2005). Despite changes in the business, there has not been much attention paid to it from the academia, especially concerning its revenue management (Maddah, Moussawi-Haidar, El-Taha, & Rida, 2010; Sun et al., 2011). In fact, initially, it was believed that cruise lines revenue management is identical to the one implemented by the hotel industry (Ladany & Arbel, 1991). Additionally, more than a decade later some researchers claimed that it could be managed in a rather similar way (Talluri & Van Ryzin, 2006), whereas the other school of thought contradicted the claim and provided a great set of arguments which are described below (Biehn, 2006; Ji & Mazzarella, 2007; Maddah et al., 2010).

To start with, cruise lines use 'guest pricing', meaning that clients pay per person instead of paying per room or in this case per cabin. For instance, guests are charged a base fare for a cabin and then any additional customers are asked to pay extra if they stay in the same cabin (Maddah et al., 2010). Furthermore, all cruise ship guests are segmented as double occupancy passengers or extras in order to simplify fees and surcharges that apply. Interestingly, if a single traveller books a trip, he is charged with double occupancy fare as well as with additional taxes (Biehn, 2006). The latter is applied due to 'lost opportunity' to generate revenue from on-board sales.

What is more, cruise lines face twofold capacity constraints, i.e. amount of cabins as well as lifeboat seats, in comparison to hotels´ single constraint – rooms (Maddah et al., 2010). In addition, the capacity of a cruise line is regulated by law and bound to the number of lifeboat seats it has. Thus, differently than a hotel, a cruise line cannot add extra beds in case of peaking demand (Biehn, 2006). It especially becomes a challenge if families, booking in the beginning of a reservation period, purchase more lifeboat seats than cabins. As a result, cruise lines run out of lifeboat seats even though there are unsold cabins. Thus, in order to minimize the amount of empty cabins, revenue management limits the maximum number of passengers aboard one cabin to 2,5-3 or raises the fare of an extra guest later in the booking period (Biehn, 2006).

Also, there is a tangible distinction between different cabin categories such as view, balcony, suite etc. On top of that, the variety of the latter categories is much greater in comparison to a hotel as there could be as many as 30 different types on a cruise ship. Despite that, the market segmentation based on a cabin type is not applicable as price differences between them is rather minor (Biehn, 2006). Thus, switching to a higher or lower cabin type is rather common in the cruise ship industry (Maddah et al., 2010).

Furthermore, customer profile, planning horizon and cancellation policy varies greatly compared to the hotel industry. Firstly, there are barely any business passengers in cruise ships, meaning that the vast majority of clientele is composed of leisure travellers. Secondly, the show up rate reaches 99%, whereas average occupancy rate is 95% or more (Ji & Mazzarella, 2007). Therefore, the common overbooking practice is rarely applicable in the industry, with an exception of a certain cabin category overbooking (Talluri & Van Ryzin, 2006). Thirdly, due to strict cancellation policy with a deadline of more than two months prior a departure, cruise line revenue managers have a considerably longer planning horizon than their colleagues in another industry. Additionally, absence of early departures or stayovers eases the process too (Ji & Mazzarella, 2007).

In addition, there are certain booking waves, during which the significant share of all the reservations are made. It is estimated that in the period between January and March up to 40% of bookings for a cruise ship journey are completed (Biehn, 2006). Moreover, seasonality does not affect the cruise line industry as ships could be relocated fairly easily in order to avoid unfavourable weather conditions (Ji & Mazzarella, 2007; Toh et al., 2005).

Lastly, ancillary sales as well as purchases compose a substantial part of the total revenue. It has been estimated that on board spending, which includes restaurants, casinos, spas, salons, alcohols sales and shore excursions constitute around 25% of the total amount, thus it is not uncommon to set some fares below the costs level and compensate for it with ancillary sales (Ji & Mazzarella, 2007). Also, ports of call benefit from cruise lines and their guests substantially, therefore cruise companies could engage in certain negotiations in order to lower ships' operating costs while being at various ports of call (Douglas & Douglas, 2004). In addition, it is rather common to sell bundled packages including cruise ship tickets and flight tickets, which makes up a quarter of cruise lines' revenue. Thus, according to the academia, the cruise industry could reduce the latter costs by up to 8% if appropriate purchasing techniques would be applied (Lieberman & Dieck, 2002). In fact, cooperation with certain airlines could potentially even bring commissions, thereupon maximize the total revenue (Toh et al., 2005).

Following the elaboration of main features of cruise lines revenue management, it is relevant to overview how its working principles have formed over the years. In the initial stages of cruise ships RM, the decision regarding acceptance or rejection of a booking were based on characteristics of a reservation itself. For instance, it was assessed whether a deposit for a reservation had been fully or partially paid, if a guest has a tendency to cancel his bookings and what are his on board spending patterns (Toh et al., 2005). Whereas later practitioners realized that revenue optimization can be based on characteristics of a guest, such as age, location, flexibility etc., instead of features of a booking (Douglas & Douglas, 2004; Langenfeld & Li, 2008). In other words, analysing socio-demographic characteristics of guests appeared to be even more effective than previously applied methods (Langenfeld & Li, 2008).

Once cruise lines' RM started to be based on customers' features, the industry's professionals segmented the market into three parts: less sensitive customers, moderately sensitive customers and highly sensitive customers. In addition, research revealed that offering discounted fares to the most price sensitive market segment increases their perceived values and overall satisfaction. That, in turn, creates loyal clientele, which advertises the company through word of mouth and ensures stable revenues (Petrick, 2005). Thus, despite the fact that, first time visitors are less price sensitive and have higher on board spending, it is financially healthier to focus on loyal customers in a long run (Petrick, 2004). Finally, the 'new' RM approach helped to discover that clients prefer being in control and having a few options to choose from, which makes analysing customer characteristics even more relevant, as personalised deals creating more value could be offered (Duman & Mattila, 2005).

To sum up, revenue management of cruise ships substantially differs from hotel or airline RM due to a great set of unique characteristics (Biehn, 2006). On one hand, multiple capacity constraints, absence of overbookings and high air fare costs makes the process more complex. On the other hand, high occupancy rates, rather long and stable planning horizons and inexistence of stayovers or premature departures eases the process. In any case, it is a rather new branch of revenue management that requires additional research (Ji & Mazzarella, 2007).

2.5 Customers' perception of fairness of revenue management practices

Most of the research regarding revenue management has focused on transactions, forecasting techniques or revenue optimization rather than on customers, their perception of such practices and potential conflicts (Wirtz, Kimes, Theng, & Patterson, 2003). Hence, this section of the paper will attempt to overview the studies that focused on customers' perception of revenue management and, particularly, their perceived fairness.

To start with, the term fairness perception had been defined by (Heo & Lee, 2011, p. 244) as "the judgment of whether or not customers accept an outcome or a transaction process to be reasonable, acceptable and just''. In addition, the vast majority of consumers believe in dual entitlement theory which states that companies are entitled to a fair profit, whereas clients have a right to a fair price (Beldona & Kwansa, 2008). In other words, the value that a firm gets should be equal to the one received by a customer (Wirtz et al., 2003).

The academia had proved that familiarity with revenue management practices increases their acceptance and perceived level of fairness (Choi & Mattila, 2004; Kimes, 2002). However, if applied practices are disclosed only partially, it does not have a positive effect (Choi & Mattila, 2005). For instance, if during a reservation process guests are informed of the fact that room rates can vary or are familiarized with the factors that may affect the rates, it, arguably, does not have substantial benefits. Whereas, if a client is educated on how specific factors influence the prices, one is likely to perceive such revenue management practices as fair (Choi & Mattila, 2005; Kimes, 2002). For example, revenue management was initially more positively perceived in the airline industry in comparison to the hotel industry (Kimes, 2002). Yet, once customers familiarized themselves with it, it has, arguably, become accepted in the lodging business too (Kimes, 2003). In brief, revelation of revenue

management techniques help clients understand that rates do not simply vary without any reasoning behind it, but instead are supported by a business strategy (Choi & Mattila, 2005).

Furthermore, consumers' perceived fairness of revenue management is influenced by a reference price as well as a reference type (Choi & Mattila, 2004; Kimes, 2003; Wirtz & Kimes, 2007). The former is explained as an amount which, according to a customer, should be charged for a service. It could be based on a previously paid price, the most commonly seen price or a rate that exists in the market (Wirtz & Kimes, 2007). Whereas the latter has two types: expectation-based reference type and social comparison based reference type (Choi & Mattila, 2004). The expectation-based type refers to a situation when a customer compares a quoted offer to the one previously received. However, social comparison concerns confrontation of prices received by others (Choi & Mattila, 2005). The research revealed that customers perceive it less fair if their peers are given a lower price in comparison to a negative price change from one's past booking. In fact, the majority of clients perceive receiving a different rate every time as fair (Choi & Mattila, 2004, 2005).

Also, the way fares are framed has a substantial impact on clients' perception of fairness (Wirtz & Kimes, 2007). It was discovered that portraying prices as surcharges negatively affect the perceived fairness. Contrarily, framing them as discounts from the highest available price increases customers' appeal to them (Wirtz & Kimes, 2007). Moreover, an increase in price due to a company's greater costs is perceived more fair than due to a grown demand (Mauri, 2007).

As mentioned previously, customers' awareness of revenue management practices reduce the perceived unfairness (Wirtz & Kimes, 2007). Especially, familiarity with fencing conditions and restrictions prevent clients from comparing prices among different market sectors. Also, more frequent users of services affected by RM practices as well as more educated clients perceive such practices as more fair (Heo & Lee, 2011). While, price conscious consumers (Heo & Lee, 2011) and women (Beldona & Namasivayam, 2006), arguably, view them as unfair. Indeed, lack of awareness of RM working principles increases perceived unfairness and might cause conflicts (Mauri, 2007; McMahon-Beattie, 2011). For instance, situations such as inappropriate customer segmentation, overbooking, unjust fences, unfulfilled demand, overcrowding, lack of a reference price, no explanation on how discounts could be gotten, lack of customer appreciation, perceived change in the nature of a service, paying different prices for essentially the same product, etc. give rise to disagreements and perceived unfairness (Mauri, 2007; McMahon-Beattie, 2011; Wirtz et al., 2003).

The, arguably, unjust revenue management practices applied by various businesses might result in significant negative consequences for firms (Heo & Lee, 2011). For example, it might cause consumers' dissatisfaction, raise the number of complaints, increase price consciousness, reduce purchasing intentions, encourage negative word-of-mouth, stimulate willingness to terminate the service or even be a reason for anger and outrage (Mauri, 2007; Wirtz & Kimes, 2007). Additionally, trust is considered to be one of the key aspects gluing the relationships between businesses and customers. Though, the clientele uninformed of RM practices might lose trust in a business and end a relationship in one of the above mentioned forms (Mauri, 2007).

In order to prevent decline in profitability and avoid perception of unfairness, companies have to educate their clients about revenue management practices that are used in their reservation systems. Firstly, clients have to be familiarized with fencing conditions, as it prevents them from comparing prices in separate fencing categories (Wirtz & Kimes, 2007). Secondly, the companies should use

logical restrictions with clear explanations (Mauri, 2007). Thirdly, customers should be appropriately segmented and spatially segregated during the occurrence of a service (Mauri, 2007). Fourthly, perceived similarity between the products have to be reduced by differentiating them (Heo & Lee, 2011). Fifthly, sufficient benefits have to be offered in exchange for restrictions (Kimes, 2002). Sixthly, reference price should be either increased or "hidden'' by bundling it with other products (Kimes, 2003). Lastly, it has been revealed that the general population accepts revenue management practices and deems them as fair, however there is a great influence of individualism to perceived unfairness. Therefore, constant provision of information and full disclosure of relevant RM information has to be ensured to the customers to increase perceived fairness (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006).

Having overviewed the main fairness perception issues that occurred in the previous decades, it deems necessary to turn to a more contemporary matter. Already more than 15 years ago (Wirtz et al., 2003) were concerned with the fact that in some instances the highest paying customers are preferred over the most loyal ones. More recently, the emerge of customer relationship management (CRM) formed a dilemma whether a long term relationship should be valued more than instant revenue returns (Wang, 2012). Despite the claims that CRM and RM should be working together instead of seeking contradicting goals (Wang, 2012), according to (McMahon-Beattie, 2011, p. 44) "a sense remains that revenue management is something done to the customer rather than something that is done for the customer''. In other words, the way revenue is managed has altered, yet the concern of perceived fairness remained.

As mentioned, the main conflict arose between revenue management and customer relationship management. The former's goal is to maximize revenue from each transaction, whereas the latter focuses on a lifetime revenue from a customer (McMahon-Beattie, 2011). As a result, perception of fairness and trust are compromised as prices for identical products differ despite customers' statuses and relationships with certain service providers (McMahon-Beattie, 2011). However, perceived unfairness does not equal to lowered perception of a service's value (Heo, Lee, Mattila, & Hu, 2013). Therefore, companies should maximize their efforts in communicating and explaining RM as well CRM practices which result in different prices and varying benefits. Additionally, consistency in provided perks and implied restrictions should be maintained in order to increase perceived fairness (McMahon-Beattie, 2011). On top of that, customer-value-based optimization models should be implemented in the revenue management, as it would allow integrating the two approaches. For example, in each transaction only relevant customer's characteristics should be selected for the specific reservation and according rate proposed (Von Martens & Hilbert, 2011). In short, received information significantly influences consumers' fairness perception of revenue management practices, thus companies' employees should be trained appropriately to be able to answer clients' queries regarding it (Taylor & Kimes, 2011).

All in all, clients' perception of revenue management practices has become an important research topic over the last years (Kimes, 2003). It was revealed that, generally, consumers perceive RM as fair as long as they are informed of the process and find proposed fences as just (Heo & Lee, 2011). In case the relevant information is not disclosed or is disclosed only partially, consumers tend to perceive applied RM principles as unfair. Moreover, clients tend to focus more on social comparison, thus differing prices for identical products have to be sufficiently justified (Wirtz & Kimes, 2007). Lastly, due

to emerge of customer relationship management, RM should incorporate customer-value-based optimization in its working principles (Von Martens & Hilbert, 2011).

2.6 Methods for identification of perceived fairness

Even though the overview of the results that the academia has been able to discover regarding perceived fairness of revenue management provides great knowledge, it is crucial to overview the methods which have been employed in the process. This is because, bias and reliability of the studies could be examined as well as initial investigations' influence on following researches could be explored.

To start with, the analysis of 13 different studies, regarding revenue management perception in terms of fairness, revealed that the majority of researchers employed quantitative methods to answer their research questions. To be more precise, a scenario-based survey conducted by (Kimes, 2002), arguably, became a benchmark, based on which a substantial amount of similar researches were built (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006; Choi & Mattila, 2005; Kimes & Wirtz, 2003; Taylor & Kimes, 2011; Wirtz & Kimes, 2007). The audit done by (Kimes, 2002) asked the respondents to evaluate given scenarios in terms of perceived fairness on a 7-point Likert scale, varying from 'highly acceptable' to 'highly unacceptable'. Consequently, the studies that have followed employed similar techniques. For instance, (Beldona & Namasivayam, 2006) required participants to express their level of agreement to portrayed scenarios from 'strongly disagree' to 'strongly agree'. Whereas, (Heo & Lee, 2011) asked the participants to rate their perceived fairness on a scale ranging from 'extremely unfair' to 'extremely fair'.

Supplementary, a difference could be observed in the type of sampling that was used by researchers. On one hand, academics opted for convenience sampling, as guests of a single selected hotel were questioned (Kimes, 2002), participants were approached at one of the gates at the Washington international airport (Choi & Mattila, 2005) or a sample consisted of students in one mid-western public university in the US (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006). On the other hand, random sampling was implemented as attendants were found in three different countries at varying locations (Kimes, 2003) (Wirtz & Kimes, 2007) or were randomly selected from the general public (Heo et al., 2013).

In addition, some studies tested participants' knowledge of revenue management practices prior to providing them with scenario-based questions (Beldona & Namasivayam, 2006; Heo et al., 2013) or informed them of the latter before they engaged in answering the questions (Heo & Lee, 2011). Furthermore, a substantial amount of the studies provided scenarios with either negative or positive outcome and assessed consumers' perceptions taking it into a consideration (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006; Choi & Mattila, 2005; Kimes, 2003; Taylor & Kimes, 2011).

Despite the fact that most of the related studies employed quantitative methods, some have opted for a qualitative approach (Mauri, 2007; McMahon-Beattie, 2011; Von Martens & Hilbert, 2011; Wang, 2012). For instance, (Mauri, 2007) has produced an extensive literature review as well as composed an analysis of current practices employed by hotels. Additionally, (McMahon-Beattie, 2011) confined

his analysis to an overview of the produced literature too. Whereas, (Von Martens & Hilbert, 2011) developed a customer-value based conceptual model and with a help of simulations tested its applicability. Moreover, (Wang, 2012) studied a single case by conducting interviews, performing observations and analysing documents. Yet, the employment of different methods, in comparison to the ones initially presented, allowed researchers to significantly contribute to the literature regarding the perception of fairness of revenue management in the service industry.

In short, one of the pioneers of the topic (Kimes, 2002) had employed a scenario-based survey method which required its participants to evaluate a certain situation on a Likert scale. Consequently, a great amount of similar studies implemented a rather similar methodology (Kimes and Wirtz 2003; Choi and Mattila 2005; Beldona and Namasivayam 2006; Wirtz and Kimes 2007; Beldona and Kwansa 2008; Taylor and Kimes 2011). Yet, some researches dealing with the same problem opted for a qualitative research approach and used a case study (Wang, 2012), simulations testing a conceptual model (Von Martens & Hilbert, 2011) or a literature review (Mauri, 2007; McMahon-Beattie, 2011). The table below overviews the methods of the presented studies in more detail. Yet, despite the applied model, a substantial contribution to the existing literature was done in either case.

Table 1: Overview of methods

Author	Type of data	Method
(Kimes, 2002)	Quantitative	A questionnaire consisting of eight, scenario based, questions distributed to a convenience sample at a single hotel. Participants were asked to rate the scenarios on a seven-point Likert scale from 'highly acceptable' to 'highly unacceptable'. A total of 118 surveys were used as a sample out of which half were concerned with airline RM and the other half with hotel RM.
(Kimes & Wirtz, 2003)	Quantitative	Questionnaires focusing on RM of the restaurant industry and portraying various scenarios for 5 demand-based pricing mechanisms were distributed in three different countries, namely USA, Singapore and Sweden. Participants were asked to identify perceived fairness in a given situation on a seven-point Likert scale from 'extremely fair' to 'extremely unfair'. Additionally, each participant was shown only one of the two framings (discounts or surcharges) of the fences. The total sample size was 334 questionnaires.
(Choi & Mattila, 2005)	Quantitative	Scenario-based questionnaires were employed to assess perceived fairness of the hotel industry's RM practices. A convenience sample of 120 air travellers in Washington airport was selected. Respondents were exposed to one of the six scenarios where certain amount of information regarding RM practices was disclosed as well as a positive or a negative transaction outcome given. Based on the provided plot participants had to express how strongly they agree/disagree to statement on a 7-point Likert scale ranging from 'strongly disagree' to 'strongly agree'.

(Beldona & Namasivayam, 2006)	Quantitative	Authors employed a convenience sample (484) of graduate students at one of the major mid-western public universities in the US. Participants' perception of fairness as well as repurchase intentions regarding the application of RM in the hotel industry were assessed. Questionnaires consisted of scenario-based queries framed in a form of either discount or surplus and asked to express opinions on a 5-point Likert scale. Additionally, respondents' prior knowledge of RM practices was taken into an account based on the number of hotel nights stayed.
(Wirtz & Kimes, 2007)	Quantitative	Random sampling at different locations was employed in order to conduct two studies, where the first one focused on familiarity and framing, whereas the other built on the initial one and concentrated on fencing. The primary study was based on the hotel context and the second on the restaurant background. Also, a role-playing scenario approach was used in the questionnaires as participants had to indicate how fair they perceive a certain situation or how strongly they agree to a provided sentence. The latter was assessed by using a 7-point fairness scale and 7-point Liker scale. The total sample of a study consisted of 440 questionnaires.
(Mauri, 2007)	Qualitative	Analysis of the literature and existing hotel practices in order to investigate customers' perception of revenue management as well as find out actions that hotels could implement.
(Beldona & Kwansa, 2008)	Quantitative	The author employed the exact same sample as in the previous study (Beldona & Namasivayam, 2006) and proposed either 'positive/lower' or 'negative/higher' outcome perspectives. The given scenario was then evaluated by participants on a 5-point Likert scale from 'very unfair' to 'very fair'.
(Heo & Lee, 2011)	Quantitative	Prior to providing participants with the questions they were informed of revenue management practices and working principles. Then, a questionnaire was employed in order to find out customers' perception of fairness in the hotel industry and their price consciousness when making a reservation. The former question was evaluated using a 7-point Likert scale, where 1 stands for 'extremely unfair' and 7 for 'extremely fair'. Whereas, the latter was also assessed on a 7-point Likert scale from 1 'not important at all' to 7 'very important'.
(McMahon-Beattie, 2011)	Qualitative	The paper attempted to find out how value could be incorporated into customer – seller relationship. It was done by analysing existing literature and focusing on clients' perception of price changes and its effects on their feelings.
(Von Martens & Hilbert, 2011)	Qualitative and quantitative	A study developed a conceptual model which integrated customer-value into a transaction-based process. Then, a significant amount of simulations had been done in order to test the model's applicability for businesses' revenue management systems. The study's ultimate goal was to develop a customer-value based revenue management mechanism.
(Taylor & Kimes, 2011)	Quantitative	A questionnaire providing role play scenarios was developed and respondents were asked to rate the perception of them on a 7-point

		Liker scale. In total, 3 different variables (type of trip, level of information, hotel brand level) were concerned and a total of 8 different scenarios developed. What is more, the scenarios were mainly taken from previous researches (Choi & Mattila, 2005; Wirtz & Kimes, 2007) and the survey was based on more than 800 questionnaires.
(Wang, 2012)	Qualitative	A case study method of an exploratory nature was employed. Initially, the industry's professionals were consulted to gain insights and design the study. Then, a great deal of non-probability sampling techniques were used in order to select the most appropriate case study. Once done, the property was analysed using different qualitative methods namely, document studies, non-participant observations and 18 semi-structured in-depth interviews.
(Heo et al., 2013)	Quantitative	The data for research was collected with a help of scenario-based questionnaire, which included four measures: 'fair', 'acceptable', 'unfair' and 'satisfactory'. Moreover, respondents' knowledge of RM practices was taken into an account in the survey. In total, 505 participants from the general public in the US took place in the survey and expressed their opinion regarding one of the 8 given scenarios.

2.7 Summary

The concept of revenue management had evolved from yield management and has widely spread to various service industries from airlines to restaurants (Talluri & Van Ryzin, 2006). Its beginning is linked to the airline deregulation that took place in the US more than 3 decades ago. The industry's success encouraged other businesses to follow these footsteps (Chiang et al., 2006; McGill & Van Ryzin, 1999). Any industry that had a fixed capacity, perishable inventory, variable demand and segmented market attempted implementation of revenue management (Weatherford & Bodily, 1992). Despite a short success, eventually, significant differences between industries were realized and each of them had to build their own RM working principles (Cross et al., 2009; Ji & Mazzarella, 2007).

Over time, airline, hotel and cruise ship industries had distinguished the differences and applied the most suitable revenue optimization tools. A lot of literature was written about RM practices, their improvements and development, however rather limited attention was paid to consumers' perception of it and arising conflicts (Wirtz et al., 2003). Yet, in the first decade of the 21st century the academia turned to customers and began assessing their perception of revenue management practices and especially the perceived level of fairness (Heo & Lee, 2011; Wirtz et al., 2003).

It was revealed that clients' prior knowledge of revenue management practices or information provided during the transaction has a significant impact on perceived fairness (Wirtz & Kimes, 2007). In addition, clients tend to more negatively rate the perceived unfairness in the social context compared to personal expectations (Choi & Mattila, 2004). On top of that, researchers revealed that negative effects of perceived unfairness might result in lost profitability as well as in decreased reputation (Mauri, 2007). Lastly, personal characteristics such as education, income or gender might, arguably, have an effect on perceived fairness (Beldona & Namasivayam, 2006; Heo & Lee, 2011).

Interestingly, many studies have escalated that revenue management practices in the airline industry are perceived as fair, due to their long existence. In other words, it is stated that, arguably, customers have adapted to applied mechanisms and see them as a norm (Kimes, 2003; Wirtz & Kimes, 2007). In a similar vein, RM practices applied by hotels became acceptable by consumers with time (Heo & Lee, 2011; McMahon-Beattie, 2011). However, the blend of customer relationship management and revenue management is still troublesome to both service providers and consumers (McMahon-Beattie, 2011; Wang, 2012).

It is worth mentioning, that the presented results were achieved by gathering empirical data mostly with quantitative means such as a scenario based survey (Kimes, 2002) or qualitative means such as a literature review, a case study or a development and testing of a conceptual model (Mauri, 2007; Wang, 2012).

Despite the fact that the research had assessed perceived fairness of applied revenue management practices in the airline industry more than two decades ago, this paper aims to conduct a similar study. Yet, in this case, the focus will be put on young adults, i.e. people in the age range between 20 and 29, who, arguably, perceive RM practices as more fair (Heo & Lee, 2011). In other words, it will be strived to find out whether young adults with, arguably, higher price consciousness perceive the airline industry's RM practices as fair.

3. Methodology

The following chapter overviews the way the study had been approached, the philosophical standpoint behind it as well as the selection of methods employed. Initially, the philosophical paradigm had been identified, based on which the paper had been developed. To be more precise, ontological as well as epistemological positions are identified. Secondly, the approach that guides the study is presented and analysed. Then, an overview of the whole research design including the reasoning behind the selection of methods as well as their operationalization is outlined. Afterwards, the sampling technique employed is presented and arguments in its favour given. Subsequently, reliability and validity of chosen methods are analysed. Next, the process of data collection as well as techniques of its analysis are described. Lastly, the selected methodology is critically assessed as somewhat weaker points of it are identified.

3.1 Research philosophy

To start with, as explained by (Bryman, 2015; Howell, 2012), it is important to point out the way the reality or "truth'' is conceptualized, i.e. what is perceived as reality and nature of things by the researcher. Having said that, the study had been conducted based on constructivism. It means that it was attempted to comprehend and explain how certain things are understood and perceived by the ones studied. To be more precise, the idea that organization and culture are pre-given was neglected and instead the concept supporting the belief that they are constructed over a course of time by means of discussion, certain behaviour, etc. was accepted. In addition, the research is built on a belief that social reality is constructed by the ones participating in it, instead of something that restrains them. In short, the norms and rules that are taken for granted by some, had been constructed by the ones studied in the specific area of revenue management.

In terms of an epistemological stance, i.e. the school of thought based on which the knowledge is acquired (Howell, 2012), an approach of interpretivism had been adopted. It means that it was sought to understand how participants interpret the reality, what is their stance or perspective in the specific research field. In other words, following the guidance presented by (Bryman, 2015), it was attempted to interpret the participants' attitudes (individual interpretations). Once done, the researcher put his personal interpretation in a certain social frame by associating with present concepts or theories. It is worth pointing out that the interpretation of the study could be further interpreted by third parties.

Yet, according to (Bryman, 2015), the outlined epistemological stance cannot be taken for granted and should be perceived to a certain extent, due to the fact that mixed methods, with contradicting paradigms, are employed in the study. Even though the core of the project is to discover people's perception of revenue management practices used in the airline industry by interpreting their attitudes qualitatively, a quantitative approach is subsequently employed to test gathered theories on a bigger scale.

3.2 Research approach

As per (May, 2011), the research approach employed in the study is similar to the inductive one, yet cannot be fully related to it. On one hand, the theory on the social phenomenon is built from data collection. In other words, perceptions of participants were gathered regarding the issue in question (perception of RM practices employed by airlines) and theories from its analysis were developed. Additionally, a certain perception in the social world might exist, but the reasoning behind it might not be clear. Therefore, the study collected data first, found out the underlying causes and put it in a framework available for further testing.

On the other hand, the literature review that had been written prior to data collection, arguably, influenced the author's perception of the social phenomenon, thus it is almost impossible to be completely objective. For instance, the claim made by (Heo & Lee, 2011) that young adults perceive the RM practices used in the airline industry as fair in comparison to other age groups might have formed a preconception that, arguably, had been carried out throughout the research process. In short, the research leaned towards a path of an inductive approach more than to a deductive approach, yet due to academic norms presented by (May, 2011), is not to be considered a fully inductive study.

3.3 Research design

3.3.1 Methods

A method used in every research project is perhaps the most noticeable part of the methodology chapter, as it, arguably, has the highest impact on the results. For that reason, the study overviewed the methods applied by other authors, who have conducted similar researches, already in the theoretical framework chapter (see table 1). As previously noted, the majority of studies employed quantitative means as surveys consisting of scenario-based questions were conducted (Beldona & Kwansa, 2008; Heo & Lee, 2011; Kimes, 2002). Yet, some have relied on qualitative aids such as case studies or overviews of literature (Mauri, 2007; Wang, 2012). Interestingly, a single study known to the author employed a mixed method approach as a conceptual model was developed qualitatively and then tested quantitatively (Von Martens & Hilbert, 2011).

Despite the latter being more of a mathematical study, it inspired to employ a mixed method strategy as it might have brought a different perspective to the topic. In addition, to the best of the researcher's knowledge no one had attempted to employ focus groups to find new theories and insights and then test them quantitatively in this specific research field. Indeed, the qualitative approach of conducting focus groups helped understanding the way participants think towards the issue and how they perceive it. Then, the gathered data was used as an input (variables) for the survey. In other words, the 'instrument development approach' was used as focus groups allowed generating hypothesis from the empirical data, whereas with the help of the survey they were tested. In short, the use of mixed methods helped drawing a more comprehensive image of the research subject (Bryman, 2015).

Focus groups

First of all, as presented in the literature overview, social comparison is one of the key issues of perceived unfairness in the airline industry's RM practices. It is stated that comparing direct outcomes of RM to others' results cause more perceived unfairness than comparison to one self's past experiences (Choi & Mattila, 2004, 2005). Therefore, the use of focus groups is an appropriate tool for assessment of participants' interaction and joint construction of meaning. In other words, focus groups helped to find out how the ones researched respond to each other's points of view as well as how they perceive the issue as members of a group (Bryman, 2015; May, 2011).

In order to make discussions more natural and easier to analyse, small (3-4 people) and pre-existing focus groups were gathered that met the requirements of the target group. As indicated by (Silverman, 2013), it was easier to control such groups as much less intervention of the moderator was required, which prevented leading the discussions. In addition, according to (Bryman, 2015), the conversations should be less formal if focus groups are formed in such a way and indeed during the study participants were not intimidated by each other.

In the beginning of each discussion, the facilitator presented the topic, explained the rules and emphasized that everyone's opinion is equally valuable, hence everyone should be encouraged to express their point of view. Furthermore, regulations advised by (Bryman, 2015) were followed as the goal of the focus group was indicated and the participants were informed of subsequent processes regarding the gathered data. Lastly, everyone's consent regarding the recording of the conversations was received and confidentiality assured.

As per (May, 2011) instructions, the discussions were facilitated by a few open-ended questions, yet the moderator tried to be as little intrusive as possible. It was aimed at receiving data in a form of an unstructured discussion, instead of addressing questions to every participant personally. Along with that, and as advised by (Bryman, 2015), the facilitator supported participants' attempts to challenge each other and discuss matters that would not had been brought up otherwise. As a result, it was possible to note whether some people's attitudes impact the others.

Furthermore, recommendations outlined by (Bryman, 2015) were followed as it was focused on the areas on which the participants agreed as well as disagreed. Yet, it was attempted, to the best of the author's ability, to prevent discussants from speaking over each other and provide them with equal chances to express their thoughts.

The amount of focus groups to be conducted was not precisely determined as it was hoped to perform the necessary amount to reach theoretical saturation, i.e. the time when information starts to repeat across groups and patterns could be drawn (Bryman, 2015). As it appeared, 3 focus groups was enough to achieve it. Once done, the data was interpreted and operationalized in a form of variables that were used in the questionnaire.

'Facebook' questionnaire

The questionnaire was used in order to test the data received through focus groups. As mentioned, the variables were formed from discussants conversations.

There are particular reasons why an online and, especially, 'Facebook' based survey was conducted. To start with, the social platform is very popular among young adults, which is the target group of the study. Furthermore, recruiting participants in such a way leads to a higher response rate in comparison to phone, email or physical surveys (Brickman Bhutta, 2012; Kapp, Peters, & Oliver, 2013; Ramo & Prochaska, 2012). Also, according to (Kapp et al., 2013) no substantial bias could be noticed in terms of respondents' ethnicity, race, education, income, etc. Yet, (Brickman Bhutta, 2012) claims that the population on 'Facebook' is younger and has a higher level of education in comparison to the general population. Despite that the results retrieved from 'Facebook' based surveys are not as representative as the ones gathered by other means, (Brickman Bhutta, 2012) proved that they, arguably, portray a very similar picture. Moreover, as pointed out by (Brickman Bhutta, 2012), surveys based in the social media platform gather responses faster, which is of great importance for studies with a limited time frame. In addition, the study of (Brickman Bhutta, 2012) supported the opinion that 'Facebook' is a great platform for snowball sampling, due to the fact that initial limited network does not prevent from reaching a far greater one. Lastly, the study could be legitimized and humanized by employing visual aids, contact information, etc.

Even though surveys conducted on 'Facebook' is a relatively new phenomenon in the academic world, they are gaining trust continuously, as a great deal of researches have collected their empirical data in such a way. For instance, the following academics (Fenner et al., 2012; Jones, Saksvig, Grieser, & Young, 2012; Kapp et al., 2013; Ramo & Prochaska, 2012; Richiardi, Pivetta, & Merletti, 2012) have used 'Facebook' ads to find participants for their surveys, whereas (Brickman Bhutta, 2012) have employed his own network and 'Facebook' groups to collect data quantitatively.

The questionnaire employed for this research was built on 'Google Forms' and consisted of four parts and the introductory page, in which the purpose of the study as well as the researcher were presented, and a brief explanation of revenue management practices in the particular context explained. The first part consisted of socio-demographic questions which served a function of screening the eligibility of the participants for the study. The second and third parts comprised of statements regarding the general perception of airlines' RM practices as well as social comparison. The participants had to indicate their agreement to the provided claims on a 6-point Likert scale (1 – "strongly disagree'' to 6 – "strongly agree''). The final section of the questionnaire assessed the participants' purchasing behaviour as a set of statement regarding potential actions that could be taken was listed. The respondents then had to indicate whether they employ those particular means of purchasing, by responding "yes'' or "no''.

To sum up, the high rate of young adults using Facebook, fast responses and increasing popularity among academics to use this social media platform as a survey tool as well as a limited time frame encouraged to conduct the quantitative study on this platform. The variables in the questionnaire were conceptualized from theories generated from focus groups and assessed with a help of a 6-point Likert scale as well as ''yes'' and "no'' questions.

3.3.2 Sampling

The sampling of the participants was based on the techniques described by (Bryman, 2015) and influenced by a limited time frame as well as confined financial resources of the study. As a result, in order to sample participants for the focus group, a non-probability, purposive sampling was applied which then led to snowball sampling. Initially, pre-existing social groups, consisting of people that matched the frame of the research question i.e. young adults aged 20-29, who have ever taken a flight, but at the same time were great in diversity were sampled. It was believed that such groups would help carry out more natural discussions. Subsequently, the participants of the primary focus group sampled others, who met the established criteria. Afterwards, the discussants of the second group recommended substitutes with similar characteristics for the third group and so forth.

Concerning the sample for the second part of the study – the questionnaire, the sampling technique applied by (Brickman Bhutta, 2012) was replicated. The latter study created a 'Facebook' group solely for gathering volunteers to participate in the survey. Then, the researcher's contacts were added to the group and were asked to participate in the survey as well as add people from their network to the group. It was noticed that creating a devoted group allows capturing participants' attention on a much greater scale in comparison to a post on the 'news feed'. Thus, a similar approached was followed in this paper as a 'Facebook' group devoted for volunteers of the survey was employed. Initially, the potential participants from the author's network matching the requirements of the RQ were added. Then, they were asked to participate in the study themselves as well as encourage their peers to do so, by adding them to the group. In addition, the available features on this social media platform allowed to legitimize and humanize the study, by using visual aids as well as providing official contact details such as Lund University email address.

In brief, the convenience sampling technique with an intention for snowball sampling to evolve was employed. Even though the study conducted by (Kapp et al., 2013) concluded that 'Facebook' sample did not have any distinct bias, a reader of this study should be aware of the fact that such a sample has a low degree of representativeness. In addition, the employment of the sample that was simply available to the author meant that there is a high possibility for participants to be of the same demographic, social or economic background. Thus, there is a chance for a sampling error to occur, as the results might not had been as representative as they could had been by applying a different sampling technique. Therefore, the findings could not be generalized.

Sample size

The sample size of the study was determined according to the requirements of Lund University as well as recommendations posed by (Bryman, 2015). Additionally, the paper had applied mixed methods, therefore the required sample for each of the parts is smaller in comparison to a single method study. For instance, (Bryman, 2015) advised to conduct at least 8 focus groups, if a research project employs the latter as a sole method. Yet, in case of a mixed methodology research design, 3-5 groups are required, or the amount needed to reach theoretical saturation. In terms of the questionnaire, Lund University advised to gather 250 responses in the case of an application of a single method, or at least

30 responses in an instance of mixed methods. In brief, the study aimed at conducting 3-5 focus groups (or the number necessary to reach theoretical saturation) as well as gather at least 150 filled out questionnaires. Consequently, the collected data consisted of 3 focus groups as well as 204 questionnaires.

Data collection

Qualitative data was collected between 13th and 21st of March, 2018 in Stockholm, Sweden. In addition, 3 focus groups were conducted that in total comprised of 11 participants. All of them were eligible for the study as they have taken a flight at least once and were in the age range between 22 and 29 years old. Moreover, 2 out of 11 participants were male and 9 were female. Lastly, the participants were of 9 different nationalities. The table below illustrates the background of the participants.

Table 2: Sample for the focus groups

Gender	Age	Nationality	Occupation
Female	22	French	Logistics industry employee
Female	27	Finnish	Finance industry employee
Male	23	Spanish	Student
Female	24	Swedish	Student
Female	23	Russian	Service industry employee
Female	25	Latvian	Hospitality industry employee
Female	26	Cypriot	Service industry employee
Male	28	Serbian	Unemployed
Female	21	Swedish	Service industry employee
Female	25	Russian	Hospitality industry employee
Female	29	Bosnian	Hospitality industry employee

Quantitative data was collected between the 5th and 20th of April on 'Facebook' social media platform. In total, 219 filled out questionnaires were received, yet 15 of them had to be removed due to the fact that participants were out of the targeted age range. Thus, 204 remaining questionnaires met the requirements of the study since all of the participants were between the age of 20 and 29 years old and had previously taken a flight.

The sample was rather diverse in terms of socio-demographic characteristics. Firstly, participants of 46 different nationalities took part in the study. Secondly, there were 84 male and 120 female respondents (see figure 1), out of which majority (85.3%) have higher education (see appendix 8.3.2). Lastly, there was a rather even split among different levels of income (see figure 2).

Figure 1: Frequencies for gender

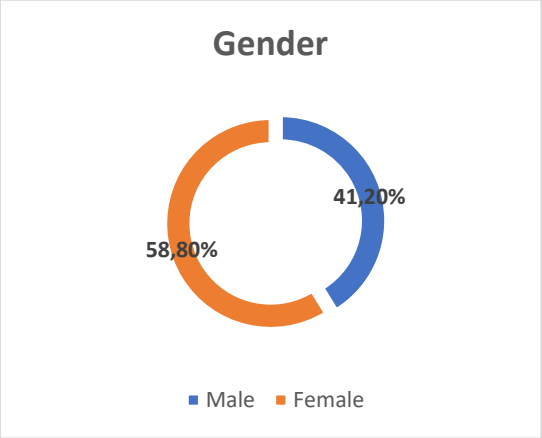
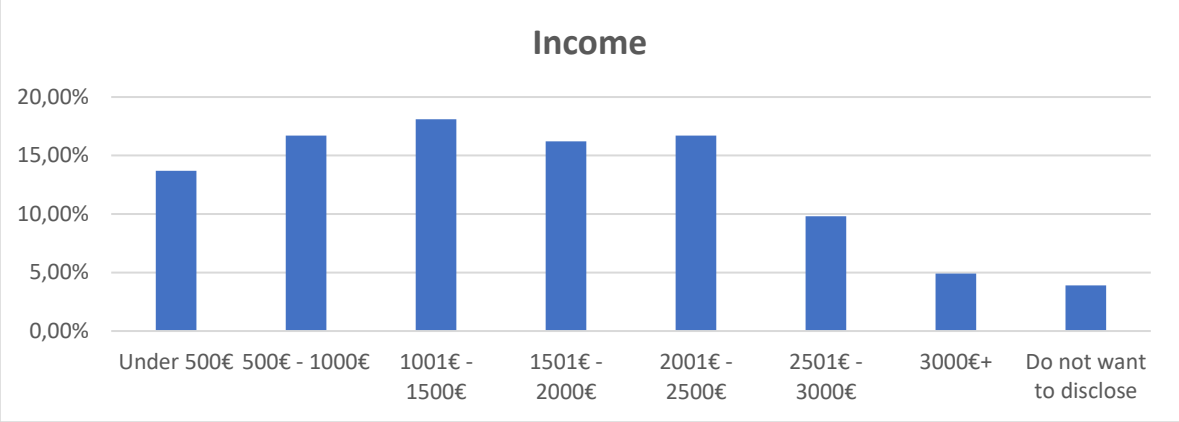


Figure 2: Frequencies for income



Data analysis

Recorded data from different focus groups was first checked for some outstanding flaws such as hearing mistakes or obvious misunderstandings, as instructed per (Bryman, 2015). Then, the data was transcribed and prepared for coding. Subsequently, the data had been coded by inserting comments in the 'Microsoft Word' document. In total, 20 different codes were used across all transcripts. Once done, the codes were exported to a separate 'Microsoft Word' document leaving out the unmarked text. Subsequently, the codes from different transcripts were exported to 'Microsoft Excel' for easier filtering and analysis. Lastly, the author had gone through each code category, analysed it and presented it in a form of separate tables (see Appendix 8.1). The systemized data was interpreted and operationalized in a form of variables. The latter were then used as an input for the questionnaire (see Appendix 8.2). Moreover, the most significant results were presented in the findings section of the paper (see 4.1 Qualitative findings).

As advised by (Pallant, 2013), the data collected from the quantitative mean was first imported to the analytical program IBM SPSS. Then, the data set was checked and responses from participants that do not match the characteristics of the study were removed. Additionally, if multiple answers from a

single respondent were noticed or a questionnaire lacked several responses, they were discarded too. Once the data set was 'cleaned', the different variables were labelled and prepared for an analysis. Subsequently a series of tests, namely: frequencies, Spearman's rho correlations, Cronbach's alpha reliability test, Shapiro-Wilk test of normality, Kruskal-Wallis as well as Mann-Whitney were performed. The most applicable results to the research questions were selected and presented in the following chapter (see 4.2 Quantitative findings).

3.4 Reliability and validity

Reliability and validity are two broadly recognized criteria used to asses a research paper's methodology. The former aims at ensuring that measuring instruments of a research are working in the same way every time. Whereas, the latter assesses whether selected questions are appropriate measures of a certain research issue. However, the presented criteria are more applicable to quantitative research, whereas the qualitative methods are advised to be assessed on the following criteria: credibility, transferability, dependability and confirmability (Bryman, 2015).

To ensure credibility, the research had been carried out according to the norms of the academia (Bryman, 2015; May, 2011; Silverman, 2013) as well as requirements posed by Lund University. For instance, the format of the paper as well as procedures were predetermined and agreed in advance. In addition, respondent validation was carried out as the results retrieved from focus groups were shown to the participants to guarantee correct perception.

In terms of transferability, instructions described by (Bryman, 2015) were followed, as it was attempted to provide thick descriptions of the circumstances and the context of the gathered data in order for it to be transferable to other projects. For example, socio-demographic characteristics of the participants as well as data collection process was described.

What is more, sections of the paper had been periodically shared with the assigned supervisor as well as transcripts, notes, articles, references etc. were stored, so that any material would be available for audit. Lastly, the personal beliefs and values, to a reasonable extent, had been prevented from influencing the data collection process or the results. Subsequently seeking to ensure dependability and credibility of the research paper.

As explained by (Bryman, 2015), the quantitative part of the study is assessed by identifying the degree of its reliability and validity. In terms of reliability, the measures for the quantitative study were gathered from the participants' discussions in the qualitative study. On top of that, the collected data was checked for correct perception. This implies that the measures were not randomly selected, but instead were derived from the target group. However, due to a highly volatile revenue management environment and its effects on consumers, in a certain period of time, the measures might not be as reliable as they were during the time of data collection for this study. In addition, the study was conducted by a single researcher, therefore the consistency of the process was ensured. Lastly, once the quantitative results were retrieved, the Cronbach's alpha reliability tests were performed in order to assess internal consistency of variables. As a result, some of the measures were removed and not used for further examination.

In regard to validity, the 'face validity' was ensured as the measures were approved to reflect the social concept in question. This was done by consulting with the supervisor of the study as well as by

doing a test survey, which revealed whether the formulations of questions are understandable and appropriate. Despite that, the results cannot be generalized on a large scale due to a rather limited sample.

3.5 Limitations

Most of the research papers do have certain limitations concerning their methodology and this study is not an exception. First of all, according to (Bryman, 2015) qualitative and quantitative methodologies have certain ontological and epistemological commitments that in most instances contradict each other in one way or another. Therefore, the use of mixed methods, arguably, deviate from the established rules regarding philosophy of social research. Yet, the technical version of mixed methods approach supports the use of this methodology and even believes in possibly superior results as an outcome of such approach. Additionally, as claimed by (Bryman, 2015), the academia is becoming more accepting of the fact that research methods are techniques of data collection and analysis and not solely a representation of a certain paradigm.

Furthermore, the methodology consisting of mixed methods requires more resources and should be carried out equally with the same amount of attention. It was noted, that risk of focusing on one method more and under developing the other occurs from time to time. Yet, the time and resources available for this study had been equally devoted in order to perform both methods on as balanced level as possible.

Moreover, focus groups as a qualitative method is very insightful, however a chance exists that the moderator might lose the control of the discussions. Additionally, it is rather complicated to encourage participants to speak more or less equal amount of time or prevent that discussants would not speak over each other. Consequently, it becomes substantially harder to transcribe conversations due to their complexity and the number of people participating in them. A risk of fault assignment of voices to people exists.

In addition, for both qualitative and quantitative parts of the study, purposive, snowball sampling had been used, which, arguably, attracted people with similar socio-demographic characteristics. Also, there was no need to calculate the population as the amount of people that were invited to participate in the study was unknown. Lastly, due to the application of non-probability sample the result cannot be generalized for the general population. Yet, the limited time frame and resources had encouraged to opt for the latter sampling as it was believed to add knowledge to the existing research field.

All in all, the application of mixed methodology and clash of philosophical paradigms, potential loss of control during focus groups as well as overdevelopment of one method at expense of the other, data collection in a single city at a single period of time and employment of convenience sample are the main limitations of the research project. Though, the advantages of such methodology had led to a discovery of new knowledge.

4. Findings

The following chapter is divided into two main parts: the first one presents qualitative results gathered from focus groups, whereas the second one reviews quantitative results which were collected through the survey. It is important to point out that the respondents in the focus groups had expressed their opinion regarding specific airline revenue management practices and indicated which specific factors they perceived as fair and unfair. Whereas, the results from the survey indicated whether the latter claims are perceived in a same way by a larger sample.

4.1 Qualitative findings

Even though the results of the study cannot be considered as representative of the general population due to its small scale (3 focus groups), the opinions expressed by different participants among separate focus groups had provided interesting insights to the topic. The main qualitative findings were segmented to 6 different categories and the most common points of view within each category were overviewed. On top of that, it was indicated what share of the sample holds that specific view.

4.1.1 Revenue management knowledge and perceived fairness

Analysis revealed that two different opinions exist regarding the perceived fairness of revenue management practices among respondents that possess professional knowledge of the subject, i.e. understanding gained from working in a company that uses such practices. To be more precise, a part of the respondents that currently work or had previously worked for a business that applies RM practices believe that this knowledge increases their perceived fairness of the subject. Whereas, another part of the participants, even though possess such knowledge, still finds certain aspects of revenue management as unfair. Thus, the correlation, between knowledge of RM practices and its perceived fairness is twofold. For instance, (FG2, P1) claimed that RM knowledge gained in the hotel industry positively affects the personal perception of such practices' fairness:

...Because I'm working for this industry, I know how it works… How the airlines… And the hospitality. I know how it works. I know it from the inside. So, I would take it much more easier than I would have taken it previously...

On the contrary, one participant from the other focus group, that has RM expertise gained in a hospitality business, expressed a different viewpoint. The respondent showed the dissatisfaction and perceived unfairness regarding a specific revenue management practice applied by an airline during a booking process:

…but they are automatically seeing that you're a couple and seeing that you are buying together the tickets. One person buys two tickets… They put you in different parts of the airplane. You really need to pay like… 7 Euro more just to have a seat nearby to your… So, it's actually very smart by 'Ryanair', but it's also a bit like: "Why?! Why, why, why should I pay?" (FG3, P3)

On top of that, one third of the participants that do not have professional RM knowledge sustained from sharing their thoughts regarding the matter, therefore the personally acquired RM knowledge was not accounted for regarding this question. Whereas, the two previously outlined viewpoints, that combined accounted for two thirds of the participants, were equally spread.

In short, RM knowledge gained by working in an industry that applies it, does not automatically result in increased perception of fairness. As expressed by the participants, a third of them do believe in positive correlation between the RM knowledge and perceived fairness, whereas the other third contradicts the claim. Lastly, a more or less equal share of the participants did not voice their opinion regarding the issue, since they only had information regarding revenue management from personal sources. In other words, there is a lack of agreement between participants regarding the positive effects of possession of RM knowledge on its perceived fairness.

4.1.2 Fair business practice

Departing from the previous section, focus groups participants had voiced a collective opinion that the general concept applied by airlines to maximize their revenues is rather fair. It should be noted, though, that this section of the paper specifically assessed the perceived fairness of the concept itself versus specific actions that are being applied. In other words, the participants do find the general idea of demand-based pricing as acceptable. Whereas, the specific actions that negatively affect customers' viewpoints will be overviewed in the next sections of the chapter. Having said that, one participant indicated that the revenue management-based business model applied by airlines is fair and acceptable:

I think it's totally fair like… of course when they start selling tickets they might give cheaper prices. But then when they start running out of tickets… Of course, when demand is bigger, then they can lift the prices, because people are willing to pay it. I think it's totally fine. It's just business... (FG1, P2)

Supplementary to the latter, once the acceptance of such business model in the airline industry was questioned in the other focus group, participants shared a similar view. It was expressed that application of such practice in the airline industry is a norm that the participants collectively accepted. According to (FG2, P3) revenue management practices is just a way of increasing profitability and the respondent had absolutely nothing against it:

I mean, it's business. Of course, they want to have higher profitability. I get that.

In sum, analysis of focus groups disclosed that revenue management-based business model applied by the airlines is perceived as fair. Strictly speaking, participants mutually agreed that it is acceptable way of doing business and the reasoning behind it is understandable. Yet, specific revenue management practices had not been touched upon in this section as they will be overviewed later on. Lastly, none of the participants had objected the view shared by most of the respondents, therefore it should be considered as representative of the sample.

4.1.3 Unfair price changes and extra charges

In relation to previously discussed perception of a revenue management-based business model, this section focuses on specific RM practices that participants find unfair. As mentioned, the majority of the respondents collectively agreed that application of revenue management is a fair business practice. Yet, some of its features such as unjustified and sudden price alterations as well as disproportional extra charges in relation to fares are perceived negatively. It is worth mentioning, that almost all of the respondents supported this point of view, therefore the following comments are representative of the participants' opinion.

There was a numerous amount of comments regarding the, arguably, unjust price changes that participants had experienced multiple times. For example, a story shared by one of the participants explains repetitive and, supposedly, unjust price growth patterns that occur when searching and booking airplane tickets:

Probably my worst experience with buying tickets is… Either when you're buying it and then they say like… Let's say oh this ticket is 50 Euros then you go in like: "OK. I'll take this ticket''. Then, at… When you're actually at the cashier, then it's like 150 Euros for some reason. Oh, there's the airport tax and ah… this and that and that. You picked a seat by mistake and then it's like way more than you wanted to pay and then there is something added like ah… I don't know… Some, some… There's always. But that's like… every time they change the price within what I started with and what I ended up with… (FG1, P2)

As communicated, the participant expressed dissatisfaction regarding the perceived unfairness of revenue management practices implied. To be more precise, the, arguably, unreasonable price changes that occurred during a booking period were viewed as unjust. Similarly, a participant from another focus group had shared a story supporting the claim that a ticket price is being altered during the time one is attempting to purchase it. In this case, the participant claimed to had been 'enforced' by the messages on a company's website to purchase the tickets. Additionally, the price was, allegedly, raised during the time of a booking. In short, (FG3, P3) shared the unjust experience that goes in line with the one outlined earlier:

… I was buying tickets for my parents... And I was controlling the whole day, that there are still these tickets... So, actually, for one day I was going inside that website and looking at that same flight ticket, for like 6-7 times. And in the evening, when I was checking it… It gave me "Only 2 tickets available left''… The price was much higher… So, I said to my dad: "It's better if you buy it right now''. So, what you think? The next day the price was again lower. So, they actually track and see if you're really interested in that ticket. They gonna always first as they did… Put like "We have only 2 left… tickets left.'' So, they make you actually buy it.

Both situations, are very representative of the views expressed by all the participants in all 3 focus groups. In fact, most of the respondents had either shared a similar story regarding a price alteration during a booking period or agreed that they have heard it happen to someone else. Thus, the opinion that such revenue management practices are unfair, holds. In addition, participants cooperatively stated that extra charges imposed by airlines are unjust, in comparison to the fares. For instance, (FG3, P1) expressed surprise and dissatisfaction regarding the extra charges for luggage which exceeded the ticket price:

Yeah. Double the price. So, for example, you get 50 Euro ticket for return. To go and return you need to pay 100 Euros for luggage. How is that possible?

To sum up, findings suggest that unexplained and, arguably, intentionally increased prices due to a buyer's activity, as well as, arguably, irrational prices for additional services are perceived as one of the unfair airlines' RM practices. As discussed, the participants do not neglect the application of revenue management and believe that it is a fair business practice. Yet, the participants' comments illustrated the specific practices, namely price alterations and extra charges, which were perceived as unfair by all members of the study.

4.1.4 Obligatory travel

Findings suggest that there are two main opinions regarding obligatory travel, i.e. when one needs to be at a certain destination at a set point in time. One opinion that had been communicated is that customers are willing to pay extra in case of a travel with limited flexibility. Particularly, if one has to be present at a set event or work at an exact date, one is keen on purchasing a ticket with a higher fare and does not find it unfair. The other opinion suggests quite the opposite as some claim that companies take advantage in situations when people have no flexibility regarding their travel itinerary. As a result, flights are, arguably, overpriced for a reason as travellers simply do not have a choice.

Participant (FG3, P3) had strongly supported the former point of view as a brief narrative was shared with others, during which willingness to pay higher fares in travel situations with very limited flexibility was communicated:

…And sometimes, as it happened with 'Air Berlin'… I was ready to pay any price, because I really had to go to Stockholm. My flight was cancelled, but I need to be in Stockholm, because I need to work. And or… I have a meeting or something. So, I'm ready to pay any price.

This opinion was supported by another participant from a different focus groups, once a similar discussion occurred. (FG2, P1) claimed that under ordinary circumstances when travel arrangements are flexible, higher price would not be tolerated. Yet, in accordance with previously voiced point of view, specific conditions would result in acceptance of a higher fare:

And also depends on the dates. If your dates can vary, you can get cheaper tickets, but… So I… I will only pay a little extra if I really do need to be there that exact day and there are no other variations. I have to be there because of whatever event or… and I have no other choice, I cannot come day earlier or day later. I need to be that exact day and fly out that exact date. That I will probably pay a bit more expensive. Higher price.

On the other hand, the second opinion states that in situations with limited flexibility passengers feel that they are forced to pay a higher price, instead of having an ability to choose. Thus, it should be understood that greater fares are not tolerated by the participants supporting the view, as they believe that companies exploit such situations. For instance, one participant claimed that there are very few options to get to her hometown, since it is a small city and, thus the prices are inadequately high, which the participants find unfair:

…Ah… It's a tiny airport in a tiny city. You can get 'SAS' ticket from Stockholm to Paris for 50 Euros, maybe because when you fly within France or within a country in general I don't know tickets are more

expensive, which I don't get the point, but… There must be reasons. Then, that makes the ticket more expensive. I don't know… Like, if I have to go home, so… I'm still paying the price, but I find it so unfair… (FG1, P1)

Having distinguished two opinions regarding this matter, it can be concluded that these viewpoints are rather unstable and might vary greatly depending on a situation one finds himself in. Even though some stated that they were willing to accept higher fares in cases of obligatory travel, it did not seem convincing that they would do so repetitively. This is because, once the second opinion contradicting the acceptance of fares in such situations was communicated, the supporters of the first claim did not object the second one. Overall, even though two distinct opinions regarding obligatory travel were expressed, no common ground regarding this issue could be set as it is highly depending on specific circumstances. As a result, it is impossible to indicate the share of participants supporting one or another point of view.

4.1.5 Purchasing behaviour

Results reveal that young adults do have specific purchasing habits that had been established over time. Even though there are variations in these customs, some of them are applied by all the respondents. Thereupon, three most common purchasing behaviour techniques had been distinguished as they had repeated among all focus groups. Firstly, all young adults that took part in the study tend to purchase their airline tickets as much in advance as possible. Secondly, the vast majority of the participants claimed to search for the tickets on third party websites such as 'Skyscanner'. Thirdly, some of the respondents indicated that they prefer to purchase their tickets either directly on an airline's website, whereas a part of them tend to use third party companies for purchasing tickets, given a lower fare. In brief, advance purchase and employment of third party websites for ticket search are prevalent purchasing habits for all of the participants, whereas direct booking in comparison to reservation on a third-party website is more or less equally split among the opinions expressed by young adults that took part in the study.

To start with, once asked about purchasing habits that one possess, participants simultaneously indicated that buying in advance is the most common practice. Very similar views were pointed out throughout all the focus groups, with one minor noncompliance, which had eventually changed and supported the dominant claim. Therefore, the following opinion is greatly representative of participants' point of view:

Well, it is well known that it's better to book in advance. Ah… From another side I've heard that there are those last-minute tickets, which you can get for almost nothing, but I personally never seen those. I, as a customer, prefer to book as much in advance as I can. So… That's the best option and the most safe option in regard to the price, quality. That's a rough overview. (FG2, P1)

Secondly, a very common practice with minor exceptions was the utilization of third party websites for ticket search purposes. In every focus group, once the discussion turned to searching habits all of the participants showed that they are aware of third party websites and their search engines. As a result, most of them complied with the statement that it is the most commonly used tool for ticket search. For example, (FG3, P3) was convinced of the value of third party booking websites as a tool for exploration:

…But actually, those websites as 'Skyscanner', 'Avia Sales'… They really, really help you to find… On which company you should buy the tickets. So… You see the lowest price and you go with… 'Norwegian'.

Lastly, the third most repeated and debated on topic in regard to purchasing behaviour was an actual platform on which the participants usually purchase their airline tickets. Some of them prefer to book directly on an airline's website due to safety and assurance, whereas others claimed to use third party websites due to the lower prices offered there. Thus, it appeared that none of the two techniques is more popular, as it differs depending on a person's needs. When asked which booking platform one prefers, (FG2, P2) stated:

For me it's… I wanna come out with the cheapest flight as possible. So, I look both: on the website, the company's own website and through the third parts. And see what is the best, what is more convenient and cheap. If I can get the same price through the third party as in the company directly, I would get it there. [Directly on a company's website] *I think it's more convenient if something happens. If you need to change or anything like that… So. Ahm… And also, depends on how close on the day you are leaving you buy.*

To sum up, airline revenue management practices had influenced young adults' purchasing habits, as they adopted certain techniques that repeated among all of the study's participants. It was revealed that ticket comparison on third party booking websites as well as advance purchase are the most common techniques that were used by all. Yet, when it came to the actual purchasing the opinions of the respondents diverted as some opted for direct booking on an airline's website, whereas others claimed to use the same platform as they employ for searching purposes. The latter views were roughly equally shared among the respondents with a slight advantage to the former.

4.1.6 Social comparison & Word-of-mouth

Analysis of focus group data uncovered that a share of the study's participants collectively agreed that undesirable outcomes of social comparison negatively influence their perception of airlines' RM practices in terms of fairness. In other words, if one becomes aware that someone else on the same flight got a lower fare, the level of perceived fairness decreases. It is noteworthy, that the issue had been, to a certain extent, confirmed in 2 out of 3 focus groups, therefore is not fully representative of the sample. However, word-of-mouth had been touched upon by all respondents and its impacts on airline users varies. Some do not pay attention to it and continue using a bad-mouthed company's services, while others take into a consideration the received reviews. The division among participants supporting one point of view or the other was almost equal, thus both perspectives are significant.

To start with, even though social comparison was not discussed by all, those who reflected upon it had a firm opinion. It was made clear that a negative outcome of such comparison is viewed as unfair. An extract from a discussion in one of the groups, when asked about social comparison, portrays the outlook of the subject shared by all of the members of that specific focus group:

But if someone will get… If I buy something and someone gets lower price than that, I feel tricked. It doesn't matter on the flights… It matters everything. If I feel like someone gets lower price, just: "Why didn't I get it?'' (FG2, P2)

It is worth noting that the latter opinion was only partially agreed upon in the other focus group that had also discussed this matter. In that particular conversation, only some of the participants had

shared a similarly strict view, whereas others sustained from agreeing to it. Overall, half of the study's participants had showed support to the above made claim regarding social comparison.

In terms of word-of-mouth, the deliberation was far more extensive, as it was conversed about by all participants, though views regarding it had differed. Some claimed that negative WOM would not prevent them from using an airlines' services, whereas others contradicted the view and were firm and positive regarding the termination of purchasing of the bad-mouthed airline's tickets. When referred to word-of-mouth, (FG1, P3) had doubted its negative impacts on customers:

I think 'word of mouth' in this case can work a little bit, but not that much. I mean, how many times have you heard about horrible situations of 'Ryanair' and we probably gonna fly with 'Ryanair' at some moment.

The respondent referred to extensively communicated word-of-mouth about a low-cost airline's negative actions and its low impacts on purchasers, mainly due to affordable tickets prices. Controversially, when asked about influences of WOM on personal purchasing behaviour (FG3, P4) stated that it does prevent some users including herself from buying services from a company that had been negatively reviewed:

And the comments on 'Facebook' about some company, about some flight… You just see… If you see all the bad comments… No one gonna tell you them. So, it's something in our… mind. Automatically shows negative. "NO!'' "It's delayed, and they didn't tell us.'' You know, something like that. You don't want to be in this kind of situation. So, you gonna choose someone else.

The above expressed opinions were broadly considered by all of the participants and a clear division in outlooks was observed. As initially indicated, a half of the respondents believed that negative word-of-mouth prevent them from using a company's services. Whereas, the other half objected this point of view by claiming that in most of the cases it would not stop them from using an airlines services, especially given a low price. Lastly, despite the division in the latter attitudes, the negative outcomes of social comparison appeared to negatively influence the ones involved. Though, these results could not be viewed as representative due to low involvement of other participants in the subject.

4.2 Quantitative findings

The purpose of the quantitative study was to test the opinions communicated by focus groups participants on a larger scale. Hence, the subsequent section of the chapter follows the same structure as outlined in the previous part. In addition, prior to an overview of the quantitative results, a scale development is overviewed in order to justify the use of selected variables. While, the socio-demographic results are presented in the methods chapter (see 3.3.2 *Data collection*).

4.2.1 Scale development

To start with, the questionnaire consisted of three main parts, namely 'general perception', 'social comparison' and 'purchasing behaviour' (see 3.3.1 *Facebook questionnaire*). The first two question categories were composed of Likert type variables, while the latter one consisted of dichotomous type measures. Since, the variables in the first two groups were used for inner bivariate analysis, i.e.

variables within a category where correlated with each other, they had to be tested for internal consistency using Cronbach's Alpha reliability tests. Yet, the third set of questions was opted out from the reliability test due to the lack of need for bivariate analysis within the category. As a result, a scale of suitable, i.e. internally consistent measures, was developed and further analysis was performed using only those meters.

General perception

The set of measures assessing 'general perception' consisted of 15 items, yet due to either positive (10) or negative (5) wording of variables they were divided into two groups accordingly and thus were tested separately (see appendix 8.3.1).

Initially, the positively worded measures were tested and the received Alpha score was 0.421 (see appendix 3.1), which according to (Pallant, 2013) is below the recommended 0.7 norm. In turn, the corrected item total correlation was overviewed, which according to (Ferketich, 1991) should be between 0.3 and 0.7 for each variable. Since quite a few items (6) were out of the established bounds, meaning that they were not correlating with other items within a category and in turn do not support the assessment of the same issue (general perception), they were removed. The consequent reliability test showed a far more acceptable result of 0.659, which even though slightly below the 0.7 norm, could be considered reliable due to the fact that item total correlation falls between 0.3 and 0.7 gap.

Table 3: Internal consistency for general perception (positively worded)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.659	.654	4

The Cronbach's Alpha test for negatively worded measures within this category revealed the Alpha score of 0.59, which is below the recommended boundaries, thus corrected item total correlation was overviewed and items outside the suggested norms were removed (see appendix 8.3.1). The repetitive test showed that the remaining 3 negatively worded items assessing general perception carry an Alpha score of 0.714, which is above the recommended benchmark.

Table 4: Internal consistency for general perception (negatively worded)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.714	.717	3

Correspondingly, the set of measures assessing general perception decreased from 16 to 7 items, though the remaining ones were proved to be internally consistent.

Social comparison

The measures in this question category were all negatively worded, therefore were assessed together. As a result, the Alpha score of 0.367 (see appendix 8.3.1) showed a rather low reliability, thus individual items were inspected and the ones with very low or even negative corrected item total correlation were removed. Consequently, the Cronbach's Alpha score, increased up to 0.547, which was still under the recommended norm. Yet, according to (Pallant, 2013) in the newly developed scales, poorly correlating items should be removed up to a certain extent. That is until the point that they increase the Alpha score. In this case, less reliable items were removed, yet further removal of measures would had lowered the Alpha score, thereupon the scale was based on the best performing 5 items.

Table 5: Internal consistency for social comparison

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.547	.544	5

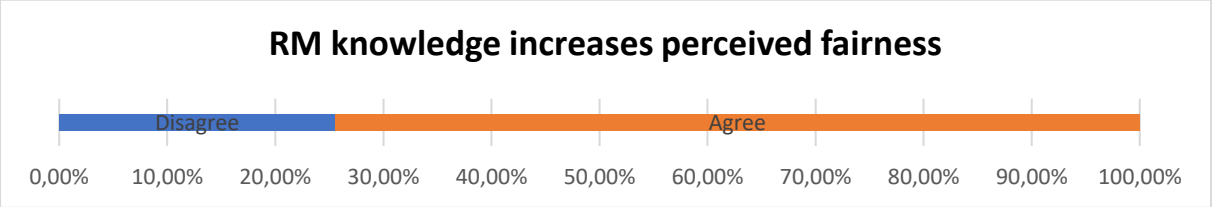
Purchasing behaviour

As mentioned, the set of variables assessing purchasing decisions had not been tested for reliability. This is because, according to (Pallant, 2013), dichotomous measures are not suitable for Cronbach's Alpha test as well as they cannot be correlated with each other using traditional bivariate analysis tools. Accordingly, none of the initially selected measures assessing purchasing behaviour were dismissed.

4.2.2 RM knowledge and perceived fairness

To start with, the results reveal that 74.5% of the participants, to a certain degree, agree that revenue management knowledge increases the perceived fairness of its practices. While, 25.5% of the sampled air travellers expressed some sort of disagreement to the latter claim.

Figure 3: Frequencies for RM knowledge and perceived fairness



Additionally, in order to test whether the belief that RM knowledge increases the perceived fairness is actually applied in practice, a Spearman's rho bivariate analysis was conducted. As indicated by (Bryman, 2015), Pearson's correlations cannot be carried out between two ordinal variables, thus the Spearman's rho was chosen. The results show that the agreement to the claim 'RM awareness increases perceived fairness of its practices' correlates with the claim 'varying prices is a fair practice' p=.000 as well as connects with the claim 'I have a choice when picking airplane tickets' p=.000. As advised by (Pallant, 2013), both correlations r(204)=.352 and r(204)=.308 are of moderate strength.

Table 6: Spearman's rho for general perception

Correlations

		RM awareness increases its acceptance	Varying prices is a fair practice	Have a choise when picking tickets
RM awareness increases its acceptance	Pearson Correlation	1	.352**	.308**
	Sig. (2-tailed)		.000	.000
	N	204	204	204

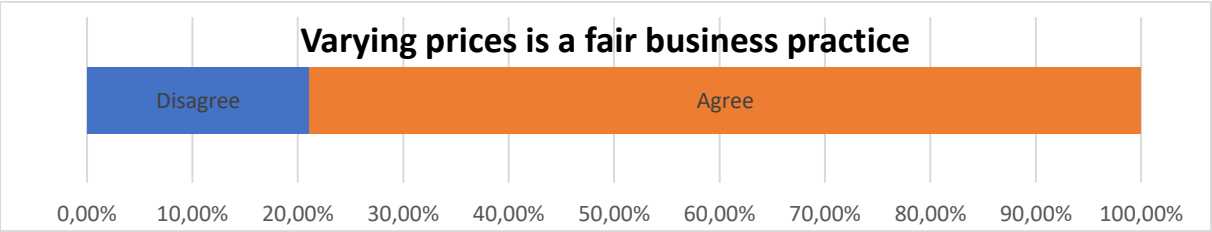
**. Correlation is significant at the 0.01 level (2-tailed).

Hence, it can be concluded that a share of air travellers who believe that awareness of RM practices increases its acceptance, practically hold a similar point of view, as they also believe that varying prices is a fair practice and that they have a choice when purchasing airplane tickets.

4.2.3 Fair business practice

The findings of the conducted study suggest that 20.1% of the sampled air travellers do not support the claim that varying airline tickets prices is a fair business practice. In contrast, 79.9% of the studied people claimed to support the statement. It is worth noting that the level of agreement and disagreement varies among the participants.

Figure 4: Frequency for a 'fair business practice'



In a similar vein as in the previous section, the claim 'varying prices is a fair business practice' was tested against the claim 'I have a choice when choosing airplane tickets' in order to determine whether the study's participants hold on to the latter point of view when presented a different situation. The results of the analysis prove that the two statements are rather strongly correlated p=.000, r(204)=.439. So, a substantial share of the study's participants who believe that varying ticket prices is a fair business practice, do feel that they have a choice when purchasing airplane tickets.

Table 7: Spearman's rho for 'varying prices is a fair practice' & 'have a choice when picking tickets'

Correlations

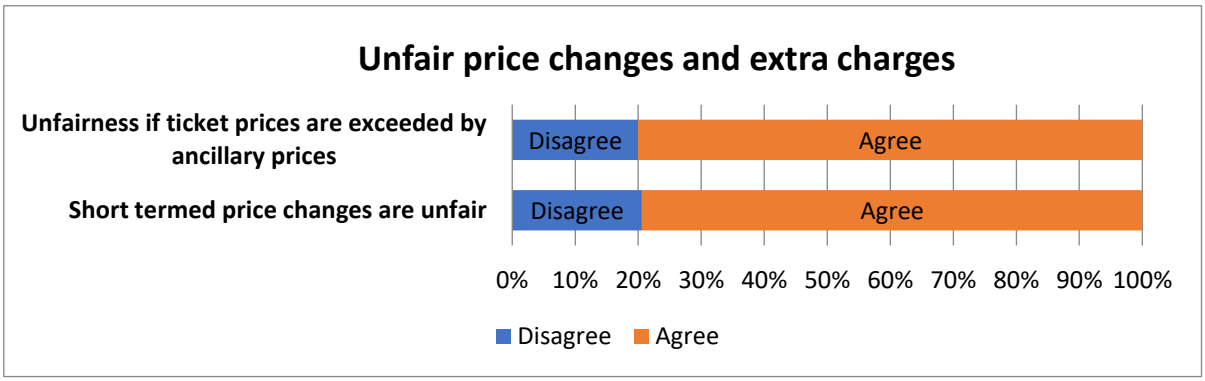
			Varying prices is a fair practice	Have a choise when picking tickets
Spearman's rho	Varying prices is a fair practice	Correlation Coefficient	1.000	.439**
		Sig. (2-tailed)	.	.000
		N	204	204
	Have a choise when picking tickets	Correlation Coefficient	.439**	1.000
		Sig. (2-tailed)	.000	.
		N	204	204

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

4.2.4 Unfair price changes and extra charges

When asked about the fairness of short termed price changes in the airline industry, the participants expressed the following opinions: 20.6% of them disagreed with the claim that 'price changes within a short period of time are unfair', whereas 79.4% of the respondents supported the latter claim. Almost identical results were recorded when participants' views towards a claim 'I find it unfair that extra services, arguably, cost as much or more than a ticket itself' were assessed. On one hand, 20% of the participants expressed disagreement with the statement, whereas 80% of the respondents declared agreement with it.

Figure 5: Frequencies for unfair price changes and extra charges



Subsequently, Spearman's rho correlation was used in order to test whether there is a relation between the two variables. In other words, it was attempted to find out whether participants who believe that price changes within a short period of time are unjust also find it unfair when prices of ancillaries exceed prices of tickets and v.v. The results of the test disclosed that indeed the two variables are rather strongly correlated p=.000, r(204)=.442. Hence, a great share of participants who hold a negative view towards price changes in a short period of time also negatively perceive situations when prices of extra services exceed the prices of tickets.

Table 8: Spearman's rho for unfair price changes and extra charges

Correlations

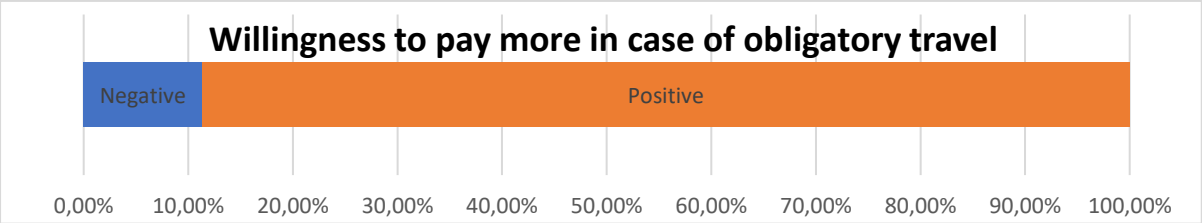
			Short termed price changes are unfair	Unfairness if ticket prices are exceeded by ancillary prices
Spearman's rho	Short termed price changes are unfair	Correlation Coefficient	1.000	.442**
		Sig. (2-tailed)	.	.000
		N	204	204
	Unfairness if ticket prices are exceeded by ancillary prices	Correlation Coefficient	.442**	1.000
		Sig. (2-tailed)	.000	.
		N	204	204

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

4.2.5 Obligatory travel

The quantitative study showed that the vast majority of the participants, i.e. 88.7%, conveyed their agreement to the statement 'I am willing to pay more for a ticket if I really need to go to a specific destination at a set time'. While, the remaining 11.3% communicated their disagreement to such a claim.

Figure 6: Frequency for willingness to pay more in case of obligatory travel



It was deemed necessary to assess, whether one's income influences the willingness to pay in case of an obligatory travel. Thus, a hypothesis stating that the higher the income, the higher the willingness to pay more for an obligatory travel was composed. In order to appropriately test the hypothesis, a test of normality was initially conducted. The goal of the latter was to assess whether the previously described variable is normally distributed or not. As explained by (Pallant, 2013), since Shapiro-Wilk test was statistically significant p=.000, the results of the tested variable were not normally distributed. Therefore, according to (Pallant, 2013) a non-parametric analysis had to be performed to test the hypothesis.

Table 9: Normality test for willingness to pay more in case of obligatory travel

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Willigness to pay more in case of obligatory travel	.253	204	.000	.871	204	.000

a. Lilliefors Significance Correction

Under normal circumstances the most appropriate tool to test the hypothesis would had been a one-way ANOVA, yet due to not normal distribution, an equivalent Kruskal-Wallis test had been performed. As indicated by (Pallant, 2013), this test should be applied in the circumstances identical to the ones described above. The results of Kruskal-Wallis test did not show statistical significance p=.693, therefore the hypothesis that higher income level increases the willingness to pay more in case of an obligatory travel was denied. In short, participants' willingness to pay more in case of an obligatory travelling is not dependent on their income.

Table 10: Kruskal-Wallis test for willingness to pay more in case of obligatory travel grouped by gender

Hypothesis Test Summary

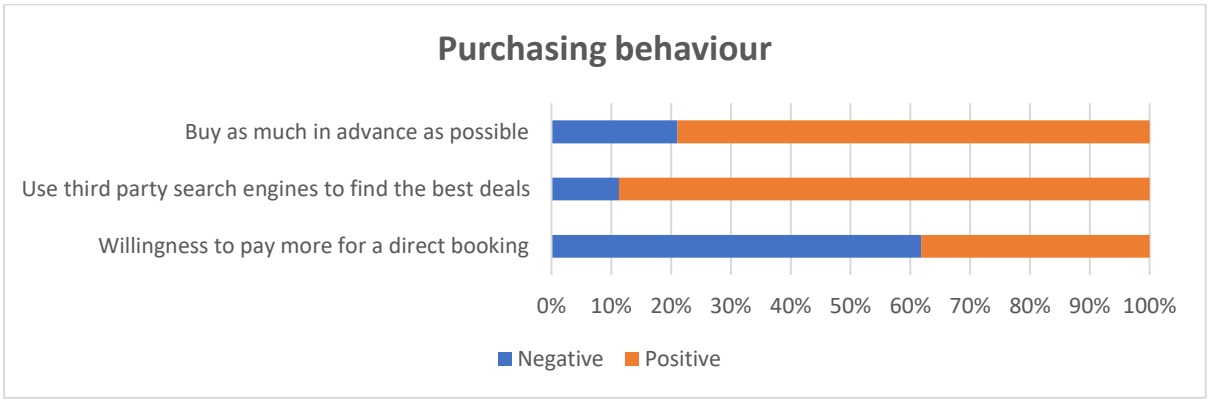
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Willigness to pay more in case of obligatory travel is the same across categories of Income.	Independent-Samples Kruskal-Wallis Test	.693	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

4.2.6 Purchasing behaviour

In terms of purchasing behaviour patterns, a few most important statistics should be highlighted. Firstly, 78.9% of the respondents indicated that they try to buy their tickets as much in advance as possible, whereas just slightly more than a fifth (21.1%) of them indicated that they do not act in such a way. Secondly, the vast majority of the study's participants (88.7%) claimed to use third party search engines to find the most suitable deals, whereas the remaining 11.3% stated that they do not employ these platforms during their purchasing process. Lastly, the results show that almost two thirds (61.8%) of the sampled young adults are not willing to pay more in order to purchase tickets directly on an airline's website. Conversely, 38.2% of the respondents conveyed their preference to pay more in exchange for the ability to book tickets directly on an airline's website.

Figure 7: Frequencies for purchasing behaviour



Subsequently to the outlined results, it was attempted to find out whether the employment of various purchasing habits positively contribute to the belief that one has a choice when purchasing airline tickets. Thus, in order to test if there is a relation between the latter claim and a variety of purchasing habits, Spearman's rho correlations were conducted. As the results showed (p=.347, p=.447, p=.026, p=.157, p=.415), there is not a single significant correlation between the claim and actions that respondents take during the purchasing process. Hence, it can be concluded that the measures taken by the participants during the purchasing process do not influence the belief of having a choice during it.

Table 11: Spearman's rho for 'have a choice when picking tickets' & purchasing behaviour

Correlations

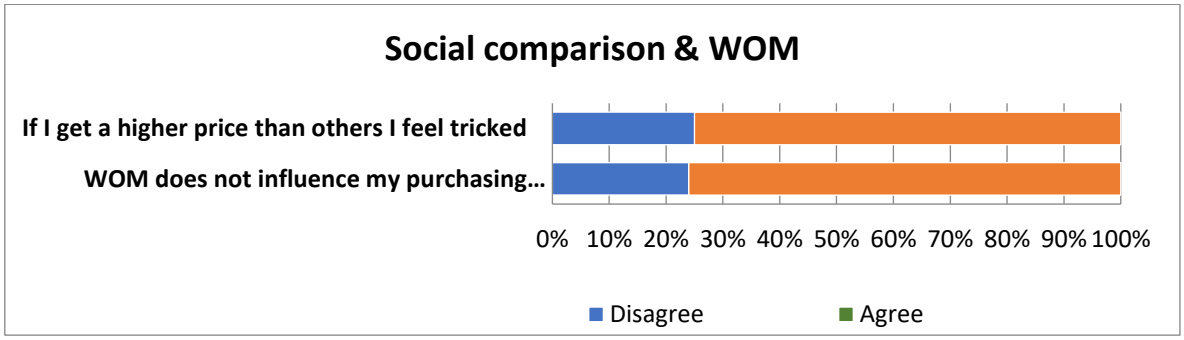
			Have a choise when picking tickets	Purchasing in advance	Being flexible with the dates/holidays/peak seasons	Using third party websites for searching purposes	Purchasing on specific days	Usign 'Incognito' mode when searching for tickets
Spearman's rho	Have a choise when picking tickets	Correlation Coefficient	1.000	.066	.054	.156*	.099	-.057
		Sig. (2-tailed)	.	.347	.447	.026	.157	.415
		N	204	204	204	204	204	204

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

4.2.7 Social comparison and WOM

Social comparison and word of mouth had been consolidated in one section due to the similarity of these issues. It could be stated, that both of them are related to comparison and influence of others' opinions. Subsequently, the most relevant results are overviewed. To start with, 75% of the participants expressed some level of agreement to the statement 'If I get a higher price than other passengers on an airplane I feel tricked', whereas the remaining quarter of the respondents communicated disagreement to the latter claim. Moreover, almost identical share (76%) of sampled young adults indicated that word of mouth does not influence their purchasing decision unless it is related to unknown airlines. Conversely, 24% of them communicated disagreement to the last statement.

Figure 8: Frequencies for social comparison and word of mouth



Furthermore, the former claim regarding social comparison had been tested for existence of relation with the statement 'prices received by others usually influence me in a negative way'. The purpose of the test was to assess whether the feeling of being tricked is related to the general negative attitude towards prices received by others. The results suggest, that indeed the two measures are significantly correlated p=.000, yet the effect is rather moderate r(204)=.245. Therefore, it can be claimed that the feeling of being tricked when one's fare is higher than others' is partially influenced by the general negative position towards awareness of prices gotten by others.

Table 12: Spearman's rho for 'feeling tricked' and 'others' prices'

Correlations

			Feel tricked	Others' prices usually influence me in a negative way
Spearman's rho	Feel tricked	Correlation Coefficient	1.000	.245**
		Sig. (2-tailed)	.	.000
		N	204	204
	Others' prices usually influence me in a negative way	Correlation Coefficient	.245**	1.000
		Sig. (2-tailed)	.000	.
		N	204	204

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

In addition to the Spearman's rho correlation, it was attempted to assess whether the related points of view regarding social comparison are perceived differently by male and female participants, i.e. whether gender has an impact on the feeling of being tricked and the impression of negative influence of others' prices. In order to select the appropriate test, the variables were first tested for normality of distribution. Hence, due to the fact that Shapiro-Wilk test was significant for both variables – p=.000 – the items were proved not to be normally distributed. As a result, instead of conducting independent samples t-test, an equivalent non-parametric Mann-Whitney test had to be employed.

Table 13: Normality test for 'feeling tricked' & 'others' prices'

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Feel tricked	.223	204	.000	.879	204	.000
Others' prices usually influence me in a negative way	.199	204	.000	.904	204	.000

a. Lilliefors Significance Correction

The outcomes of the test indicated that men *(Mdn = 4, n = 84)* are more negatively influenced by prices of others in comparison to women *(Mdn = 4, n = 120)*, U = 420.5, z = -2.1, p = .036, yet the effect size is rather small r = 0.15. On the contrary, gender did not have a significant impact p=.188 on the participants sensation of feeling tricked when they received a higher price than other passengers on an airplane.

Table 14: Mann-Whitney test for 'feeling tricked' and 'others' prices'

Test Statistics[a]

	Feel tricked	Others' prices usually influence me in a negative way
Mann-Whitney U	4515.000	4206.500
Wilcoxon W	8085.000	11466.500
Z	-1.316	-2.094
Asymp. Sig. (2-tailed)	.188	.036

a. Grouping Variable: Gender

In the same fashion as for the previous two measures, WOM related variable had also been tested for normality of distribution. The result of Shapiro-Wilk test was significant p=.000, therefore the item was proved to not have a normal distribution. Hence, in order to assess whether gender has an impact on it, Mann-Whitney test had to be used instead of independent samples t-test.

Table 15: Normality test for 'word of mouth'

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
WOM doesn't influence purchasing decision unless unknown airline is ecountered	.227	204	.000	.879	204	.000

a. Lilliefors Significance Correction

The outcomes of the test revealed that there is no statistical significance p=.055, thus gender has no impact on the way word of mouth influences the participants once unknown airlines are encountered.

Table 16: Mann-Whitney test for word of mouth grouped by gender

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of WOM doesn't influence purchasing decision unless unknown airline is ecountered is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.055	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

5. Discussion

The subsequent chapter compares the theories composed by focus groups participants with the statistical results retrieved from the quantitative study. In other words, through an inductive approach, the participants' opinions regarding the perceived fairness of airlines' revenue management practices had been gathered and then assessed whether the communicated theories have statistical evidence. Furthermore, by turning back to the theoretical framework, the results of the study are compared with the knowledge present in the academia.

5.1 Revenue management knowledge and perceived fairness

To start with, the qualitative part of the study helped to discover two different opinions regarding the knowledge of revenue management and perceived fairness. On one hand, it was indicated that awareness of RM practices indeed increases the perceived fairness of them. On the other hand, it was communicated that even the possession of such knowledge does not raise the level of perceived fairness. Even though, the division among the participants of the qualitative study was rather even, the retrieved statistical data supported the former opinion. In other words, the majority of the survey's participants expressed that RM knowledge does increase the perceived fairness of these practices.

Furthermore, tests revealed that a substantial amount of the participants who believe in the latter claim, do also admit that varying tickets prices is a fair practice as well as they feel that they have a choice when choosing airline tickets. What is more, the study's results correspond to the viewpoint of the academia, according to which the familiarity with revenue management practices increases their acceptance and perceived fairness (Choi & Mattila, 2004, 2005; Wirtz & Kimes, 2007). Similarly, the point of view communicated by (Choi & Mattila, 2005), that a partial disclosure of employed revenue management practices do not provide positive results, go along with the outcomes of the qualitative study as an opinion regarding the perceived unfairness was conveyed due to the fact that revenue management practices were not fully disclosed.

In short, young adults that possess knowledge of revenue management, positively perceive its practices and believe that varying prices is a fair practice as well as feel that they have a choice when choosing airline tickets. Yet, if revenue management practices are communicated to a limited extent, the study's participants do not find them fair.

5.2 Fair business practice

The collective point of view regarding the fairness of the revenue management concept itself was communicated by the participants of the focus groups as they mutually agreed that revenue management applied by airlines is a fair business practice. The following statistical tests proved the latter to be perceived in the same way by a larger sample, as most of the study's participants agreed that revenue management is a decent business practice. Though, it should be noted that participants evaluated the fairness of the concept itself versus specific aspects of it.

In addition, a strong relation had been discovered between the belief that RM is a fair practice and the feeling that one has a choice when choosing airline tickets. Thus, it can be stated that participants' behaviour reflect the communicated belief. Moreover, the studies conducted more than a decade ago showed very similar results, as it was discovered that people do not mind receiving different fares every time and find such practice acceptable (Choi & Mattila, 2004, 2005). Furthermore, the dual entitlement theory communicated by (Beldona & Kwansa, 2008) states that customers believe that companies should be entitled to a fair profit, whereas customers to a fair price. Considering the results of this study, it could be presumed that participants have a similar mind set. In brief, it could be stated that young adults do find the general concept of airline revenue management as a fair practice, which corresponds to the opinion of other age groups revealed in similar studies.

5.3 Unfair price changes and extra charges

Having established that revenue management is perceived as a fair business practice, it is crucial to point out its aspects that are comprehended in a far more negative way. The findings of the qualitative study revealed that almost all of the participants hold a similar view regarding short termed and unjustified price changes as well as prices of ancillaries. To be more precise, it was established that rapid and unjustified fare changes as well as high prices of extra services are perceived as unfair.

The latter opinions had been statistically justified as the results revealed that the majority of the sampled air travellers hold exactly the same view regarding both issues. Additionally, statistical tests proved that the two negatively perceived practices are rather strongly related, as the ones who believe that short termed and unexplained price alterations are unjust, also agree that prices of extra services are disproportional to fares and thus unfair.

Hence, the results of the study, conducted by (Choi & Mattila, 2005), which revealed that disclosure of applied revenue management techniques facilitate clients' understanding that proposed rates do not simply vary, but instead are based on a business strategy, go along with the present study. This is because the participants conveyed their agreement to the fact that revenue management is a fair business practice, yet negatively viewed RM practices which were not fully explained. Respectively, an assumption could be made that upon full exposure of the reasoning behind the latter practices, the level of perceived fairness would increase.

5.4 Obligatory travel

Obligatory travel, i.e. an urge for a person to travel to a specific destination on a set time, to the best of the author's knowledge, had not been discussed in the literature. Yet, the conducted qualitative study had revealed that it is a rather important topic, since the respondents had brought it up multiple times on different occasions. In addition, a share of respondents that took place in focus groups disclosed that they are willing to pay a higher fare in case they need to be at a specific destination on a set time. Whereas, the other part of the participants revealed that in cases of obligatory travel they feel that companies take advantage of them due to the customer's lack of flexibility.

Even though, no common ground had been set in the qualitative study, the statistical findings reported the vast majority's willingness to pay more in case of an obligatory travel. So, it could be stated that

participants find higher fares fair if they cannot be flexible with their travel itinerary. Moreover, tests denied the assumptions that the latter willingness might be influenced by one's income category. In other words, participants are eager to pay more in case of compulsory travel despite the level of their earnings.

As mentioned, there were no attempts to study this issue in the academia, though it had been discovered that perceived fairness of revenue management practices is influenced by reference price, i.e. an amount, which according to a customer should be charged for a certain ticket (Choi & Mattila, 2004; Kimes, 2003; Wirtz & Kimes, 2007). Subsequently, an allegation could be made that participants have an image that fares for obligatory travel should be more pricy, therefore presently perceive this issue with ease. Yet, further tests are necessary to provide statistical evidence for this matter.

5.5 Purchasing behaviour

This study helped to establish some clear patterns regarding young adults purchasing behaviour of airline services. Firstly, it was revealed that the study's participants do prefer to buy their tickets in advance. Secondly, the results showed that employment of third party search engines to find the best deals is a common practice. While, the willingness to pay more in order to be able to book directly on an airline's website appeared to be highly dependent on the price. To be more precise, the participants of the qualitative study had expressed that both booking directly and on third party websites is more or less equally used. Whereas, quantitative examination showed that participants are not willing to pay more to be able to book directly on a seller's website.

In addition, even though sampled young adults specified purchasing habits that they use in order to cope with established revenue management regulations, they do not feel like they have a choice when buying airline tickets. To be more precise, a test had been conducted which neglected the statement that employing certain purchasing tools contributes to the feeling of having a choice when buying airline tickets. On top of that, the use of the latter tools deems it relevant to assume that the study's participants possess certain knowledge about revenue management practices such as fencing conditions and restrictions. Thus, according to (Heo & Lee, 2011) the possession of such knowledge should contribute to increased perceived fairness. Yet, the communicated feeling of not having a choice in a way contradicts this theory. Furthermore, as presented by (Mauri, 2007; McMahon-Beattie, 2011) lack of awareness of RM practices increases perceived unfairness and causes conflicts, though despite the presentation of such knowledge the participants did not feel like they have a choice when purchasing tickets. In a word, advance purchase, use of third party search engines and lack of willingness to pay more for a direct booking are the aspects employed in young adults purchasing behaviour. Though, use of these practices does not increase the perceived fairness of airlines RM practices.

5.6 Social comparison & word of mouth

According to the literature, social comparison was admitted to be one of the main factors that cause consumers' dissatisfaction. Especially, in a negative outcome scenario, i.e. when one's received price is higher than someone else's (Choi & Mattila, 2004, 2005; Wirtz & Kimes, 2007). Even though the

issue was brought up during the qualitative study, the expressed opinion was not uniform. Yet, the results of the quantitative examination aligned with the theoretical framework, as it was confirmed that most of the young adults feel tricked if they get a higher price than others on an airplane. In addition, the sensation of feeling tricked was revealed to be positively related to the claim that, generally, prices received by others have a negative influence on oneself. Therefore, it could be concluded that the negative attitude towards social comparison is influenced by unwillingness to compare prices in general.

The opinions regarding word of mouth were clearly established from the beginning of the study. One share of the participants claimed that it does not prevent them from using services of a certain airline. Whereas, the other stated the opposite and admitted that WOM has a significant impact on their choice. However, the statistical tests proved that word of mouth does not have a strong effect on young adults' decisions, as it mostly influences them in cases when unknown airlines are encountered.

Furthermore, examinations were conducted in order to test whether gender has an impact on any of the above presented opinions. It was revealed that male are more negatively influenced by prices received by others than female. Whereas, the feeling of being tricked and impacts of WOM do not depend on gender. Thereupon, the conclusions drawn by (Beldona & Kwansa, 2008; Beldona & Namasivayam, 2006) that younger people are not as much influenced by social comparison does not hold in the present study.

5.7 Summary

All in all, the results prove that companies should invest more of their resources into explanation of the revenue management practices applied. It is clear, that customers do not mind the general business concept, yet lack of instructions and, allegedly, sales tricks implemented in practices cause negative outcomes. Therefore, an investment in tutorial videos, a knowledgeable staff and full transparency would allow companies to continue using their practices, but the public image would be improved.

Even if a company is coming short to meet their financial targets and has no means to employ more customer service staff that is able to deal with the issue, transparent websites could be of great assistance. For instance, implementation of a 'low price calendar' that clearly portrays all the future prices would significantly contribute to the increase of perceived fairness.

Moreover, the study proves that companies should show interest in the social studies related to this specific matter. Perhaps, the big corporations would be better off if a reasonable efforts are made to analyse their customer base in terms of fairness perception. Additionally, an extensive examination of the cases of obligatory travel would be of great use to the companies, since the issue had not been brought up by the academia yet.

In short, companies' genuine interest in social studies and implementation of transparent platforms as well as education of the customers is the advised path for the future revenue management practitioners.

6. Conclusion

This study had a twofold aim, as it attempted to investigate revenue management practices applied in the airline industry by comparing them to other businesses of a similar nature and scale. As well as to assess how do young adults perceive the latter practices from a fairness point of view. Hence, the following research questions had facilitated the study:

- How do revenue management practices differ in the airline, hotel and cruise ship industries?
- How do young adults perceive airlines' revenue management practices in terms of fairness?

Both questions had been answered using different methods, as the primary one relied solely on the analysis of the literature. Whereas, the second one was resolved with the help of mixed methodology, namely inductive theory gathering through focus groups and further testing on a larger scale supported by the survey.

In regard to the first research question, the findings of the study revealed that the revenue management implemented in the airline, hotel and cruise ship industries have rather significant differences. Initially, the airline business have a fixed capacity and cannot adjust it on demand in comparison to the hotel industry, where extra beds could be added at any time. Yet, cruise ships face double capacity constraints namely a number of cabins and an amount of lifeboat seats. Secondly, while airlines focus on selling each seat in an airplane for a highest possible price, the hotels and cruise companies implement an establishment wide revenue approach. Thirdly, the differentiation of their products is rather limited for airlines in comparison to a wide variety of rooms and cabins that hotels and cruises can potentially offer.

Additionally, the common overbooking practice applied by airlines is significantly harder to implement in the hotel business as guests arrive at different times, thus it becomes much more complicated to find a volunteer. Whereas, in the cruise ship industry due to very high occupancy rates the latter practice is rarely used. Though, selling bundled packages and in such a way 'hiding' prices is significantly more executed in the cruise business in comparison to airlines. Despite that, ancillary revenues were proved to compose a significant share of all the industries' revenues.

Lastly, it is easier for the airlines than for the hotels to execute revenue management as they have a fixed schedule to work with, whereas the latter business has to deal with the fact that guests independently determine the duration of stay as well as tend to leave early. While, in the case of cruise ships, a far longer planning horizon along with strict cancellation policy is put in place, which greatly differs in the airline industry.

With respect to the second research question, findings revealed that generally young adults perceive airlines' revenue management practices as fair, though a variety of aspects that are presently implemented are viewed negatively. First of all, the study showed that, people in the age range between 20 to 29 years old, do have a positive perception of the general concept of airlines' revenue management, which is strongly influenced by their knowledge of it. Conversely, the lack of awareness of the issue contributes to the negative perception of the practice.

Secondly, even though young adults positively perceive this practice, they tend to consider price changes, that occur in a short period of time and are unjustified, negatively. A similar stance was observed in regard to ancillary prices, if they exceed the actual fare.

Thirdly, it was discovered that there is a willingness to pay more in case of an obligatory travel. Contrarily, identification of tendency to purchase tickets in advance and use third party websites to find the most suitable deals does not contribute to a feeling of having a choice when purchasing airline tickets.

Finally, social comparison was identified to be one of the most significant negative influencers of the attitude towards revenue management practices applied by the airlines. In other words, a negative outcome of a comparison of purchased tickets for the same flight causes a sensation of being tricked and dissatisfied.

All in all, airline revenue management was identified to be unique, in a corresponding area of businesses, due to its limited capacity, restricted schedule and low ability of differentiation. On the other hand, young adults that deal with the latter practice do find it a legitimate way of doing business. Yet, arguably, unjustified measures implemented do cause a certain level of dissatisfaction.

6.1 Limitations

The following section identifies limitations of the research process that had, supposedly, influenced the quality and extent of the paper. First of all, a mixed method approach consisting of focus groups and a survey had been implemented. Yet, due to a rather limited time frame, the parts had not been developed to a great extent. Especially, a rather low number of focus groups, i.e. 3, prevented from gathering more diverse and insightful data. In addition, a limited gender diversity among focus groups participants might have affected the results.

Secondly, the measures used in the survey, even though gathered through an inductive approach, were not ideally formulated. This is because, the consequent internal consistency tests showed rather low results and prevented the use of all the variables in the analysis. Hence, the results are not as diverse and extensive as one has expected them to be.

Thirdly, an employment of non-probability sample precluded from generalizing the attitudes of the whole young adults' population that use air travel services. In addition, even though, the sample consisted of very diverse participants in terms of their cultural background, a focus was put on European aviation market. Therefore, the results should be perceived with caution and not generalized for the world wide airline industry.

6.2 Further research

It is sure that the issue of fairness perception could be investigated further and on a bigger scale. To start with, the concept of applying mixed methods proved to bring new insights to the existing literature. Yet, if the size and diversity of the sample would be increased, new theories regarding the perceived fairness could be drawn. Especially, a potential lies in discovering how fairness of airlines' revenue management is perceived in different parts of the world.

Furthermore, the aspect of social comparison should be investigated further. Presently, it is known that customers dislike receiving higher prices than their peers on the same flight. Yet, an investigation examining the ways to prevent comparison, i.e. establishment of new fences should be conducted.

Moreover, an in depth analysis of the obligatory travel issue is required as there is barely any knowledge in the academia regarding this matter. While the study's participants proved to dedicate more of their financial resources in order to obtain tickets in such situations. As a result, a potential marketing strategy could be developed involving obligatory travel.

Lastly, it deems relevant to suggest that a similar study should be composed assessing different age groups in order to understand key differences in the way revenue management practices are perceived.

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8. Appendices

8.1 Appendix 1. Codes

Focus Group	Page	Line	Textual Data	Code	Coder	Date
1	12	11	They really treat us like we are shit. But still they bring us places that we want to go. And that's why we need to accept their policies	Acceptance	Erikas Kazlauskas	21-Mar-18
3	20	34	But what can you do, man?! You cannot do anything, You can just buy a ticket when you need it and hope you gonna get the best price. You cannot change anything	Acceptance	Erikas Kazlauskas	02-Apr-18

Focus Group	Page	Line	Textual Data	Code	Coder	Date
1	7	18	So, I had very little reward points thingy… But still with what tiny I had my suitcase with which I'm coming back… Instead of paying 30 Euros, they made it for 20. Which does not change anything when you pay already 300 Euros, but still make you feel a bit better. I guess. That was my good surprise when I bought the ticket	Loyalty programs	Erikas Kazlauskas	20-Mar-18
1	8	20	For me it influence in a way that I'm willing to book with 'Norwegian', because the more I book the more points I will get and I want to fly with them in the end… Because for points.	Loyalty programs	Erikas Kazlauskas	20-Mar-18
2	7	17	Second huge bag for free. You don't have to pay for anything. Just because I use this airline	Loyalty programs	Erikas Kazlauskas	02-Apr-18
2	9	1	I'm always so happy when... I don't know. I'm always: "Alright, so I got this price, because I'm a 'Youth' member and this price	Loyalty programs	Erikas Kazlauskas	02-Apr-18

Focus Group	Page	Line	Textual Data	Code	Coder	Date

2	7	20	I never do! Never ever. I always book directly	Direct booking	Erikas Kazlauskas	02-Apr-18
3	6	35	Exactly. Through those third party… OK. You pay like 15 Euro more, 30 Euro more, but at least you know that you got a deal with directly 'SAS'. But not someone, who you don't even know will be bankrupt…	Direct booking	Erikas Kazlauskas	02-Apr-18
2	8	10	I always book direct, both hotels and the airlines	Direct booking	Erikas Kazlauskas	02-Apr-18
2	17	18	But I always book directly, because of the same reasons you've mentioned. I don't want to get in trouble	Direct booking	Erikas Kazlauskas	02-Apr-18
2	18	1	If something would go wrong, at least I could go to the company directly and solve my question.	Direct booking	Erikas Kazlauskas	02-Apr-18
3	18	4	If anything will happen, I know right away they will fix it for me. Because I bought the tickets with them, I have the price for them	Direct booking	Erikas Kazlauskas	02-Apr-18
3	7	3	It's all stress and everything, and everything. So… Only directly.	Direct booking	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
2	18	21	My inside tells me it's unsafe, they can cheat on you, they can do something. They can oversell it. I don't know. It's a stupid cause. Because I… Logically, I understand it works in the same way as 'Booking.com' for hotels. It's a third party. It's the same thing. It's the same ticket for the same flight. But, somewhere there inside me tells me: "No, you should book direct'	Third party booking	Erikas Kazlauskas	02-Apr-18
3	6	24	Directly, yes. 'Norwegian', 'SAS'… Even when you search for the tickets on 'Skyscanner' or 'Avia Sales' or all those websites… And when you… See the cheaper price. And it's always through the third party. I always prefer to pay a little bit more, but to have a direct ahh… flight. To buy directly on the company. Because you never know those third parties. What are they?	Third party booking	Erikas Kazlauskas	02-Apr-18

			Because sometimes they're really like shady, like 'Momo' or that kind of stuff			
3	6	30	Once, I really wanted to buy it, because the price difference was quite high for me. And ah… I started searching on the 'Google', looking at some reviews about that company. And after I've seen so many negative reviews… Like: "I came to the airport, they couldn't fly my flight or something. Even if I had my tickets and everything''. So… I usually prefer to buy it directly.	Third party booking	Erikas Kazlauskas	02-Apr-18
2	17	30	So I'm always looking for my flight via… Via specific website, which company offers all the options. It gives me the option to book via the third party as well… But I don't know why, I never do it	Third party booking	Erikas Kazlauskas	02-Apr-18
3	22	8	But the same thing with 'Skyscanner', you can also choose the lowest price ever and see which air company is that from	Third party booking	Erikas Kazlauskas	02-Apr-18
2	3	28	I like that they have this calendar where you can see actually. OK, if you fly one day earlier than you have cheaper flight	Third party booking	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	2	4	I think it's totally fair like… of course when they start selling tickets they might give cheaper prices. But then when they start running out tickets… Of course, when demand is bigger, then they can lift the prices, because people are willing to pay it. I think it's totally fine. It's just business	Fairness	Erikas Kazlauskas	20-Mar-18

1	6	24	But at the same time I understand how these things work. Like, the more people look at it. Then, the higher the prices are… I… I bring it on myself	Fairness	Erikas Kazlauskas	20-Mar-18
2	15	2	I mean, it's business. Of course they want to have higher profitability. I get that.	Fairness	Erikas Kazlauskas	02-Apr-18
3	3	2	They just want to earn money	Fairness	Erikas Kazlauskas	02-Apr-18
3	5	9	You are in the end deciding how much you wanna pay. So you take the risk and everything	Fairness	Erikas Kazlauskas	02-Apr-18
3	12	15	But still, you can always choose. You can always see which one you prefer the most	Fairness	Erikas Kazlauskas	02-Apr-18
3	2	35	I mean I can also understand why 'Ryanair' does that. Because it's so… Budget company	Fairness	Erikas Kazlauskas	02-Apr-18
2	12	5	There are many, many prices… 'Flexi' rate… Most of… Most of the 'Business' or 'Business +'. Most of them are changeable and flexible. You can book… You can book the	Fairness	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	6	8	If I pay like a ticket for 20 Euros, I… You know. I'm expecting something would happen. If I'm paying 300 Euros, I'm expecting it to be the most amazing flight of my life	Price perception	Erikas Kazlauskas	20-Mar-18
1	13	8	if I paid 5 Euros for a flight what can you expect''	Price perception	Erikas Kazlauskas	21-Mar-18
1	13	18	Like really bad experiences with 'Ryanair' and still. If it's gonna very much cheaper than anything else. I'm still probably, gonna buy it	Price perception	Erikas Kazlauskas	21-Mar-18
2	3	9	Oh my good this is so expensive here' and then I was like: 'Ok, but it was probably gonna be a good flight then	Price perception	Erikas Kazlauskas	02-Apr-18
3	4	20	I don't care which place [Airplane seat] I have. For me, it's only a couple of hours in the airplane, I can even suffer a little bit. If the seat is too small, or there is no	Price perception	Erikas Kazlauskas	02-Apr-18

			lunch or something. I don't care. I paid 20 Euro, common			
3	8	15	I prefer higher price, it makes me feel so secure. And… less stressed	Price perception	Erikas Kazlauskas	02-Apr-18
3	17	6	When you come to the gate, there's no seats. You need to stand for hours… But also we paid really cheap price, so… That's what you get when you pay…	Price perception	Erikas Kazlauskas	02-Apr-18
3	18	2	Of course, if it would happen with 'Emirates', for example, where I have paid 500 Euros, and something was cancelled and everything… And I was never refunded. So, that would make me… Maybe, I would never use it again.	Price perception	Erikas Kazlauskas	02-Apr-18
3	18	7	But you get nothing… Exactly. That's why you pay low price.	Price perception	Erikas Kazlauskas	02-Apr-18
2	5	9	There was 'Ryanair' flying from 'Skavsta' [Secondary airport outside Stockholm] to Latvia. I'm so sad that they are not flying anymore… Like, seriously, I could get tickets both ways under 100 Kronas	Price perception	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	4	30	But would you feel the same like… for like a long flight…? Like a super… Like, for me, for example, I went to China. I would never wanted to get an airline like 'Easyjet' or 'Ryanair'	Short haul vs long haul	Erikas Kazlauskas	20-Mar-18
2	3	15	I feel that if I fly a shorter distance I wanna pay less than if I fly a longer distance	Short haul vs. long haul	Erikas Kazlauskas	02-Apr-18
2	4	32	to Mongolia from Stockholm… It's actually was like… A bit higher than 400 Euros one way. But that's… It's so cheap! I mean that's a very long flight going too	Long haul / Price perception	Erikas Kazlauskas	02-Apr-18
2	6	25	I don't care about the food. I mean airplane food. If it's a short flight, I don't care about that	Short haul vs long haul	Erikas Kazlauskas	02-Apr-18

2	6	26	I was really disappointed when I was flying to Canada… And this was years ago… I took 'Icelandic Air' and it was nothing! I was like: 'It's 6 hours flight! Shouldn't there be…?' You have to pay extra for…	Short haul vs long haul	Erikas Kazlauskas	02-Apr-18
2	18	16	Like… If I fly to Latvia, it takes 55min flying. And… If I can… If I can get a cheaper flight, I would take it if it's through the third party. If I would need to fly 5 hours instead of 55 minutes, then I would probably go directly through the website. Cause it's much longer time as well.	Short haul vs long haul	Erikas Kazlauskas	02-Apr-18

Focus Group	Page	Line	Textual Data	Code	Coder	Date
1	6	12	Let's say oh this ticket is 50 Euros then you go in like: "OK. I'll take this ticket''. Then, at… When you're actually at the cashier, then it's like 150 Euros for some reason	Unfairness	Erikas Kazlauskas	20-Mar-18
1	6	19	If you buy it from the 'Ryanair' from Sweden or the 'Ryanair' from Finland. The payment vary and that's super annoying to me	Unfairness	Erikas Kazlauskas	20-Mar-18
1	6	27	I would say 'cookies'. The famous 'cookies'. "I love them''. You got to a webpage and it's 50 Euros and you are like: "Ah… I'll think''. You check around, you come back and it's 60 Euros. Why?	Unfairness	Erikas Kazlauskas	20-Mar-18
2	4	10	I can wait for 8 to 15 hours in the airport. And that will be cheaper. But none of adequate customers would ever do this	Unfairness	Erikas Kazlauskas	02-Apr-18
2	11	4	The worst case scenario is… As I said, you book something and then literally two days or two weeks later they are doing: "Oh, super sales. 50% off everything''. And you are like: "I've been there two days ago. That is unfair! Why you doing that? You saw, you know me. It's this destination''	Unfairness	Erikas Kazlauskas	02-Apr-18

2	11	21	This is what I really don't like. That you have to [pay] more than the flight ticket if you want to change dates.	Unfairness	Erikas Kazlauskas	02-Apr-18
2	17	7	Sometimes you know you gonna check the flights and this is the rate they have. And if you go like… Just a week later and then it's like much higher.	Unfairness	Erikas Kazlauskas	02-Apr-18
3	1	25	Once saw a situation when there is a ticket for one direction in the morning… almost between 10 and 15 Euros. But for the same flight return ticket was 100 Euros. On the same day, same flight	Unfairness	Erikas Kazlauskas	02-Apr-18
3	1	30	There also should be a reason why it's expensive	Unfairness	Erikas Kazlauskas	02-Apr-18
3	2	4	they are automatically seeing that you're a couple and seeing that you are buying together the tickets. One person buys two tickets… They put you in different parts of the airplane. You really need to pay like… 7 Euro more just to have a seat nearby to your	Unfairness	Erikas Kazlauskas	02-Apr-18
3	9	3	But a few times I had SERIOUS problems at the airport. Like, if I go one direction, my luggage is fine, perfectly fitting, no problems. But if I'm flying the same company, the other direction. And they need some of the stuff, because it's a bad day, or something. I feel like in 'Wizzair' there are a few situations, when they intentionally made bigger pressure	Unfairness	Erikas Kazlauskas	02-Apr-18
3	10	26	The same situation in 'Arlanda' [main airport of Stockholm]. When I have more, I have to pay. But, for example, if I go to Bosnia. If I fly from Sarajevo, for example, they are like: "Oh. It's OK. Just put together. It's OK'	Unfairness	Erikas Kazlauskas	02-Apr-18
3	16	2	Yeah. Double the price. So, for example, you get 50 Euro ticket for return. To go and return you	Unfairness	Erikas Kazlauskas	02-Apr-18

			need to pay 100 Euros for luggage. How is that possible			
3	20	9	And they also observe IP address from where you're buying	Unfairness	Erikas Kazlauskas	02-Apr-18
3	20	21	So, they actually track and see if you're really interested in that ticket. They gonna always first as they did… Put like "We have only 2 left… tickets left.'' So, they make you actually buy it	Unfairness	Erikas Kazlauskas	02-Apr-18

Focus Group	Page	Line	Textual Data	Code	Coder	Date
2	10	5	So, at one moment I assumed when I heard about the price. I was like: "How did you make it? I'm the queen of sales of everything. How have you done? Tell me. I need to know, how it happened''. But then I realized, it's OK. We got it equal. So, that kinda relieved me to feel OK… She is the same as me. There was no… But if it was a huge difference. I would feel like it was unfair.	Social comparison	Erikas Kazlauskas	02-Apr-18
2	10	18	If I buy something and someone gets lower price than that, I feel tricked.	Social comparison	Erikas Kazlauskas	02-Apr-18
2	10	23	Why did you have a lower and why did I need to pay more? Are you better than me? Did you trick them?	Social comparison	Erikas Kazlauskas	02-Apr-18
1	1	32	Well, if I'm paying cheaper I'm completely fine with it. [General laughter] If I'm paying more expensive, of course I find it unfair	Unfairness	Erikas Kazlauskas	20-Mar-18
1	2	25	If my friend paid 20 Euros and I have to pay 150… Then no… I would not feel that was right anymore	Unfairness	Erikas Kazlauskas	20-Mar-18

Focus Group	Page	Line	Textual Data	Code	Coder	Date
1	8	34	You have 'Norwegian' and 'Air France', you can fly with both. And all are the same price, all of	Image	Erikas Kazlauskas	20-Mar-18

			us will go for 'Air France' only because ah… Because 'Air France' is better			
3	8	9	… If the price of the ticket is very small, than there is something shady about the company	Image	Erikas Kazlauskas	02-Apr-18
1	3	41	I know that if I get one of those tickets. That I usually fly with. I know I'm not gonna get basically any service or anything. I know I'm just gonna fly there and it's not gonna be very comfy or anything. But… That's the image I have for those companies. Like, I know how… I know what to expect. If I pay 20 Euros for a flight	Image	Erikas Kazlauskas	20-Mar-18
1	4	2	I mean I never flew with 'Emirates' so I don't know how it works, but it looks very nice	Image	Erikas Kazlauskas	20-Mar-18
1	5	4	Everything is about perception. Like we talk about 'Emirates'. "Ahh they're amazing''. But no one ever been in ahhh… 'Emirates' plane	Image	Erikas Kazlauskas	20-Mar-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	2	33	Maybe if I really have to go there I have to pay the price whatever the price it is. I just have to go there.	Obligatory travel	Erikas Kazlauskas	20-Mar-18
1	10	14	or if I have to go wherever for whatever reason and that you have no choice… You still have to go! So… In that case, it doesn't change anything	Obligatory travel	Erikas Kazlauskas	20-Mar-18
1	14	25	Even if all the tickets would be five time more expensive, you still need to fly home at some point so	Obligatory travel	Erikas Kazlauskas	21-Mar-18
2	3	23	… I will only pay a little extra if I really do need to be there that exact day and there are no other variations	Obligatory travel	Erikas Kazlauskas	02-Apr-18

2	3	26	. I need to be that exact day and fly out that exact date. That I will probably pay a bit more expensive. Higher price	Obligatory travel	Erikas Kazlauskas	02-Apr-18
2	4	20	If you need to fly, if you don't have any choice. You like, I need to pay	Obligatory travel	Erikas Kazlauskas	02-Apr-18
3	19	19	And sometimes, as it happened with 'Air Berlin'… I was ready to pay any price, because I really had to go to Stockholm	Obligatory travel	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
2	16	27	Because I'm working for this industry, I know how it works… How the airlines… and the hospitality. I know how it works. I know it from the inside. So I would take it much more easier than I would have taken it previously.	RM knowledge	Erikas Kazlauskas	02-Apr-18
2	16	37	But people who know about that, they will take it much more easier.	RM knowledge	Erikas Kazlauskas	02-Apr-18
2	17	41	If you know… OK, they apply revenue management… If I choose to fly out another day, I can get it cheaper. So it's more expensive one day, but it's cheaper the next day. So I don't get as upset.	RM knowledge / Fairness	Erikas Kazlauskas	02-Apr-18
2	17	4	Yeah, I get it. It's because you know the system. You're… ahm… You're easy going with that	RM knowledge / Fairness	Erikas Kazlauskas	02-Apr-18
2	17	6	You can adjust. You know the system	RM knowledge	Erikas Kazlauskas	02-Apr-18
2	20	10	I think we just feel more comfortable with these entire procedures. Like… From the booking to travelling. We feel more comfortable, because we know how the system works. And we do… At least that's what I assume that we do have more options	RM knowledge / Fairness	Erikas Kazlauskas	02-Apr-18

3	14	5	But we understand it, we are working in the hotel as well. So we are trying to walk some of the guests [Refers to overbooking situations], but if there is a huge scandal or something, we just let them in and then we try to walk another guest	RM knowledge / Fairness	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	9	33	I will look at it [Flights] in 'Incognito' mode	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
3	21	9	For example, if you want vacation in October. Book your flight on Easter, because it's cheaper			
1	9	38	… I either I look at the stuff on my own computer and then use my friend's computer to like buy the actual tickets or something	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	9	40	Of course I try to like buy the flights as early on as I can	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	12	just being more flexible	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	17	Plan ahead as much as you can	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	21	avoiding peek seasons	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	24	avoid the public holidays	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	26	the tickets are cheapest between 8 and 6 weeks before the departure	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	27	Sundays and Tuesdays are the best days to buy them	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18
1	10	30	Skyscanner' and these kind of things. You can always sneak around on Internet and find these good things.	Purchasing behaviour	Erikas Kazlauskas	20-Mar-18

2	1	27	prefer to book as much in advance as I can	Purchasing behaviour	Erikas Kazlauskas	02-Apr-18
2	8	31	Maybe I can change a date. Maybe I would change my schedule, or when I wanna go where. But, to maybe be cheaper	Purchasing behaviour	Erikas Kazlauskas	02-Apr-18
2	17	13	… I wanna come out with the cheapest flight as possible. So I look both: on the website, the company's own website and through the third parts. And see what is the best, what is more convenient and cheap	Purchasing behaviour	Erikas Kazlauskas	02-Apr-18
3	7	3	But actually those websites as 'Skyscanner', 'Avia Sales'… They really, really help you to find… On which company you should buy the tickets. So… You see the lowest price and you go with… 'Norwegian'	Purchasing behaviour		02-Apr-18
3	20	2	You always know that, for example, on Monday or on Tuesday tickets gonna cost much less than Friday. Or if you fly on Sunday. Sunday is horrible.	Purchasing behaviour		02-Apr-18
3	21	3	As I've heard, you can still buy it like on Tuesday evening. It's gonna cost you less than if you buy it on Friday evening	Purchasing behaviour		02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**
1	12	35	If it's a company I have never heard of before… Yes, I would listen	Word of mouth	Erikas Kazlauskas	21-Mar-18
1	13	11	how many times have you heard about horrible situations of 'Ryanair' and we probably gonna fly with 'Ryanair' at some moment	Word of mouth	Erikas Kazlauskas	21-Mar-18
1	13	14	if it's like Nepalese airlines and they have planes from the 40s and then perhaps the 'word of mouth' will be useful	Word of mouth	Erikas Kazlauskas	21-Mar-18

3	6	30	Once, I really wanted to buy it, because the price difference was quite high for me. And ah… I started searching on the 'Google', looking at some reviews about that company. And after I've seen so many negative reviews… Like: "I came to the airport, they couldn't fly my flight or something. Even if I had my tickets and everything''. So… I usually prefer to buy it directly	Word of mouth	Erikas Kazlauskas	02-Apr-18
3	17	31	With 'Ryanair' the thing is that I still have never experienced anything bad, but a lot of my friends have experienced like… Flight cancelled or something or something else… You were never refunded or something… But even if I'll experience something like that, anyway, I'm gonna use them, because the price is too low. I mean	Word of mouth	Erikas Kazlauskas	02-Apr-18
3	24	23	And the comments on 'Facebook' about some company, about some flight… You just see… If you see all the bad comments… No one gonna tell you them. So, it's something in our… mind. Automatically shows negative. "NO!'' "It's delayed and they didn't tell us.'' You know, something like that. You don't want to be in this kind of situation. So, you gonna choose someone else	Word of mouth	Erikas Kazlauskas	02-Apr-18
3	25	8	After he's seen all these news. When we are going to Russia, he never takes any other company than 'Aeroflot'	Word of mouth	Erikas Kazlauskas	02-Apr-18
3	18	21	I'm always gonna use 'Norwegian' and 'SAS'. I can never see myself using 'Ryanair', because I've heard so many bad things	Word of mouth	Erikas Kazlauskas	02-Apr-18

Focus Group	**Page**	**Line**	**Textual Data**	**Code**	**Coder**	**Date**

1	11	28	If I'm dissatisfied I'm definitely emailing them or filling some form	Negative effects	Erikas Kazlauskas	21-Mar-18
1	11	31	But if I would have something, I would get really angry… I would… I would write that	Negative effects	Erikas Kazlauskas	21-Mar-18
1	11	35	if I'm satisfied… Maybe I would just tend to buy more of it from them	Positive effects	Erikas Kazlauskas	21-Mar-18
1	11	35	but I wouldn't just tell them: "It was amazing'	Positive effects	Erikas Kazlauskas	21-Mar-18
1	11	36	I take for granted that's their job. And that they have to do it good.	Positive effects	Erikas Kazlauskas	21-Mar-18
1	12	22	They send me an email: "can you fill in the survey''. Sure. Do it	Positive effects	Erikas Kazlauskas	21-Mar-18
1	12	41	If I'm flying and something bad happens, I would tell people about it if the opportunity comes	Negative effects	Erikas Kazlauskas	21-Mar-18
1	13	10	how much you pay for it, like… affects the complaining and stuff	Negative effects	Erikas Kazlauskas	21-Mar-18
3	22	21	Only if I was really angry. But then I would intentionally spread bad rumours about the company	Negative effects	Erikas Kazlauskas	02-Apr-18
3	22	31	If I post something, I post only good things, because I know that it's really like smile. Because if somebody writes: "You did a great job''. You feel so thankful for that person	Positive effects	Erikas Kazlauskas	02-Apr-18
3	23	2	As I said, those companies that continue flying and kill people. Like it happened in Russia. Of course, in that case, I want to try to do something. But like… Late departure or late arrival, or I missed the flight or maybe they didn't refund me. It's such a small things, that it's not that huge to fight for	Negative effects	Erikas Kazlauskas	02-Apr-18
3	24	16	For example, if I had bad experience, I would tell Participant 2: "Listen, I had bad experience, this happened. You wanna go? Go	Negative effects	Erikas Kazlauskas	02-Apr-18

8.2 Appendix 2. Questionnaire

Perceived fairness of airlines' revenue management practices

Dear participant,

I'm a second year MSc student at Lund University studying Service Management and currently I'm collecting data for my master thesis. I am keen on finding out which revenue maximization tools that airlines use, you find as fair or unfair. Additionally, I'm curious whether others' experiences impact your understanding in any way.

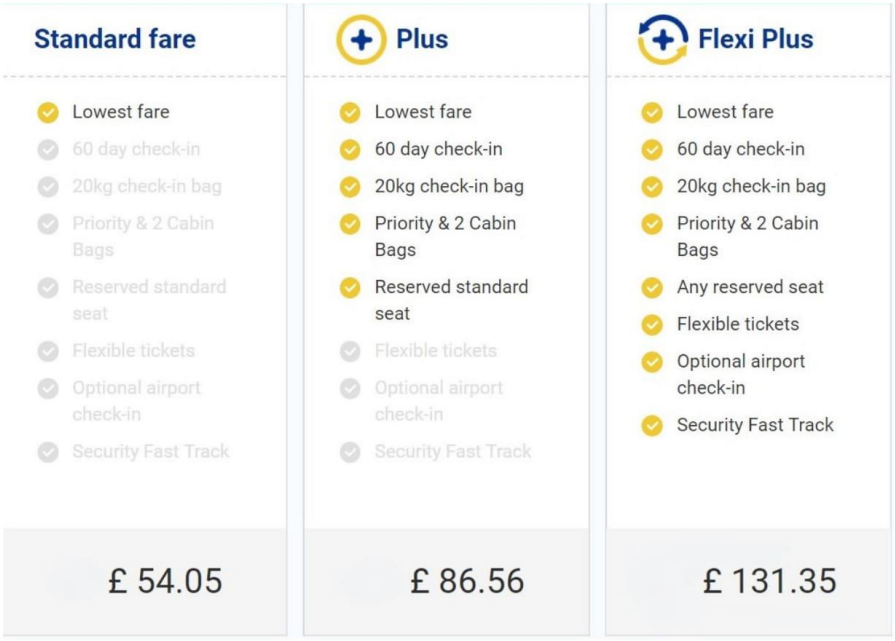
To put it in the academic language, the area of interest is perceived fairness of airlines' revenue management practices from a customer's point of view. Also, the influence of social comparison regarding this matter.

I would appreciate if you could spare a few minutes and share your opinion about it! Every response counts!

Thank you very much!

* Required

The below example portrays one of the methods which helps airlines generate higher revenues. (Please note that this picture is only an example and you DO NOT need to select an option)



Demographic questions

1. **Have you ever taken a flight?** *
   Mark only one oval.
   - ◯ Yes
   - ◯ No *After the last question in this section, stop filling out this form.*

2. **Please indicate your gender** *
   Mark only one oval.
   - ◯ Male
   - ◯ Female
   - ◯ Do not want to disclose

3. **Please indicate your age** *
   Mark only one oval.
   - ◯ 19 and under
   - ◯ 20 - 29
   - ◯ 30 - 39
   - ◯ 40 - 49
   - ◯ 50 - 59
   - ◯ 60 +

4. **What is the highest degree or level of school you have completed? If currently enrolled, highest degree received.** *
   Mark only one oval.
   - ◯ Some high school, no diploma
   - ◯ High school or equivalent
   - ◯ Bachelor degree or equivalent
   - ◯ Master degree
   - ◯ Phd
   - ◯ Other: _____

5. **What is your income?** *
   Mark only one oval.
   - ◯ Under 500€
   - ◯ 500€ - 1000€
   - ◯ 1001€ - 1500€
   - ◯ 1501€ - 2000€
   - ◯ 2001€ - 2500€
   - ◯ 2501€ - 3000€
   - ◯ 3000€+
   - ◯ Do not want to disclose

6. **What is your country of origin?**
   _____

General perception

This section provides a set of statements that were communicated by airlines' passengers about their perception of airlines' actions. Please express your opinion regarding them.

7. **Please indicate the level of agreement to the following statements** *

Mark only one oval per row.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
I just accept airlines' revenue management practices, because there is nothing I can do						
Being aware of revenue management increases my acceptance of its practices						
I believe that varying prices of tickets is a fair airline practice						
I feel like I have a choice when choosing airline tickets						
I find it unfair when a price for the same flight changes within a short period of time						
I believe that a price of a ticket is influenced by my searching patterns						
I find it unfair that extra services, arguably, cost as much or more than a ticket itself						
I believe that different airlines manipulate established regulations						
I am willing to pay more for a ticket if I really need to go to a specific destination at a set time						
If I pay low price for a ticket, I expect to receive poor service						
If I pay high price for a ticket, I expect to receive high quality service						
Getting rewards from loyalty programs improves the image of an airline						
I do not trust third party booking websites						
I am more price-sensitive for short-haul flights						
I am less price-sensitive for long-haul flights						

Social comparison

This section provides a set of statements that concerns comparison of experiences. The statements were communicated by other consumers. Please express your opinion regarding them.

8. **Please indicate the level of agreement to the following statements** *

Mark only one oval per row.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
If I get a higher ticket price than other passengers on an airplane, I feel tricked						
If I get a lower ticket price than other passengers on an airplane, I don't find it unfair						
Negative word-of-mouth doesn't influence me if I can purchase low price tickets						
If I get a higher ticket price than other passengers on an airplane, I feel I didn't take all the measures to find the cheapest tickets						
Word-of-mouth doesn't influence my purchasing decision unless I come across unknown airlines						
Word-of-mouth doesn't influence my purchasing decisions unless I come across unknown airlines						
Prices received by others usually influence me in a negative way						

Purchasing behaviour

In this section the most common actions that consumers take in order to deal with airlines' revenue management practices are listed. Please rate them by importance to you.

9. **Do you use the below listed tips when searching for airline tickets?** *

Mark only one oval per row.

	No	Yes
Buy as much in advance as possible	◯	◯
Be flexible with the dates/avoid public holidays & peak seasons	◯	◯
Buy on specific days of the week/certain time prior to departure	◯	◯
Use third party websites such as 'Skyscanner' to find the best deals	◯	◯
Use 'Incognito' mode in your browser when searching for tickets	◯	◯
Pay more and book a ticket directly on an airline's website	◯	◯

8.3 Appendix 3. SPSS output

8.3.1 Cronbach's alpha reliability tests

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.421	.409	10

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Acceptance of airlines RM practices	38.56	20.671	-.058	.039	.467
RM awareness increases its acceptance	37.14	18.605	.162	.191	.396
Varying prices is a fair practice	36.94	17.341	.222	.355	.372
Have a choise when picking tickets	36.88	16.276	.345	.270	.319
Searching patterns influence ticket prices	36.46	19.481	.059	.051	.431
Expectation of poor service if low price paid	37.84	17.433	.192	.156	.384
Expectation of high quality service if high price paid	36.28	18.480	.156	.111	.398
Rewards from loyalty programs improve airlines' image	37.00	17.768	.258	.160	.363
More price sensitive for short haul flights	36.72	18.599	.147	.181	.402
Less price sensitive for long haul flights	37.12	18.065	.151	.247	.401

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RM awareness increases its acceptance	12.83	7.167	.386	.155	.625
Varying prices is a fair practice	12.62	5.596	.562	.322	.497
Have a choice when picking tickets	12.56	6.129	.466	.246	.573
Rewards from loyalty programs improve airlines' image	12.69	7.328	.351	.141	.646

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.590	.591	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Acceptance of airlines RM practices	11.99	11.763	.184	.039	.608
Short termed price changes are unfair	12.07	8.955	.392	.312	.508
Unfairness if ticket prices are exceeded by ancillary prices	12.05	8.238	.572	.430	.395
Airlines manipulate regulations	11.87	9.977	.465	.273	.482
Do not trust third party booking websites	10.60	10.920	.171	.073	.633

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Short termed price changes are unfair	5.37	4.117	.511	.295	.664
Unfairness if ticket prices are exceeded by ancillary prices	5.35	3.954	.643	.414	.477
Airlines manipulate regulations	5.17	5.509	.472	.262	.700

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.367	.378	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Feel tricked	23.80	10.526	.272	.157	.257
Lower price is not found unfair	23.67	12.125	.168	.102	.327
Negative WOM doesn't influence	24.45	14.623	-.166	.070	.508
Received higher price means that not all measures were taken	23.93	11.211	.246	.113	.281
WOM doesn't influence purchasing decision unless unknown airline is encountered	23.79	11.682	.217	.147	.300
WOM doesn't influence purchasing decision unless have to deal with 3rd party bookings	23.97	12.196	.099	.135	.367

Others' prices usually influence me in a negative way	23.72	10.668	.363	.186	.216

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Feel tricked	16.45	7.716	.380	.148	.444
Lower price is not found unfair	16.31	9.389	.248	.070	.524
Received higher price means that not all measures were taken	16.57	8.650	.309	.099	.491
WOM doesn't influence purchasing decision unless unknown airline is encountered	16.44	8.947	.305	.101	.493
Others' prices usually influence me in a negative way	16.36	8.942	.304	.097	.494

8.3.2 Frequency tables

RM awareness increases its acceptance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	1	.5	.5	.5
Disagree	16	7.8	7.8	8.3
Somewhat disagree	35	17.2	17.2	25.5
Somewhat agree	84	41.2	41.2	66.7
Agree	51	25.0	25.0	91.7
Strongly agree	17	8.3	8.3	100.0
Total	204	100.0	100.0	

Varying prices is a fair practice

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	8	3.9	3.9	3.9
Disagree	16	7.8	7.8	11.8
Somewhat disagree	17	8.3	8.3	20.1

Somewhat agree	57	27.9	27.9	48.0
Agree	82	40.2	40.2	88.2
Strongly agree	24	11.8	11.8	100.0
Total	204	100.0	100.0	

Short termed price changes are unfair

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	47	23.0	23.0	23.0
Agree	70	34.3	34.3	57.4
Somewhat agree	45	22.1	22.1	79.4
Somewhat disagree	18	8.8	8.8	88.2
Disagree	13	6.4	6.4	94.6
Strongly disagree	11	5.4	5.4	100.0
Total	204	100.0	100.0	

Unfairness if ticket prices are exceeded by ancillary prices

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	43	21.1	21.1	21.1
Agree	65	31.9	31.9	52.9
Somewhat agree	55	27.0	27.0	79.9
Somewhat disagree	20	9.8	9.8	89.7
Disagree	15	7.4	7.4	97.1
Strongly disagree	6	2.9	2.9	100.0
Total	204	100.0	100.0	

Willingness to pay more in case of obligatory travel

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	9	4.4	4.4	4.4
Somewhat disagree	14	6.9	6.9	11.3
Somewhat agree	61	29.9	29.9	41.2
Agree	89	43.6	43.6	84.8
Strongly agree	31	15.2	15.2	100.0
Total	204	100.0	100.0	

Purchasing in advance

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	43	21.1	21.1	21.1
	Yes	161	78.9	78.9	100.0
	Total	204	100.0	100.0	

Pay more for direct booking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	126	61.8	61.8	61.8
	Yes	78	38.2	38.2	100.0
	Total	204	100.0	100.0	

Using third party websites for searching purposes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	23	11.3	11.3	11.3
	Yes	181	88.7	88.7	100.0
	Total	204	100.0	100.0	

WOM doesn't influence purchasing decision unless unknown airline is encountered

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	4	2.0	2.0	2.0

	Disagree	20	9.8	9.8	11.8
	Somewhat disagree	25	12.3	12.3	24.0
	Somewhat agree	69	33.8	33.8	57.8
	Agree	76	37.3	37.3	95.1
	Strongly agree	10	4.9	4.9	100.0
	Total	204	100.0	100.0	

Feel tricked

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	3.9	3.9	3.9
	Disagree	29	14.2	14.2	18.1
	Somewhat disagree	14	6.9	6.9	25.0
	Somewhat agree	59	28.9	28.9	53.9
	Agree	74	36.3	36.3	90.2
	Strongly agree	20	9.8	9.8	100.0
	Total	204	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	84	41.2	41.2	41.2
	Female	120	58.8	58.8	100.0
	Total	204	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some high school, no diploma	2	1.0	1.0	1.0
	High school or equivalent	25	12.3	12.3	13.2
	Bachelor degree or equivalent	125	61.3	61.3	74.5
	Master degree	49	24.0	24.0	98.5
	Phd	3	1.5	1.5	100.0
	Total	204	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 500€	28	13.7	13.7	13.7
	500€ - 1000€	34	16.7	16.7	30.4
	1001€ - 1500€	37	18.1	18.1	48.5
	1501€ - 2000€	33	16.2	16.2	64.7
	2001€ - 2500€	34	16.7	16.7	81.4
	2501€ - 3000€	20	9.8	9.8	91.2
	3000€+	10	4.9	4.9	96.1
	Do not want to disclose	8	3.9	3.9	100.0
	Total	204	100.0	100.0	

8.3.3 Mann – Whitney test & median calculations

Report

Gender		Feel tricked	Others' prices usually influence me in a negative way
	Median	4.00	4.00
	Mean	3.93	4.36
	N	84	84
	Std. Deviation	1.360	1.116

Female	Median	4.00	4.00
	Mean	4.20	4.04
	N	120	120
	Std. Deviation	1.287	1.118
	Median	4.00	4.00
	Mean	4.09	4.17
	N	204	204
	Std. Deviation	1.321	1.125

Mann.Withney test

Ranks

	Gender	N	Mean Rank	Sum of Ranks
	Male	84	96.25	8085.00
	Female	120	106.88	12825.00
	Total	204		
	Male	84	112.42	9443.50
	Female	120	95.55	11466.50
	Total	204		