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Consumer Value on Unbundling Practices by Full-service Carrier – a Qualitative Study

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Author: Patrick Ho Cheong Wong

Tutor: Erika Andersson Cederholm

Abstract

Despite the media outcry whenever a full-service carrier announces its plan to unbundle its flight service and charge some of the service components as add-ons, there is an increasing number of full-service carriers around the globe dropped the full bundling approach in exchange for add-on bundling when selling their flight tickets. At the same time, the market of ancillary revenue continues to grow annually and has been identified as one of the major revenue sources for modern airlines.

Using qualitative approach of semi-structured interviews and netnography, this study aims to gain more in-depth knowledge on consumers' perception of the unbundling trend. With the aid of an adopted version of Holbrook's typology of consumer value, this study investigates the consumer value behind the consumption of unbundled flight service and its reflection on consumers' purchase decision. The findings indicate that consumers' experience, carrier's implementation and specific situation could influence the consumer value perceived in different dimensions of consumer value, while purchase decision could have been reshaped in terms of price perception, information requirement, perception on ease of booking process, and searching behavior on alternatives.

Keywords: Unbundling, Add-on bundling, Consumer Value, Netnography, Qualitative study, Full-service Carrier

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1 Introduction

Air travel has become more common than ever, World Bank (2018) data shows that number of passengers used air transport doubled in 20 years and reached 3.7 billion in 2016 while the International Air Transport Association (IATA) forecasted that the growth will continue and the number will be doubled again in another 20 years (IATA, 2016). Many people now see air transport as a commodity as the exclusivity feeling has gone since the deregulation of the airline industry and flying are no longer only for the rich (Vinod & Moore, 2009).

While the market size has been expanding over the years, airlines' revenue is under pressure with intense competition and increasing price transparency to consumers with the aid of Internet and other communication technology which limited airlines' ability to segment different customers group and charge accordingly (Warnock-Smith, O'Connell, & Maleki, 2017). As a result, increasing number of full-cost carriers now look into the success of low-cost carriers and decided to switch from all-inclusive booking arrangement and adopt add-on bundling practice when selling flight tickets, blurring the line and difference in product offerings and value proposition between low-cost and full-service carriers. By making some components of service optional to consumers with extra charge, full-service carriers can also take advantage of low headline price and gain extra ancillary revenue from different add-on service.

Financially the add-on bundling approach has allowed airlines to gain more revenue and improve profitability, however, it has often resulted in media outcry whenever an airline has announced such move, citing consumers are still expecting service beyond going from point A to point B by airlines.

Using qualitative approach, this thesis aims to provide better understanding behind the unbundling process by full-service carriers, as more airlines are unbundling their flight service and the market of ancillary revenue continues to grow despite the hatred by the public shown by the media. The contribution of this thesis is two-folded, on one hand it contributes methodologically by adding additional presence of the use of qualitative methods in the research field, on the other hand it helps to understand how consumers perceive in this shift in product offerings and booking arrangement and its influence on the purchase decision.

1.1 Background

Bundling products to sell as a package to consumers have become more and more popular across different businesses as many companies have found it a very useful tool in attracting customers (Suri & Monroe, 1995). Sheikhzadeh and Elahi (2013) have pointed out that previous literature in economics regarding bundling practices have proved different types of benefits such as cost saving, price discrimination to certain groups of consumers and deterring new competitors. This kind of bundled products is also very popular in the tourism industry and can be easily found in many tourism products such as packaged tours offered across different companies.

However, it can be seen in many cases that the opposite is also true. Unbundling, which decouples different components of the product that used to be offered jointly, is also getting more popular (Bildea & Gorin, 2017). Similar to the bundling strategy, the unbundling of products can be found in different industries such as banking, telecommunications, and with tourism products such as hotels (Fruchter, Gerstner, & Dobson, 2011). The practice has also been introduced into the airline industry in 2001 with Ryanair and other low-cost carriers (Bildea & Gorin, 2017). Since then, it has been adopted by many other airlines including many full-service carriers and the ancillary revenue associated has grown tremendously over the years (O'Connell & Warnock-Smith, 2013). It has even become one of the major sources of revenue for some airlines. For example, ancillary revenue was accounted for 15% of the total revenue at Ryanair in 2006, and the proportion has grown to 24% in ten years' time for the year 2016 and further to 27% of total revenue in 2017 (Balcombe, Fraser, & Harris, 2009; Ryanair, 2016, 2017).

Various factors have been identified in different literature that have contributed to the popularity of the unbundling process. On the consumers' points of view, it has been demonstrated that price has been one of the major deciding factors when making purchase decisions on tourism products (Mahadevan & Chang, 2017). At the same time, many of the consumers are used to perform what Granados, Kauffman, Lai, and Lin (2012) described as "price comparison-based shopping" (p. 391) when purchasing flight tickets, which has been facilitated by the layout of different online travel agent websites. By breaking up the core price for the flight and fees for other optional add-on services, it can help the airline to make their price more competitive. As a result, airlines decided to unbundle the flight tickets into

two parts, the core ticket price charging for transporting passengers to their destinations and the optional ancillary fees for other additional services.

In this way, they can enjoy the higher demand as demonstrated in partition pricing practices which display price as base price and surcharge (Morwitz, Greenleaf, & Johnson, 1998). It is also worth to note that partition pricing is no longer allowed in advertisements in some area. For example, European Union has introduced a regulation in 2008 and ordered all airfares published to the public should include all mandatory tax and surcharges and similar regulation has also put in place for other types of business (European Parliament, Council of the European Union, 2008). Unbundling part of the product offerings could be one of the workarounds come up by business to fit into regulatory requirements while at the same time continue to enjoy the additional demand by the ability to advertise a lower price.

From the company's perspective, the competitive environment and rising cost due to fuel, labor, and other expenses have made airlines operating with a very low margin and uncertain profitability. This makes airlines feeling the needs to come up with different strategies in order to earn any additional revenue (Balcombe et al., 2009; O'Connell & Warnock-Smith, 2013). At the same time, executives in the airline industry such as Nason (2009) from American Airlines has pointed out they have come to the conclusion that the unbundled pricing method "is the best way to meet the varying needs of the traveling public" (p. 468) and that any company in the industry that does not adopt this pricing structure in some way would have lost some of the potential revenue to the company.

Despite the rising market size in the ancillary revenue charged by different airlines as mentioned above, the decision to unbundle the current product offerings in the airline industry has constantly received critical coverage from the press, showing anger and disappointment from passengers (Brueckner, Lee, Picard, & Singer, 2015; Tuzovic, Simpson, Kuppelwieser, & Finsterwalder, 2014). While this subject has attracted quite a lot of attention from different scholars, many of them have been focused on the effectiveness of the practice (Naylor & Kimberly, 2001), willingness to pay by consumers (Balcombe et al., 2009) or acceptability of individual items from the add-on products (Tuzovic et al., 2014). On the other hand, there is only limited research on how exactly the unbundling practice is perceived by consumers or how does new unbundling approach is reflected in their purchase decision as most research to date have used quantitative approach which are usually conducted in a way

to verify predetermined thoughts or standpoints (e.g. Chung & Petrick, 2013; Robbert & Roth, 2018).

Thus, a more in-depth understanding of consumers' perception towards the unbundling decisions made by airlines, especially full-service carriers, is needed. The contradiction between the largely critical attitudes towards such changes as seen on media and the continued booming trend in both market size of ancillary revenue and number of airlines and routes adopting such booking arrangement present a knowledge gap to be filled in understanding the society within this area. On one hand this can help airlines and other tourism operators to identify what are the actual consumer needs when they are opting to purchase tourism products in the 'unbundled fashion' so that they can better design new products and fine-tune their existing products further to suit consumers' needs. At the same time, this could help to identify the actual perceptions by consumers more systematically and to ensure consumers are not being unfairly exploited similarly to the case in using partition pricing to mislead the actual price.

Following what has been done by researchers in looking for the perceived value of buying a bundle, this study hopes to seek for a deeper understanding on the perceived value of unbundled products, taking air transport service by full-service carriers as an example (Arora, 2011). This study elected qualitative approach because it can provide in-depth understanding that would not be able to achieve by the use of positivistic research approach as in most quantitative study (LeCompte & Goetz, 1982). At the same time, the use of qualitative approach by this study would fill the gap by current researches as there is a lack of qualitative studies in the area that provide more detailed insights on the reason behind the phenomenon that would be useful in understanding the society.

1.2 Research Aim and Research Questions

As mentioned above, the practice of unbundling airline fares has continued to expand across different airlines and area, more understandings regarding perception by consumers from the social science perspective is needed, especially in a more open approach, in order to better evaluate this trend and social situation. The aim of this research is first of all, to explore the consumers' perception of flight ticket unbundling by full-service carrier. At the same time, this research also intends to investigate how consumers' understanding on the unbundled

purchase arrangement is reflected on their purchase decision on flight tickets. With this in mind, following research questions have been formulated for this study:

RQ1: How is value perceived by consumers for flight ticket unbundling practice in full-service carriers?

RQ2: How do consumers understand and reflect upon their purchase decisions?

In order to answer the research questions presented, a mix of semi-structured interviews and netnographic study will be deployed for empirical data collection, which will then be analyzed by the use of an adapted version of Holbrook's typology of consumer value for analysis.

1.3 Structure of the Thesis

The structure of this thesis will continue as follows: after this introduction, a literature review of relevant concepts and the theoretical framework which would be applied to this study will be presented in the next chapter. It is aimed that the literature review could provide an overview of different concepts such as unbundling and what other researches have been carried by academics in related fields. This will be followed by a description of the methodology of the empirical data collection used in this study and other considerations that applied in this study. After that, the findings and analysis of the empirical data will be presented, and the thesis will be ended by the discussion and conclusion chapter in which the contributions of this study will be highlighted along with the answer to the research questions, as well as future research opportunities in this area.

2 Literature Review and Theoretical Framework

In this chapter, relevant concepts and theoretical background to this research will be presented. First of all, the topic of product bundling will be introduced with a review on literature of previous studies on the subject. This would be followed by the concept of unbundling which is derived from bundling, along with its various interchangeable terminologies that have been used in different previous studies of similar topics. After that, the author would also briefly discuss partitioned pricing, a common pricing strategy that had been used in a number of tourism products with similarities that can help us to understand effects on consumers under different pricing schemes.

Travel experience, with a focus on pre-trip experience, will then be introduced along with online purchase experience. This would help to understand what kind of researches have been done in exploring consumers' behavior when they are purchasing flight tickets before flying, which now often take place in different websites on the Internet and how different pricing and purchase arrangements affect consumers' perception and purchase experience (Escobar-Rodríguez & Carvajal-Trujillo, 2014). As consumers' experience will translate into consumer value associated with the consumption, the background and current research on consumer value will then be presented, with a focus on Holbrook's typology of consumer value at the last part of this chapter (Holbrook, 1999).

2.1 Product Bundling

The concept of bundling was first suggested by Adams and Yellen (1976) in the area of economics who described bundling as "the practice of package selling" (p. 475). They suggested that companies can extract consumer surplus and in turn improve profitability by utilizing the bundling practice and further pointed out there is two possible bundling strategy, namely pure bundling strategy and mixed bundling strategy available for producers. Under pure bundling strategy products are only available to consumers in bundles while under mixed bundling strategy, different components of the bundle are also available to consumers who want to buy separately (Adams & Yellen, 1976).

Since the introduction, different economists and researchers in other areas such as marketing, revenue management and psychology have researched different aspects of the

idea and contributed to expand this concept. For example, researches have been done regarding the framing effects when presenting the bundling offers (Gilbride, Gultinan, & Urbany, 2008; Schwartz & Cohen, 1999), marketing strategies to be used along with the bundling in advertising (Yan, Myers, Wang, & Ghose, 2014), effectiveness on bundling strategies or comparison to other possible strategies (Arora, 2011; Hitt & Chen, 2005; Kolay & Shaffer, 2003; Sheng, Bao, & Pan, 2007; Venkatesh & Kamakura, 2003), psychological aspects on consumers evaluating the bundle offers (Johnson, Herrmann, & Bauer, 1999; Kwon & Jang, 2011), effects on consumers' purchase decision (Suri & Monroe, 1995) and price fairness in the bundle offers (Li, Hardesty, & Craig, 2018). In addition, Naylor and Kimberly (2001) have studied on consumers' perceptions of value on price bundling by the use of regression analysis.

However, as noted by Stremersch and Tellis (2002), different types of bundling and unbundling practices have been used in both researches and business world but many researchers have been using different terminologies such as price bundling and product bundling interchangeably. In the article, they further categorized bundling activities with products that have separate markets into price bundling and product bundling. Price bundling refers to "the sale of two or more separate products in a package at a discount, without any integration of the products" (Stremersch & Tellis, 2002, p. 56). On the other hand, product bundling is "the integration and sale of two or more separate products or services at any price" (Stremersch & Tellis, 2002, p. 57). These definitions could be seen as supplementary to the separation suggested by Gultinan (1987) to add-on bundling, which is a specific subset of bundling practice where "customer may purchase a single core service or may select additional amenities that are sold only with the core service at a single "bundled" price" (p. 75) and that there are no separate markets other than the core service.

While all three kinds of bundling techniques have been used by different companies in different tourism products, this thesis will focus on the add-on bundling practices as it is one of the latest trends adopted by more and more operators lately as mentioned in the previous section.

2.1.1 Unbundling, Add-on Pricing, À la carte pricing and Ancillary Fees

While the concept of bundling has been researched in various settings since first introduced as mentioned above, most if not all researches are implying the switch from the unbundled approach to pure or at least mixed bundling strategy. There were very few studies on the decision in the opposite direction in which company abandon the pure bundling strategy and adopt other selling arrangements until the early 2000s.

Since then, there is a trend for some businesses to move back from bundling arrangement to add-on bundling offerings to consumers and has begun to gain attraction from different scholars. In many cases, the use of the word unbundling is mainly to highlight and contrast the reverse direction from bundling strategy with fees being charged to services that were previously free (Fruchter et al., 2011). An example would be a research on the pricing responses of the practice by Zou, Yu, Rhoades, and Waguespack (2017), or another study on willingness to pay by Mahadevan and Chang (2017) among a few others.

Quite often, companies undergoing the unbundling decision end up using add-on bundling strategy with their products. Add-on bundling arrangement is a popular strategy adopted by operators to allow customization and flexibility on one hand and increase revenue on the other hand (Robbert & Roth, 2018). Another reason is that quite often components being split and sold separately are largely attached to the core service such as bank accounts, hotel rooms or flight service, which means there is no demand by consumers at all for the components themselves and therefore they cannot adopt complete unbundled approach (Fruchter et al., 2011; Guiltinan, 1987).

Besides unbundling or add-on bundling, different expressions have also been used by different scholars in various related researches. For example, an article written by airline executive Nason (2009) has used the term “à la carte pricing” to show the ability for consumers to choose according to their needs. The same term is also used by Granados et al. (2012) and Robbert and Roth (2018) in their research on price elasticity and transparency on add-on bundling arrangement, respectively. On the other hand, other researchers have used different terminology such as “ancillary fees” or “ancillary revenue” and focus on the payment of the add-ons in their studies in various aspects of add-on bundling strategy such as acceptability to consumers, price fairness perception or valuation of the effectiveness of the

strategy (See: Chung & Petrick, 2013; O'Connell & Warnock-Smith, 2013; Tuzovic et al., 2014; Warnock-Smith et al., 2017).

As such, it can be said that similar to the situation with the research field on bundling, different related terminologies including “unbundling”, different expressions with “add-on”, “à la carte pricing”, “ancillary fees” or “ancillary revenue” are being used by different researchers at their convenience up to date without unified categorization or definitions. In order to avoid confusion, this thesis would adopt “unbundle” or “unbundling” to represent the switch from solely offering product bundles to consumers to the use of add-on bundling arrangements.

2.2 Partitioned Pricing

Partitioned pricing is another common pricing strategy used by business and could be defined as “a pricing tactic that rests on a seller’s volitional decision to divide the total price of an offering into two or more mandatory price components to generate favorable buyer response” (Voester, Ivens, & Leischnig, 2017, p. 880).

Similar to companies adopting add-on bundling approach in their purchase arrangement, companies adopt partitioned pricing in order to make their price more competitive as they exclude part of the price from the advertised price of the product, as mentioned in the introduction of the thesis. On the other hand, there are two major differences for partitioned pricing from product bundling or price bundling, firstly all components presented in the partitioned pricing are usually mandatory and consumers are unable to neglect any components from the product offering even though the price is usually listed separately while consumers are usually offered to pick on the components required under bundling pricing (Burman & Biswas, 2007). On the other hand, it is common that products offered in partitioned pricing are not listed with an overall price if it is not regulated while the price might be listed as an all-inclusive price for bundled pricing such as in the case of packaged tour or set meal offered in restaurants (Toni, Susan, & Amy, 2015).

Partitioned pricing is first termed by Morwitz et al. (1998) and in their research, they have found out the products offered in partitioned pricing strategy has a higher demand from consumers as many consumers do not process the price information accurately and therefore

underestimated the total price. In another research by Völckner, Alexander, and Martin (2012), the same conclusion has been made with the use of informational and sacrifice effect, which refers to consumers' use of price as a signal in determining quality of the product and perception on how much they need to give up in order to obtain the product. In their research, they have found out that the negative impact of sacrifice effect by the use of partitioned pricing can be covered by the large positive impact with informational effect (Völckner et al., 2012). On the other hand, Sheng et al. (2007) have shown in their research that the perceived price fairness is the key for the partitioned pricing to be effective since consumers tend to focus on the base price and underestimate the surcharge when they think that it is reasonable. In contrast, consumers are more likely to pay even more attention to the price information if they think the surcharge is beyond reasonable for the amount or the reason for charging.

Partitioned pricing strategy can also be found in the tourism industry in order to stimulate demand as operators are then able to advertise the base price (Toni et al., 2015). Resort fee at hotels is one of the most common examples of such practice in the tourism sector as hotels try to generate extra revenue from the amenities provided (Roe & Repetti, 2014). Most researches in partitioned pricing within tourism sectors are empirical studies on the consumers' perception of such pricing strategy. This study would take references to researches done in the area of partitioned pricing on its effects on consumers' price perception and influence on purchase intention in different situations.

2.3 Travel Experience and Pre-trip Experience

In today's economy, consumption of experience is getting increasingly important just as our society is transforming into what described by Pine and Gilmore (2013) as experience economy. As the economy focus moved from tangible products to services in the past and currently moving onto experience, the experience aspect is often emphasized by businesses in their product offerings and tourism products is no different. In fact, tourism products are usually a prime example of having experience as the center of the product (Oh, Jeoung, & Fiore, 2007).

Unlike tangible products or service, experience takes place in the consumer's mind and cannot be simply delivered by the operator (Sørensen & Jensen, 2015; Sundbo & Sørensen, 2013). Operators can only stimulate experience by using different stimuli and

trigger consumers' mind during different encounters. Similarly, travel experience is far from straightforward (Sørensen & Jensen, 2015). On one hand, it includes a very diverse mix of components that ranged from very tangible and objective to very hedonic and symbolic (Williams & Soutar, 2009). At the same time, a trip to somewhere is almost undoubtedly involving a number of different operators as it consists of many parts that not a single operator can cover them all unlike many other activities (Kim, Bojanic, & Warnick, 2009). These characteristics have attracted a lot of attention and various researchers have done a wide range of studies in different contexts for travel experiences.

For example, Oh et al. (2007) have developed a measurement model for experience economy and tested empirically with bed-and-breakfast sector while Walls (2013) has tried to identify dimensions that would influence experience in hospitality settings.

However, it is important for businesses to note that experience does not only generate from customers' encounter with the company when they are consuming the service or experience, rather experience is created at all stages of the trip including the booking process and it is essential for operators to utilize all encounters with consumers to create experience with them in all phases (Sørensen & Jensen, 2015).

In the past, pre-trip experience is usually being used as a benchmark to compare attitudes or perceptions after a visit by academia in order to find out the impact of tourism such as in the studies by Pearce (1982) or Weiler (1989). It is until more recently that researches are made to explore travel motivation or pre-trip attitude formation for a destination (e.g. Nyaupane, Paris, & Teye, 2011).

For this thesis, pre-trip experience mainly occurs when consumers are looking for and booking their flights tickets, which often take place on the Internet. Therefore, online purchase experience has formed a large part of the pre-trip experience when they search for information, compare different products (flights) and book the ticket, which will be discussed in the following section.

2.3.1 Online Purchase Experience

The Internet has become a very important distribution channel for most business-to-consumer products as people are getting more and more used to making online transactions

in different areas (Ranganathan & Ganapathy, 2002). On one hand, Internet and related technologies enable businesses and service providers to reach out their end consumers in anywhere directly and eliminate the needs going through intermediaries which help businesses to reduce distribution cost and be able to better communicate with their customers (Yu, 2008). On the other hand, it allows consumers to obtain information easily and compare different products and providers which in turn makes consumers to be more price and product sensitive than ever (Crespo-Almendros & Del Barrio-García, 2016; Ruiz-Mafé, Sanz-Blas, Hernandez-Ortega, & Brethouwer, 2013). Over the years, a growing number of consumers are making their purchase online instead of going through traditional retailers or physical agents and this is particularly true for tourism products (Escobar-Rodríguez & Carvajal-Trujillo, 2013; Ruiz-Mafé, Sanz-Blas, & Aldás-Manzano, 2009).

Online purchase experience is an important consideration among different tourism products, and flight or other types of transportation tickets is one of the products which consumers are most willing to purchase via different online channels (Escobar-Rodríguez & Carvajal-Trujillo, 2014; Ruiz-Mafé et al., 2009). For example, it has been reported that almost all flight tickets were bought electronically in the United States (Crespo-Almendros & Del Barrio-García, 2016). A good online purchase experience is therefore essential for airlines or online travel agent to attract potential customers.

A number of researches have been done on online purchase of flight tickets. For example, Yu (2008) have studied the price perception with different retail channels in order to compare the perception on information from online sources to other more traditional distribution channels such as physical travel agents and the result shows that consumers using different online channels are more price sensitive in general. In addition to that, Escobar-Rodríguez and Carvajal-Trujillo (2013, 2014) and Ruiz-Mafé et al. (2009); Ruiz-Mafé et al. (2013) have researched in various settings on the drivers on the online airline ticket purchasing behavior. On the other hand, Crespo-Almendros and Del Barrio-García (2016) have studied the effectiveness of different promotional incentive used by different online flight tickets retailers.

This thesis will take references to some of the literature in creating an attractive online purchase experience. Looking into factors in creating attractive purchase experience is important because many of the functions and capabilities adopted by airlines and other

tourism businesses to enable product unbundling and the use of add-on bundling arrangements would significantly influence the online purchase process and experience.

2.4 Consumer Value

Organizations are in constant search for competitive advantages in order to survive in the business world or face elimination by their competitors (Hall & Williams, 2008; Landroquez, Castro, & Cepeda-Carrión, 2013). In the past, businesses had invested in different quality management and other programs to improve product quality and corporate performance but nowadays many organizations have realized that quality or innovation alone can no longer provide competitive advantages over competitors that they desire and Woodruff (1997) along with other scholars such as Mohd-Any, Winklhofer, and Ennew (2015) or Varshneya, Das, and Khare (2017) believe that the current transformation points to the delivery of consumer value, which is derived from consumers' experience, as the new differentiator. In addition to that, Vargo and Lusch (2004) have also suggested a completely new way of thinking in viewing on how value is created because of this shift. Under their Service-Dominant logic, it is said that value is not determined solely by producers when the product is made and sold. Instead, value is co-created between producers and consumers as 'value-in-use' during the interaction between the two sides (Vargo & Lusch, 2004).

While value has gained a lot of attraction lately with many new thoughts and debates, the notion of value is in fact nothing new and has been discussed since a long time ago in many different areas. Ng and Smith (2012) has noted that similar concepts had been explored and discussed in different areas such as 'utility' in economics (e.g. Marshall, 2013), in management studies (e.g. Woodruff, 1997) or in marketing literature (e.g. Huber, Herrmann, & Morgan, 2001) for hundreds of years since the concept was first introduced. While the concept has been debated for a long time in different aspects, there is still lack of consistency in defining value in general and therefore a wide range of conceptualizations are being used in the research field, especially in terms of how it is termed between 'consumer value' and 'perceived value', as well as how value is being perceived (Howden & Pressey, 2008; Sánchez-Fernández, Iniesta-Bonillo, & Holbrook, 2009).

Given the amount of studies being presented over the years, several researchers such as Boksberger and Melsen (2011); Gummerus (2013); Ng and Smith (2012); Sánchez-

Fernández et al. (2009) and Zauner, Koller, and Hatak (2015) had tried to clarify the research field with their comprehensive literature reviews in different classifications in an attempt to provide a better holistic view to the concept. In their work, one of the common categorization method being used is whether value is being viewed as a unidimensional or multidimensional construct.

As mentioned by Zauner et al. (2015), the unidimensional view of value is popular in the early times of the conceptualization process and it sees value as a construct that can be measured by one set of “self-reported item” (p. 4). Some scholars under this view use means-end theory and see value as something “can be appreciated at different levels of abstraction, with product attributes at the lowest, attribute performances at the middle, and goals and purposes at the highest level” (Gummerus, 2013, p. 26). On top of that, Zeithaml (1988) has identified the benefits and sacrifices parts in her study and come up with one of the widely adopted definitions by different scholars stated that “perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given” (p. 14). At the same time, it is worth to emphasize that the perceived cost “is a combination of perceived monetary as well as non-monetary costs that equate to consumers’ perceived sacrifice, which, in turn, affects their perception of service value.” (Boksberger & Melsen, 2011, p. 231). Consumer value is therefore being seen as an outcome of the comparison between cost and benefits, as well as a rational choice (Zauner et al., 2015).

While the unidimensional view of value allows a straightforward approach in understanding consumer value, many scholars have noticed that it has oversimplified the nature of value and has put too much focus on economic utility (Sánchez-Fernández et al., 2009). As a result, it has limited ability in explaining and predicting the actual behavior of people as it is obvious that people’s decision is made beyond only considering the cognitive aspect (Zauner et al., 2015). To address this issue, other researchers have used a multidimensional approach to value. These researchers see value as a multidimensional construct, which consists of multiple attributes and components and the consumer value is the aggregate of all dimensions (Zauner et al., 2015). However, it is worth to note that there is no agreement on what exactly are the attributes of consumer value among different scholars and they have used different dimensions in their work. For example, Sheth, Newman, and Gross (1991) in their study suggested and tested that consumers’ choice is based on 5

types of consumption value including functional value, conditional value, social value, emotional value and epistemic value which are independent of each other. Since then other researchers have utilized the theory in different context and further develop it. One of the major development was made by Sweeney and Soutar (2001) which suggested that different dimensions of the consumption value in the theory are actually interrelated and they further developed the theory by adding a separate price and quality dimension to the theory and created a 19-item measure called PERVAL in assessing the consumer value.

Following that, Holbrook (1999) defined consumer value “as an interactive relativistic preference experience” (p. 5) and have created a typology consists of 8 dimensions that includes efficiency, excellence, status, esteem, play, aesthetics, ethics, and spirituality. The work is aimed to provide a framework of different dimensions regarding consumer value in explaining different consumption phenomena. The typology of consumer value will be further discussed in the next section below before being utilized in explaining the consumer value in this thesis.

The author has chosen to explore the perception of trends in product unbundling by airlines by consumers with the aid of consumer value in multidimensional view and more specifically, the Holbrook’s typology of consumer value, for this thesis due to a number of reasons. Firstly, consumer value has long been used in different studies to understand consumers’ perception and its relationship to satisfaction or loyalty therefore it has a proven record in doing so and widely adopted in both academia and business world (e.g. Ercsey & Józsa, 2016; Gallarza, Arteaga, Del Chiappa, & Gil-Saura, 2015; Pandža Bajs, 2015; Sánchez-Fernandez & Ángeles Iniesta-Bonillo, 2006; Scaglione & Mendola, 2017; Schoeman, Van Der Merwe, & Slabbert, 2016; Williams & Soutar, 2009). Besides, the author believes that a multidimensional approach is essential in understanding the consumer value towards tourism products as a wide range of different product offerings such as the coexistence of low-cost carriers and full-service carriers in airline industry as mentioned in the introduction clearly shows that consumers do not base their purchase decisions solely on economic value as suggested by the unidimensional view of value. Actually, Moreover, the author shares the view of Smith (1999) on the five advantages regarding the use Holbrook’s typology when deciding to use the typology for this study and think this could be the appropriate choice. Smith (1999) sees the advantages in:

the recognition or assertion that (1) consumer value lies in the consumption experience, not in the product; (2) different types of value may be obtained; (3) these types of value may occur simultaneously and to varying degrees in any consumption experience; (4) there is an interrelationship between the different types of value that arise in consumption; and (5) the types of value may be subject to a higher order classification (such as the dimensions proposed in Holbrook's typology). (p. 149)

The author believes these characteristics fit in well in the study as different people might have different judgements on what type of value does the unbundling process affects and it could also be affecting different types of value simultaneously and that different dimensions of consumer value are not mutually exclusive to each other. The typology of consumer value can, therefore, act as a useful tool and provide a suitable framework for this thesis.

2.4.1 Holbrook's typology of consumer value

As mentioned in the previous section, Holbrook (1999) has adopted a multidimensional approach and has defined consumer value "as an interactive relativistic preference experience" (p. 5) for his typology of consumer value. Holbrook (1999) has further noted that 'preferential' is "the most fundamental point" (p. 8) of the nature of consumer value as it refers to results being shown as a preference among different options by the person's decision or behavior. Other components of the definition include 'relativistic', which refers to comparative nature of consumer value when a person faces different options rather than as an absolute position. This characteristic also means consumer value is personal and situational and therefore it could vary based on who is evaluating it and in what situation the valuation is made. The 'interactive' and 'experience' parts of the definition refer to the view that consumer value is created by interactions between consumer and the product and not embedded in the product (Holbrook, 1999).

Holbrook (1999) explains that the type of consumer value depends of "three key dimensions of consumer value: (1) Extrinsic versus intrinsic value; (2) Self-oriented versus other-oriented value; and (3) Active versus reactive value" (p. 9). In the first dimension, Holbrook (1999) defines extrinsic value as a "means-end relationship" (p. 10) in which value is gained when in the process when an object is used to achieve other objectives. In contrast, intrinsic value refers to those when the consumption is appreciated as the end experience. In

the second dimension, self-oriented value arises when the consumption is aimed to fulfill the person's own desire while other-oriented value arises when the consumption is for the others. For the third dimension, active value emerges when the consumer carries out manipulation to the object which could be either tangible or intangible. Conversely, reactive value emerges when the consumer reacts to the object without the need of consumer providing input (Holbrook, 1999). These three dichotomies create the eight classifications that form the typology of consumer value as shown in the table below (Table 1).

Table 1 Typology of consumer value (Sánchez-Fernández et al., 2009, p. 98)

		<i>Extrinsic</i>		<i>Intrinsic</i>	
<i>Self-orientated</i>	<i>Active</i>	ECONOMIC VALUE	EFFICIENCY (output/input, convenience)	HEDONIC VALUE	PLAY (fun)
	<i>Reactive</i>		EXCELLENCE (quality)		AESTHETICS (beauty)
<i>Other-orientated</i>	<i>Active</i>	SOCIAL VALUE	STATUS (success, impression management)	ALTRUISTIC VALUE	ETHICS (virtue, justice, morality)
	<i>Reactive</i>		ESTEEM (reputation, materialism, possessions)		SPIRITUALITY (faith, ecstasy, rapture, sacredness, magic)

From the typology, it can be seen that 'efficiency' is the type of consumer value that is extrinsic, self-orientated and active. Holbrook (1999) introduces this category of consumer value as a measurement of output to input or types of consumer value that associate time as the key interest. This type of value is also often related to convenience level and Leclerc and Schmitt (1999) added that time perception is also situational depending on what is the alternative use of time. 'Excellence' is classified as extrinsic, self-orientated and reactive from the typology. Holbrook (1999) suggests that it "relates closely to the concept of satisfaction based on a comparison of performance with expectations and appears to constitute the essence of what we mean by quality" (pp. 14-15). On the other hand, the reactive nature of this type means actual consumption of the object is not always necessary in order to appreciate the value (Holbrook, 1999).

The third type of consumer value mentioned in the typology is 'status' which is extrinsic, other-orientated and active in nature. Holbrook (1999) describes that value as "active manipulation of one's own consumption behavior as an extrinsic means toward the other-oriented end of achieving a favorable response from someone else" (p. 15), which he thinks that it is political because the consumption value arises when the object is consumed in order to create an image people wants others to see and think. 'Esteem' is the type of consumer value that is considered extrinsic, other-orientated and reactive. Holbrook (1999) pointed out that it is often hard to clearly distinguish between 'status' and 'esteem' because they are interrelated most of the time. Richins (1999) explains that possessions of certain goods to shape your image positively could be a source of esteem value as it fits into the reactive dimension. At the same time, the concept can also be related to the study of materialism (Richins, 1999).

'Play' is in the first cell of the typology on the intrinsic side. It is classified as being intrinsic, self-orientated and active from the three dimensions. The value of play is usually associated with fun as it is an active consumption that is for the sake of the consumers themselves (Holbrook, 1999). As mentioned as a general characteristic of consumer value, the play value is relativistic which can be varied from person to person and from one circumstance to another, as it could be interpreted differently even if there is implicit or explicit rules regarding the consumption behavior (Grayson, 1999). The yet another type of consumer value is 'aesthetics' which "refers to an appreciation of some consumption experience valued intrinsically as a self-oriented end in itself" (Holbrook, 1999, p. 19). An example for this would be the appreciation of a piece of art which the beauty of it is providing aesthetic value.

Value of 'Ethics' refers to the type of consumer value that is being intrinsic, other-orientated and active. Holbrook (1999) points out that it arises from the type of consumption which actively taken for sake of others while it is at the same time being valued intrinsically. Virtue, justice and morality are the key examples given by Holbrook (1999) that actions and consumptions of base on principles of those that concerns with person's own character, right and consequence of ones' action would usually create ethical value. Last but not least, the last cell in the typology of consumer value is 'spirituality', which is classified as intrinsic, other-orientated and reactive from the three dichotomies of characteristics to consumer value. It

refers to consumptions that “entails an intrinsically motivated acceptance, adoption, appreciation, admiration, or adoration of an Other” (p. 22) without other specific practical reasons (Holbrook, 1999).

Since the introduction, the typology of consumer value has become one of the popular approach in exploring consumer value under different context such as tourism (e.g. Webster & Rennie, 2011) while others have further developed the consumer value construct conceptually (e.g. Gallarza, Gil-Saura, Arteaga, Del Chiappa, & Holbrook, 2017; Leroi-Werelds, Streukens, Brady, & Swinnen, 2014).

While the typology of consumer value has provided rather detailed explanations for different categorizations, distinction between some of them remains unclear partly because the underlying dimensions are continuous in nature rather than discrete dichotomies and also different types of consumer value seem to always present simultaneously which complicate the situation (Holbrook, 1999). On the other hand, scholars such as Smith (1999) have also suggested that there is a possibility that some type of value could have been omitted from the typology. For example, Heinonen (2004) has proposed new value dimensions of time and location on top of the existing dimensions of the consumer value. These issues and the nature of the typology together with a rather large number of categories have created difficulties in operationalization as pointed out by Sánchez-Fernández et al. (2009).

In response to the difficulties in operationalization due to the complexity of the typology, Sánchez-Fernández et al. (2009) suggested a simplified model of consumer value comprise of six types of consumer value by combining ‘status’ and ‘esteem’ as ‘social value’ and both ‘ethics’ and ‘spirituality’ into ‘altruistic value’ while Holbrook (2006) has skipped one of the dimension, namely active and reactive, to bring down the number of consumer value to four: economic value, social value, hedonic value, and altruistic value (see Table 1) when applying the typology for an empirical study. Another approach used by some of the scholars researching on consumer value using the typology of consumer value in different context is to focus on some of the types of consumer value. For example, four of the values were considered in the study on volunteering in religious events (see Gallarza et al., 2015) or for shopping experience (see Mathwick, Malhotra, & Rigdon, 2001) while five values had been picked in studying online experience (see Bourdeau, Chebat, & Couturier, 2002).

This thesis will adopt the approach used by Holbrook (2006) in his empirical study, by which one of the three dimensions will not be considered due to practical constraints. As such, the active versus reactive dimension will not be included for this study when classifying the type of consumer value. Therefore, 'efficiency' and 'excellence' will be reported as 'economic value'; 'status' and 'esteem' will be combined as 'social value'; 'play' and 'aesthetics' will be both classified as 'hedonic value'; and 'ethics' and 'spirituality' will be reported as 'altruistic value'. The author thinks this approach could on one hand reduce the ambiguity of having many different types of consumer value for the scope of this study while at the same time it will still be able to provide a holistic view of effects on consumer value perceived by consumers due to the unbundling act by not dropping or omitting any categories completely. While it has its own limitations, the typology can still provide a rather comprehensive evaluation of consumer value on the unbundling phenomenon by airlines, which therefore suitable for the purpose of this study.

3 Methodology

This research follows qualitative methodology approach as this thesis aims to contribute the product unbundling practice adopted by airlines with more in-depth understanding in order to supplement other existing studies of this trend. Besides methodological contributions to the field of tourism product unbundling literature, qualitative methodology approach is appropriate to this thesis as it aims to explore the meaning behind the current phenomena that take place over time from the point of views of the consumers as participants and stakeholders of the arrangement (Bryman, 2016). Also, the constructivist point of view is adopted in this research, which “implies that social properties are outcomes of the interactions between individuals, rather than phenomena ‘out there’ and separate from those involved in its construction” (Bryman, 2016, p. 294). At the same time, the author proactively interprets the meaning and understanding from the participants’ perspective in the thesis instead of solely relying on the author’s understanding to the phenomenon and to the largest extent apply the theoretical framework according to their worldview. As such, this study is best described as having the abductive reasoning which understanding and analysis are basing from the perspectives of participants, which in this case travelers taking planes (Bryman, 2016). The author thinks this is a suitable approach for this thesis as it shares similar characteristics on emphasizing interactions among different parties as consumer value which was discussed in the previous section (Holbrook, 1999).

A mix of semi-structured interviews and netnographic studies have been used to collect data in order to answer the two research questions of this study. All data are then analyzed with the use of thematic analysis method. It is believed that the two chosen research methods can complement each other by providing both in-depth and naturalistic understandings from consumers (Bryman, 2016; Kozinets, 2010). At the same time, the open-ended nature of both research methods allows participants to lead and talk about topics of particular interest to them (Bryman, 2016). More information regarding different methods used in the research and other related considerations will be introduced in this section below.

3.1 Semi-structured Interviews

Semi-structured interviews with the aid of interview guide and image elicitation have been carried out for this research. Interviews can gain rich data in terms of interviewees’ opinions,

experiences, preferences, attitudes and more (May, 2011). A semi-structured interview stands between a structured interview and a focused interview as it adopts part of the features from both by having pre-defined questions and flexibility of enabling the interview to evolve similarly to a conversation by which interviewees are free to talk about different things within the topic while interviewers seek for clarifications and follow up questions when necessary (May, 2011). A semi-structured interview can provide more data on the opinions of the interviewees by their detailed answers (Bryman, 2016).

Interview guide “refers to a list of issues to be addressed or questions to be asked in semi-structured interviewing.” (Bryman, 2016, p. 372). The major function of an interview guide is to outline issues to be discussed in the interview so as to collect appropriate data from the interviewee and to keep the interview on track even though interviewees are generally free to speak about different areas regarding the subject as they wish. On the other hand, photo elicitation is an interview technique in which a photograph is used during a research interview “with the purpose of triggering memories and eliciting values, beliefs, attitudes and meaning” (Cederholm, 2004, p. 226). In his paper, Harper (2002) suggests that the use of photographs could be replaced by other forms of visual image and the use of image elicitation does not only stimulate more information, but also memories and thoughts from different parts of the brain as images are processed in different parts of the brain compared to simply conducting interviews using spoken words. Moreover, the use of image elicitation can also help in illustrating context that could be difficult to describe, demonstrating hypothetical situations and refresh interviewees’ memory or experience in a similar situation which could be useful in facilitating the interview process (Bryman, 2016). For this research, an interview guide of 20 questions has been created to address different areas to be covered in the interview in order to collect suitable data in answering the research questions. In addition to that, two different images, including an image showing both all-inclusive booking arrangement and add-on bundling booking arrangement from an airline website and an image showing 2 different opinions from the Internet regarding flight tickets unbundling have been used as image elicitations for the interviews.

After the interview guide and images to be used as elicitation have been created, a number of pilot interviews have been conducted to test the response and flow of the interview before the actual interview took place. The use of pilot interviews helped to

formulate suitable interview style and provide insights regarding whether or not questions in the interview guide are clear and precise enough to interviewees and whether they are leading to answers with suitable data for the research (Silverman, 2013). In total, 7 interviews have been carried out with university students in Sweden with different level of travel experience which included 4 females and 3 males with age ranged between 22 and 27. The interviews, which all conducted in March 2018, lasted between 26 and 43 minutes and details are shown below in Table 2. All interviews are digitally recorded and transcribed shortly afterwards for analysis.

Table 2 Interviewee profile

Interviewee (Pseudonym)	Gender	Age	Date of Interview	Duration of interview	Date of follow up interview	Duration of follow up interview
Ava	F	23	14 March 2018	43 min	3 April 2018	35 min
Freddie	M	23	15 March 2018	29 min	8 April 2018	19 min
Grace	F	27	14 March 2018	27 min	4 April 2018	20 min
Harry	M	22	13 March 2018	42 min	11 April 2018	11 min
Ivy	F	23	15 March 2018	26 min	10 April 2018	11 min
Molly	F	24	15 March 2018	26 min	11 April 2018	14 min
Stanley	M	26	13 March 2018	31 min	4 April 2018	22 min

3.1.1 Follow-up Interviews

After all the interview transcripts are produced and reviewed, all participants from the semi-structured interviews are invited to take part in follow-up interviews in early April 2018 taking advantage of the flexibility of qualitative interview as mentioned by Bryman (2016). The author feels the need and hence decided to carry out follow-up interviews due to a few reasons. Firstly, the original interview has evolved quite a lot in the previous round of interviews as different participants have provided different directions of the interview which has not been covered in some early interviews and would be beneficial to include. On the other hand, the use of follow-up interviews provided an opportunity to clarify response from the previous interview and therefore provide a better understanding of interviewees' point of view. Also, some interviewees had been stimulated by the first round of interview and have provided valuable reflections on the topic.

For the follow-up interview, a new interview guide is produced for each interviewee based on the transcript of their previous interview. All follow-up interviews are conducted in similar settings to the previous interviews with the aid of interview guide and photo elicitation.

All 7 participants have taken part in follow-up interview which lasted between 11 and 35 minutes (details see Table 2). Similar to the first interview, all interviews are digitally recorded and transcribed for data analysis.

3.2 Netnographic Studies

Apart from interviews, part of this thesis data collection has utilized netnography. Kozinets (2010) defines netnography as a “participant-observational research based in online fieldwork” (p. 60). Part of the reason for netnography to be included in this thesis is due to its advantage of being naturalistic and unobtrusive (Kozinets, 2010). This can help to get more natural data as different users of the website discussed, debated and shared their views on the issue with a specific context as the contents are divided into different discussion threads. While some might see Internet data are unreliable since it is impossible to identify the person behind the user profile, previous studies have shown that misrepresentation does not occur as often as thought and as pointed out by Kozinets (2010), “alteration of identity is a natural consequence of our social life everywhere.” (p. 132). Also, Kozinets (2010) suggested that the participative part of netnography is what it differs itself from simply analyzing data obtained from the Internet as it helps researchers to “experience embedded cultural understanding” (p. 75).

For this research, Flyertalk has been chosen as the online community to be targeted. Kozinets (2015) suggested that the chosen sites to collect netnography data should be “relevant, active, interactive, substantial, heterogeneity, rich in data and experiential” (p. 168). Found in 1998 with data in 2014 showing “27,000 to 52,000 daily unique visitors and 20 million page views per month” (p. 286) and passed 20 million posts in total (Albert, Aggarwal, & Hill, 2014), Flyertalk is one of the most popular online community for travelers around the world sharing their views and looking for information. The author believes that it can fulfill the criteria mentioned above and provide relevant data in order to answer the research question of this study as the popularity of the website can attract travelers with different experience levels and demographic backgrounds to use the website and interact with each

other by using the discussion board. At the same time, the participative aspect is important in netnography in order to understand the context of the particular online community and the underlying meaning of the messages posted by different users as pointed out by Kozinets (2010), as an occasional reader for the website the author feels comfortable in interpreting the discussion on the website compare to other different online discussion board which the author has little experience.

Potential discussion threads were identified by using the keyword search function at the Flyertalk discussion site with keyword “unbundle”. This is then further filtered by the title of the discussion thread and the number of replies in the specific discussion to ensure they are relevant and have engaged interactive discussions from different users of the site. For this study discussion threads with over 1000 replies are being considered and first 30 replies of those threads are skimmed through to select suitable discussion thread for the study as in purposive sampling approach in order to ensure data richness. A total of 2,000 posts have been included in the initial data collection for this research and being analyzed in the coding process.

3.3 Data Analysis

Data analysis for this thesis has been done by using techniques from the thematic analysis. In general, thematic analysis can be seen “a method for identifying, analyzing and reporting patterns (themes) within data” (Braun & Clarke, 2006, p. 79). While thematic does not have a specific set of guidelines on how it should be done nor a clear historical background similar to other data analysis methods, it is a very popular method which has been used in many studies even when not explicitly stated (Braun & Clarke, 2006; Bryman, 2016).

This approach is generally considered to include different steps such as getting familiar to the materials to be analyzed, choosing initial codes and look for them in the materials, coming up with themes that gather different codes with connections together and finally review and name different themes (Braun & Clarke, 2006; Bryman, 2016). As Saldaña (2009) puts it, coding is one of the first steps and an important part of the analysis by linking data together. The main purpose of coding is to summarize data, identify reoccurring patterns and help to recognize relationship among data from different sources (Saldaña, 2009). After coding, the codes are categorized into themes by examining the possible relationships

between different codes, as well as with other higher-order codes and even the theocratical framework that is being used in the study (Bryman, 2016; Saldaña, 2009). It is important to be aware that such process would involve a high amount of judgements and interpretation to the data as most of the time it is not a straightforward decision when putting codes in the data and therefore the findings would represent the interpretation of the phenomenon in way how the author and participants from the data commonly constructed (Saldaña, 2009).

For this thesis, initial codes are generated after reading interview notes made during interviews and the first 40 comments in the netnographic materials. After the initial codes are generated, coding was done by reading through all interview transcripts and netnographic materials from the computer and highlight all relevant parts in different colours with notes being made at the same time for any uncertain classifications which are reviewed at the end of the coding process. After that, codes are reviewed, renamed if appropriate, and being grouped in different themes, which will be presented in the next chapter, together with the analysis made by applying the theocratical framework used in this thesis.

3.4 Ethical Considerations

In order to ensure that this research is being carried out in an ethical manner, various ethical principles including informed consent, privacy and confidentiality, and potential risk to participants have been put into consideration, as mentioned by Bryman (2016).

For interviews conducted in this research, consent from participants was obtained by a signed written consent form which was presented and explained before the interview. The interview consent was adapted from interview consent forms obtainable from the Internet by a university in the United Kingdom and have outlined conditions of the participation such as voluntary participation and right to withdraw. All participants were asked to read and sign the consent form before the interview begins. A summary of the contents in the interview consent is reminded again verbally before each follow-up interviews to ensure all participants are aware the same conditions would also apply to the follow-up interview although they are not required to sign a new consent form again. Privacy and confidentiality issue is being addressed by the safely kept recordings and transcripts of the interviews and all name and other personal details will be censored and removed from the analysis of data. Moreover, anonymity is ensured by altering all names of interviewees when reported in this thesis and that no unique characteristics of talking will be left traceable by others.

On the other hand, the use of netnographic study and data from the Internet posed different ethical concerns and considerations as it is still a relatively new research method comparing to other well-established research methods such as interviews or ethnographic studies while at the same time it “struggles to absorb the ethical and other implications of using them” (p. 535) due to its characteristics (Bryman, 2016). The Privacy Policy of the website used in the research has explicitly advised all users that all information submitted and used in the website can be “read, collected, or used by other users” (Flyertalk, 2018). As such, it is believed that the materials also fulfill the criteria suggested by Pace and Livingston (2005) that data from the Internet should only be used for research if the information publicly archived, readily available and not protected by any password, not sensitive in nature and not prohibited by the relevant policy of the website. While content creators for the data used in the netnographic study are not individually informed about the research to obtain their consent due to practicality reasons, all contents gathered are written and posted voluntarily by the creators and for the use of being read and shared to other users in the public Internet domain and therefore fulfilling the condition outlined by Hewson, Yule, Laurent, and Vogel (2003) that an informed consent might be not necessary. Moreover, while the content used in the netnography resembles a conversation among different users, the research is not viewed as a human subject research since all data is collected in a publicly accessible venue according to the definition by Code of Federal Regulations (Kozinets, 2015). At the same time, privacy and confidentiality of the creator is maintained by censoring any personal details of the creator such as the username of the creator in the discussion forum, similar to the data collected from interviews as it is noted that online pseudonyms and other related details tend to be used over time with similar traceability as real names and therefore should be treated the same (Kozinets, 2010). Anonymity is kept for creators by omitting username of the poster and the use of paraphrasing. The use of paraphrasing is emphasized for netnography as direct quotes can be traced easily by the use of full-text search in search engines on Internet (Kozinets, 2010).

3.5 Research Quality

Considerations towards various research quality criteria are constantly taken into account throughout this study in order to ensure the research are properly carried out and the trustworthiness of this research. The use of terms such as trustworthiness, credibility,

transferability, dependability and confirmability, which suggested by Lincoln and Guba (1985), instead of validity and reliability helps to highlight the difference on emphasis between positivist and non-positivist approaches in research as the presumption of a single social reality does not fit in well with this study and could create confusion (Bryman, 2016).

Credibility is similar to internal validity in the way that it also concerns whether the findings present in the research is what happens in the social world (Bryman, 2016). One way to achieve credibility in qualitative research is by the means of triangulation, which suggest researchers to obtain perspectives from multiple source and methods in order to verify the understanding of the social phenomena (Howell, 2013). Credibility is achieved in this thesis by the use of a mix of interviews and netnographic data which capture perspectives of consumers with different demographic background and travel experience. While it is difficult to confirm the actual demographic mix for data used in the netnography, it is believed that “the online representations were, generally speaking, accurate” (p. 131) as suggested by Kozinets (2010) since constructing a different persona in different context is not unique to online activity and falsify data is not as common as it appears to be, as discussed in the previous section.

Transferability of a qualitative research refers to the ability for applying the findings of the study to other settings (Howell, 2013). ‘Thick interpretations’, which refers to a rich description of details for the findings is recommended so that readers can make their own judgement on the applicability in different situations. This recommendation is being followed in this thesis by providing details in rich accounts of the findings in order to better describe circumstances when the findings take place. In addition, the inclusion of different methods in data collection could also help to include different situations so as to improve the transferability of the study.

Dependability imitates with reliability in quantitative researches and suggests researchers to keep good records of evidence so that the findings and development of the study could be traced by others and hence increase the trustworthiness (Bryman, 2016). While this study was not audited by another individual before the findings are written and presented, the author would include justifications for different decisions made in this study and ensure that different research procedures, especially in data collection and analysis, are properly followed to ensure dependability of this study.

The three quality considerations that have been discussed in this section and confirmability, which concerns with subjective biases arise in the research, forms the trustworthiness of this research that ensures the quality of the study in a similar way with considerations with validity and reliability.

4 Findings and Analysis

This chapter consists of three main parts. Firstly, the findings of the empirical data will be presented according to the results from themes identified at the thematic analysis conducted. After that, they will be analyzed with the aid of adapted Holbrook's typology of consumer value discussed in Chapter 2 and will be presented in the four types of consumer value in an attempt to understand how different types of consumer value are perceived for different aspects of the unbundled flight. Lastly, the author would utilize other relevant concepts and empirical data to explore how purchase decision changed due to the unbundling decision made by full-service carriers.

4.1 Empirical Findings

Four themes have been identified after thematic analysis being used towards the empirical data collected from the semi-structured interviews and netnography as described in the previous chapter in which three are related to consumer value while the fourth provides insight on consumers' future decision-making process when purchasing flight tickets. The three themes that will be presented in this section emerge around consumers' reflection on the effects of unbundling practice towards the product, the carrier, as well as how the practice is justified by consumers.

4.1.1 Effects to the product

Unbundling the flight ticket by full-service carriers poses a huge change in booking and paying arrangement which undoubtedly stimulates a huge amount of opinion towards different aspects of the product affected. One of the strongest impressions people have in mind when talking about the unbundling trend is that some components that were once part of the product offering have become optional and chargeable as an add-on (Tuzovic et al., 2014). To many consumers, it leads to a very different experience. For example, some people on the Internet mentioned that they would have very different feelings when the crew selling snacks in the cabin during the flight comparing to distributing snacks for every passenger. Such strong feeling can be explained by one of the users' comments included in the netnography study, which stated

“there is a huge difference in the feeling between given something and having to pay for something.”

In contrast, though, other consumers such as one of the interviewees, Harry thinks differently towards paying extra fees for some items. To him,

“It depends on the price. If the flight ticket is cheap enough, then it doesn’t matter to have some extra fee.”

Similarly, such change also means a very different service level perceived in different ways by different consumers. To some of the people it is an improvement as they do not like the current offerings and by unbundling those components, they can have other alternatives and options to choose from. However, to consumers like Ava,

“A check-in luggage should be a of-course thing”

and that it clearly shows a service decline to her or other consumers sharing similar views when many of the items are now only available by paying extra while people are used to and expected those to be part of the ticket price without additional cost.

However, it is obvious that the add-on bundling arrangement can provide flexibility to consumers. It is one of the most appreciated features of unbundling which have been mentioned in all interviews with similar sentiments such as:

“I think it’s better that you can choose what service you want, so you don’t need to pay extra for something that you would not use” – Grace

or, thinking in another direction:

“I think it’s better in a way because you can exclude something that you won’t need actually.” – Freddie

While consumers appreciate the ability to make their own decision on what should be included, it is also clear that not components are viewed the same and unbundling different components will create different feedback as some are being regarded as more important to be kept as part of the basic product rather than as an add-on. For example, a large number of comments were made at the online discussion board that some elements such as drinking water should not be unbundled and should always be included even when other parts of the catering might become an add-on. This has been echoed by some interviewees as well where one of them says:

"(...) but I have my vision of standard package that should be included in the ticket." – Ava

At the same time, many consumers also see unbundling decision as just the beginning of a series of possible changes that would be made by the airline to the product offering and that more and more components will be unbundled eventually. People posting on the Internet sometimes worry that the product would keep changing that it creates great uncertainty to the flights they book that might only take place a few months after buying their tickets. This point of view is also shared by participants at the interviews and one of the interviewees also expressed her opinion that even one component being unbundled would make her and her friends wonder if other parts would follow the same way in the near future.

All in all, empirical data from both interviews and netnography show that consumers are concerned with some dimensions of the product offerings after the unbundling take place such as change in value proposition or service level of the product, flexibility, overall experience, as well as its future development which might affect future flight service which they have reserved for future.

4.1.2 Effects to the carrier image

Besides the product itself, the unbundling trend at different airlines also sparks different opinions towards the airline and its brand and images as flight ticket unbundling has often perceived as a great change in service proposition, which can also be seen in the previous section (O'Connell & Warnock-Smith, 2013). This can also be seen in the netnography data, which a lot of users are commenting on the brand negatively such as:

"cheapening the brand and experience"

or sometimes with an even stronger tone like:

"mark today in your diary, it is the day that the brand was killed."

Many users at the online discussion board make it clear in different ways that the brand image worsens due to the unbundling decision and that they will view the brand of full-service carriers unbundling the service in a less premium way comparing with other carriers that do not unbundle their service. This opinion is also shared by some participants during the interviews. On the other hand, it is noticeable in both netnography and interviews data that consumers make a lot of reference with low-cost carriers when talking about full-service

carriers undergoing unbundling process for their products, as many of the consumer associate such purchase arrangement with low-cost carriers. For example, a number of users compare the price for different add-on between different full-service carriers and low-cost carriers while discussing the concept of unbundling and debate on whether or not the price level of the add-ons is reasonable at full-service carriers. This also appears during interviews which many participants would compare the practice on full-service carriers to similar situations with low-cost carriers. For example, when Ivy comment on the service included in full-service carriers, she says:

“(...) but I feel like more and more there is less things that are included especially if you buy from the top airlines like Lufthansa [full-service carrier]. Now they have those bag policy that basically the same flying with Ryanair [low-cost carrier] (...)”

The reason for using low-cost carriers as a comparison in their comments is two-folded, on one hand they usually start by commenting a full-service carrier with unbundled approach has little differentiation in service proposition with low-cost carriers and they would continue their comments with reference to low-cost carriers in order to prove their points in viewing them with similar brand value. On the other hand, some consumers would use low-cost carriers in their comments to justify the future behavior they are claiming to make in response to the unbundled flights with full-service carriers.

In addition to comments to the brand directly, people also express their thoughts regarding the operator by the way it deals with existing bookings before the unbundling decision has been announced to the public. From the netnography, it can be seen that there are a lot of discussions on what should be done by the airline to customers that already bought their tickets before the change has been announced by would be affected since their flights would only take place after the change commence, as well as their opinions on the airline's action. For example, a user at Flyertalk commented the following after knowing the airline would not make any special arrangement to existing bookings:

“Making no allowance for people that booked before you announced them is absolutely appalling behavior.”

Similarly, some interview participants have also expressed their opinion on the treatment of customers booked tickets unknowing part of the service would be unbundled. Ivy, for example, said:

“I would say, they should at least offer some kind of compensation if people have booked prior [the announcement] (...) but I don’t think they would do it”

These quotes have shown that both consumers online and from interviews have expected that certain compensation should have been made to customers that would receive less service because some parts of the service would have been unbundled and no longer part of complimentary service included in the flight ticket between when they bought the ticket and the time they actually take the flight. Moreover, both side has also shown disappointment to the airline for its nonaction. Some interviewees have even shared their own experience on similar situation previously and sometimes a lot of effort have been made to get the airline to make compensation or apply previous conditions for that booking.

While consumers are frustrated about some aspects of the new unbundling approach, their feelings towards employees of the airline are more mixed. More specifically, many of the consumers have their sympathy towards frontline personnel while putting most of the blame for any issues to the management for their decisions. For example, Ava shared her experience seeing frontline employees’ feeling by saying:

“(...) you could see their face that when they [cabin crew] were walking around (...) they were laughing because they thought it’s as ridiculous as us (...)”

In the Internet, several users have expressed concerns about the workload of frontline staff and having to explain the new policy to customers that are not aware of the changes. At the same time, there are also comments towards senior management being ‘out of touch’ as some of the new practices regarding cabin luggage or other aspects are complicated and hard to enforce which could be very time consuming for the staff to carry out properly.

Overall, the discussion online and in interviews showed a lot of interest in commenting the airline when talking about unbundling decisions. Many consumers reflected their view on the airline’s brand image, market positioning of airlines, treatments to existing bookings made before the unbundling is announced and regarding employees of the airline.

4.1.3 Justification to flight ticket unbundling

Another common discussion theme on the unbundling decision relates to how consumers' see the justification to this practice, which has been identified as an important factor for the unbundling arrangement to be effective (Robbert & Roth, 2018). A few interviewees have mentioned that in their opinion one of the reasons for full-service carriers to unbundle their flight ticket is to enable them to lower the price of the base tickets in order to appear in consumers' search for flight tickets as most website display the result based on price in default. In her interview, Molly mentioned:

“So they [airlines] just want their flight to be as cheap as they want (...) so people will search it”

Another interviewee, Freddie also shares similar opinion in his interview and said:

“(...) the thing they are doing this is because of the (display) price is cheaper. And the first thing you look at is the price (...) So yea this is just to be more attractive than the other(s).”

A few members in the online community agree on similar points of view being the reason behind this change and have further elaborated that they think it is a result of most people choosing flights based on price or convenience instead of what services consumers would receive from the airline. At the same time, there is a lot of discussions online on how the airline is delivering the information on their decision. Many users have expressed their irritation on the airline's press release and other communications which sometimes tried to imply that those service components were free instead of being included in the original price of the ticket. Some of the users have explicitly mentioned in the online discussion that while they understand the company would try to provide some excuse, but the choice of words in some situation is unacceptable to them and they feel like being fooled by the airline. For example, one of the online discussion board users stated:

“(...) taking away marginal-cost drinks and dressing it up as an upgrade is just offensive.”

On both sides of the empirical data, there are mentioning that unbundling decision made by full-service carriers is a general trend and that is also one of the reasons being mentioned as a possible reason for a specific airline to adopt this strategy. Another way for many consumers to determine whether or not the unbundling decision is justified is comparing the price level

between the unbundled flight tickets and all-inclusive flight tickets. A few posts on the Internet discussion have commented that they do not find the airline has reduced the price accordingly due to the change in booking arrangements, and this has also been echoed by one of the interviewees, Freddie when he said:

“I think they [airlines] might reduce (the price) a bit we still pay some part of it I guess.”

On the other hand, other interviewees have also mentioned that they do not mind paying extra for add-on service and would not expect those service to be included when the flight ticket is sufficiently cheap. Molly talked about her own experience about it:

“But like this time to Spain the ticket is really cheap, really cheap so I don’t expect they [the airline] will include the food or beverage inside (...)”

Likewise, Harry said in the interview the following:

“(...) if it’s really cheap, then I don’t think people would expect that that’s included (...) but if the price is quite similar to other airline and the other airline provide this service, then people might be unhappy about that (...)”

At the same time, there are a large number of personal comments towards to concept of product unbundling and the way different airlines adopt the practice during the discussion, which often also appear along with ethical judgements by consumers in both types of empirical data. One example from the netnographic data says:

“It’s a real shame”

when this online user expresses the feeling towards this change. In the interviews, Ava, for example, has also expressed her feeling:

“So I feel very upset and angry (...)”

As for ethical judgements, many consumers debated what they think is necessary and should never be charged. For example, some have voiced their opinions that drinking water should be considered as a necessity and should be available throughout the flight without paying while others have also questioned if it is ethical to charge at price level above the normal range. Ivy also comments on the price level for items selling in flight:

“I think they [airline] do take advantage of knowing that there is no competition on air.”

It can be seen that some consumers would try to justify the unbundling decision by ethical considerations, as well as how the news and information are delivered by the airline. On the other hand, they will also consider the reason for the change, trends in the industry and if the price level has changed significantly as marketed by airlines as justification for the unbundling decision.

4.2 Analysis – Consumer value

In this section, the author would evaluate which types of consumer value could be identified by applying the adapted version of Holbrook's typology of consumer value as discussed in Chapter 2 of this thesis. However, it is worth to highlight once again that different types of consumer value could arise simultaneously and consumer value is relativistic in nature (Holbrook, 1999). Therefore, the present analysis will demonstrate main types of consumer value that might be affected by the majority consumers' point of view and different individual might have different judgements based on their personal experience. Besides, the consumer value identified will be presented as having positive or negative effects by the unbundling practice carried out by full-service carrier relative to the original pure bundle approach due to the relativistic of consumer value opposed to an absolute description. However, the author thinks that this would not affect the ability in providing insights in the analysis since it can still provide a general understanding that would be shared by a large portion of people, as in the aim of this study.

The types of value that have been identified by examining the findings from the previous section are summarized in the table below (Table 3). Since in some areas, there are aspects that would bring positive effect while at the same time another aspect that would affect the consumer value negatively, both positive and negative could appear in the same type of consumer value in the same dimension. Details of the analysis will be discussed below according to four types of consumer value.

Table 3 Summary of consumer value change for unbundled flight tickets

Value Type	Unbundling decision on Product	Unbundling decision on carrier image	Justification remarks
Economic Value	Positive/ Negative	Positive/ Negative	
Social Value		Negative	Positive/ Negative
Hedonic Value	Negative		
Altruistic Value	Negative	Positive/ Negative	Negative

4.2.1 Economic Value

Economic value, which consists of efficiency and excellence in the original Holbrook's typology of consumer value, "refers to the case in which a product or consumption experience serves as a means to a consumer's own objectives" (Holbrook, 2006, pp. 715-716). As economic value focus heavily on product features such as quality, convenience or comparison between what consumer get and sacrifice, change in product selling arrangement such as unbundling the product would have a large impact on the economic value associated.

One of the major features for an unbundled flight service is flexibility as could be seen from its repeated occurrence from empirical data. On one hand this could bring convenience to consumers as they could pick the suitable components of service, on the other hand this could also make consumers feel they are paying for what they are consuming and therefore such change could have positive effects on the economic value associated to the consumption of flight service by full-service carriers. Besides flexibility, many consumers relate product unbundling with a change in service level. However, it can be seen from the findings presented above that such feelings could lead to very different interpretations. Some consumers think the unbundled product has a better quality since it might be in partnership with other brands such as for the catering in flight or more customization and therefore feel an increase in service level. With that, we can interpret a positive effect on economic value by the unbundling decision. In contrast, some consumers feel there is a decline in service level for the unbundled approach since there is less service included in the ticket and therefore it could also be seen as having negative effects on economic value.

In addition to that, it can be seen from the empirical data that not all components get unbundled perceived in the same way or with the same magnitude in affecting the economic value of the consumption. For example, many consumers do not really care some of the services for a shorter flight and therefore do not have many implications for the economic

value when they get unbundled. However, other elements are being considered more fundamental to the flight service that they are consuming, such as luggage on a longer flight or drinking water and unbundling these items and make them optional with an extra cost from the ticket would affect the economic value attached to it negatively as consumers think it would cost a major inconvenience and lower quality of the consumption.

Moreover, the brand image of the airline would also affect the economic value perceived by consumers after the flight service is unbundled as the brand image could affect their perceived quality and assessment on what they can get compared with the cost they pay. As such, it could have both positive or negative effects on the economic value of the unbundled flights, depending on consumers' individual judgement as the empirical data has shown that there is no unified feeling in this by different consumers. Besides, the unbundling decision might have negative effects on economic value for consumers who have already booked their flights as they would receive less service than what they have expected when purchasing the ticket if there is no compensation issued for them. For example, in the findings it can be seen quite a lot consumer is upset on the treatments to existing bookings when the unbundling decision is announced and think they would receive less.

To sum up, the economic value associated to the unbundled flight service by full-service carriers could change in both ways depending on interpretations of individual consumer as the unbundling decision has changed the product offerings in many ways, with some more welcomed than others. The change in the products in turns affected economic values in terms of different quality and service level, number of services that are included and the assessment of whether it is worth the price consumers pay for.

4.2.2 Social Value

Social value concerns consumption related to status and esteem that comes from either using or showing some type of possessions or brands (Sánchez-Fernández et al., 2009). Unlike economic value discussed in the previous section, social value occurs when the consumption is used for better impression or reputation on others. As such, this type of value is mostly identified from data commenting on the airline and brand as the attitude towards the airline and brand constructed and agreed by the general public would greatly affect impression or reputation by others towards the user upon consumption.

As the flight ticket get unbundled, usually it means less service is included in the ticket and most consumers would perceive the brand of the full-service carrier worse than before as consumers usually associate more service as a more premium offering. A reduction on service would reduce the ability in impressing others when revealing they are using that airline in their travel since the brand would not be considered as prestige as before and therefore unbundling decision would affect social value associated to flying the full-service carrier undergoing unbundling process negatively due to a worsen brand image. In addition to that, the empirical data as discussed in section 4.1.2 shows that consumers connect the unbundled arrangement to low-cost carriers as they were the type of airlines that have introduced this approach and that again negatively affect the social value attached in consumption as most consumers would prefer being seen as full-service carrier users when they wanted to gain social status by creating favorable impression rather than fliers on low-cost carrier.

In addition to that, consumers' perception of staff working in the airline would also affect the brand image of the company and hence the social value of consuming the brand. From the empirical data, it can be seen that some consumers are concerned on the service quality that can be delivered by frontline employees due to increased workload and the ability of senior management to make good business decisions when they are talking about the company. These have also indicated some damage to the airline's brand image due to the unbundled approach.

On the other hand, the perceived quality of the new unbundled service by the general public would also affect social value positively or negatively depending on the quality level. If the new unbundled service is generally perceived as good quality, the social value associated would be higher as using a good quality service would help the consumer to leave a more favorable impression, while the opposite would happen if the quality of the unbundled service is perceived badly. Findings of this study have noticed that there could be positive or negative effects due to unbundling the flight service as it provides added flexibility and at the same time provide less service. Therefore, the perceived service quality could change in both directions. Social value is more concerned on the perceived quality agreed by the public instead of the consumer themselves because the public's opinion would affect the ability to

create a favorable image by using it, while consumers' perception would affect economic value as discussed previously.

Besides, social value can also be identified in consumers' personal comments and ethical judgement when they try to justify the unbundling decision by full-service carriers from the empirical data. Social value is negatively affected when some of the practices are considered unethical by consumers or have sparked negative opinions, as in the case of flight service unbundling, since consumption of those brands or service might attract bad impressions.

All in all, social value associated with flight service is affected by flight unbundling practice in different ways including the brand image of the airline, change in quality perception and ethical judgement by consumers since those dimensions influence the ability to impress others or maintain a good reputation by using the unbundled flight service by full-service carriers.

4.2.3 Hedonic Value

Hedonic value relates to fun and aesthetics aspects of consumer value, which concerns with own's pleasure in consuming products (Holbrook, 2006). Understandably not too many descriptions in the findings fit into this type of consumer value compared to other three types. From the empirical data, hedonic value is negatively affected when consumers are feeling flying less enjoyable due to the new unbundled approach.

This happens when consumers feel many service items that make flying a fun experience are no longer included in the flight unless they pay extra for them. Even then, some consumers might think that the flight experience is less enjoyable with all the additional stress and efforts needed to obtain those service by making payment in flight or other arrangements during different stages of the journey.

4.2.4 Altruistic Value

Altruistic value combines ethics and spirituality, another two closely related types of consumer value from the original Holbrook's typology of consumer value (Sánchez-Fernández et al., 2009). It refers to consumer value that arises from intrinsic and other-orientated consumption which Holbrook (2006) suggests it could come from "engaging in ethically

desirable practices” (p. 716) or “feeling some sort of spiritual ecstasy” (p. 716). The altruistic value is mostly found when consumers are evaluating whether the unbundling decision is justified and ethical from the empirical data.

From the empirical data as presented earlier in this chapter, it can be seen that most consumers are not completely satisfied on the way airlines unbundle the flight products both in terms of how the airline deliver the information, provide explanations and deal with customers with existing bookings before the decision had been made. At the same time, some consumers feel like unbundling the product is just a way for airlines to take advantage of the customers by overpricing some products such as food and snacks on the plane as there is no competition. All these attitudes and consensus in the general public would affect the altruistic value associated with the consumption negatively as consumers might question if they are really engaging in something ethical.

On the other hand, the empirical data also shows that different components have different effects when they get unbundled, which is also noticeable in terms of altruistic value. This is because consumers would have stronger feelings that the practice is unethical when it connects to something that is considered to be a necessity such as drinking water. Altruistic value associated with the consumption will therefore be affected negatively if the unbundling decision includes items that are believed to be fundamental and necessary to the flight journey.

However, it could also be seen that some consumers welcome the unbundling decision as they think it is fairer when they are only required to pay the services they needed instead of paying for the full package which is inflexible and more expensive to them as they are also paying for the service that they do not require. In this perspective, the unbundling decision might bring positive effects towards altruistic value as consumers find this is a fairer way to purchase service.

Overall, altruistic value associated with unbundled flight service by full-service carrier varies on the degree that consumers believe airlines are acting ethically so that their consumption would also deem to be ethical by others.

4.2.5 Summary

In summary, while hedonic value is negatively affected due to the unbundling practice adopted by full-service carriers, all other three types of consumer value, namely economic value, social value and altruistic value, could be either positively or negatively affected depending on consumers' actual experience, individual airline's implementation of the unbundling practice, circumstances when different consumers' are evaluating the consumer value of the product offerings or other factors, due to the nature of consumer value being interactive, relativistic, preferential and base on experience (Holbrook, 1999).

4.3 Analysis – Reshaping purchase decision

In the previous section, the author has analyzed how consumer perceive flight service unbundling by full-service carriers in different types of consumer value by using empirical data collected with consumers' opinion on the new product offerings, brand image or justification to the change. However, the unbundling practice does not only change the consumer value perceived, but also influences purchase decision which can also be seen in the empirical data as consumers make claims on impact for their purchase decision because of the new unbundled purchase arrangement. In this part of the analysis, the author would present and analyze several common views among consumers on their purchase decision for the unbundled flight tickets using different concepts presented in Chapter 2 of this thesis.

First of all, the change in purchase arrangement and pricing method to add-on bundling creates price uncertainty for consumers. This is because consumers can only see the base price at the beginning, which will be changed throughout the booking process when they select add-on items. The final price for the flight will only be displayed at the end of the booking process just before the payment. For example, Freddie has mentioned in the interview that:

"(...) here you don't know the final price and that's a bit tricky."

In addition, the unfavorable influence of the price uncertainty is further worsen by the fact that the total price will be increased multiple times if the consumer select more than one add-on service, which would create an illusion on the feeling that the increase is greater than the actual price increase if the final price only changed once (Mazumdar & Jun, 1993). As such,

the price perception of the flight ticket might affect consumers' purchase intention unfavorably.

On the other hand, the increase in number of options and components for consumers to choose and decide in the unbundled approach of flight service has created different information requirement by consumers when making their purchase decision. Firstly, more information would be required when consumers are purchasing flight tickets in unbundled approach such as description or price of different add-ons. However, many consumers are not very satisfied in this area for most carriers on their current information availability. For example, one interviewee, Stanley, commented:

"Probably a little more transparency in the sense that they give complete information (...) [on] what you get really [is needed] (...)."

Another interviewee has also mentioned that sometimes information is only available after you have booked the ticket but not before or during the purchase, which might be desirable when the service is included in the ticket price when using the pure bundling approach but might not be suitable when using add-on bundling as consumers would need the information when deciding whether or not they need the service item. In the online discussion, users have also found out that sometimes the information is not up-to-date when the unbundling is announced and most of the time airlines do not put enough efforts in updating information to their customers. Moreover, sometimes the information is difficult for consumers to understand and interpret even if it is available due to the way it is displayed or the difficulty in locating the accurate information. Some interviewees have expressed that information is unclear on the airline's website or during the booking process because of confusing images or having too much unrelated details on the page which have created distractions and ambiguity. Harry, for example, commented that:

"(...) some airlines I think they are doing it on purpose, that they don't really display the information very clearly. Then you might need to be careful (...)."

Likewise, Ivy thinks:

"(...) concise information about what you get is the most important thing for a website."

Overall consumers found that the booking process is not as straightforward as they desire with too much irrelevant information which distracted them from getting the information they are looking for. A few interviewees have also mentioned that it could present challenges to users that are not experienced. For example, Ava said:

“(...) for example my parents, they are in a little older generation and already doing things online is very hard for them. And these kinds of extra clicking, to find extra things (...) is pretty complicated for them.”

These difficulties in obtaining information needed for the purchase decision by consumers would hinder the intention for them to purchase flight tickets from the airlines' website as what that airline aim for, since ease of use and facilitating conditions are one of the most important drivers for online flight ticket purchase (Escobar-Rodríguez & Carvajal-Trujillo, 2013, 2014). At the same time, it will also affect their experience with the airline as the experience is being created in the consumers' mind throughout all the contacts with the company (Sørensen & Jensen, 2015).

Besides, a common view from empirical data on change in the purchase decision for unbundled flight service at full-service carrier is looking for alternatives. While consumers might only be able to choose among different airlines when traveling for longer distance, other forms of transportation could also be treated as an alternative for closer destinations. In one of the comments, a Flyertalk user said:

“Not only can I choose another airline, but I can also go by train.”

Similarly, Ava also mentioned in her interview that:

“(...) at some point it's more valuable for me to go with the bus (...).”

The empirical data shows that consumers would consider both flying as well as other forms of transportation as alternatives in their purchase decision as the flight products get unbundled by full-service carriers. Such shift in purchase consideration and more sensitive in pricing information show that there is a rather significant change in consumer value attached in the consumption, similar to the situation when consumers pay closer attention to price information in partitioned pricing arrangement as they are in doubt for the price level or reason (Burman & Biswas, 2007).

As discussed in Chapter 2, consumer value can be seen as an assessment based on perceptions between what is received and sacrificed for consumption (Zeithaml, 1988). This makes consumer value also a suitable tool for understanding consumer behavior, satisfaction and loyalty to the company as consumers would consume the option with the most consumer value (Sánchez-Fernández et al., 2009). As one of the users of the online discussion board put it, consumers do not only compare in one dimension at a time when making the purchase decision but rather:

“Everything (...) will play its own little role in the utility function of various customers.”

This could explain why many users in the online discussion do not agree with others' claims that they would simply switch to another airline when the carrier unbundle the product. In fact, the sentiment of people makes their purchase decision based on an overall assessment is agreed in general, with an online user pointed out in the discussion that most people do not choose solely on price and another user went on and commented that many consumers would rant about the unbundling decision but would continue to fly with the same airline as long as the price is good enough to match the product offerings, or when it is constrained by other factors such as availability or schedule no matter how this shift is being perceived. This is also mentioned in the interviews with similar opinions. For example, Ivy mentioned in her interview that:

“I was switching back and forth I think in the end it took me a while to decide and in the end, I think just end up just pick because the price is good.”

It shows that while consumers might have strong opinions or doubts on the unbundling arrangement, they would still make the decision based on circumstances and overall judgement with different options.

All in all, the unbundling decision by full-service carriers influence consumers' price perception, information requirement during the booking process, perception on the simplicity of the booking process, and searching behavior such as looking for alternatives. While these aspects will affect consumers' purchase decision in a different way, the actual purchase decisions by consumers will still be basing on individual's situation and their overall assessment on consumer value of different product offerings.

5 Discussion and Conclusion

This thesis will be concluded with this chapter by first presenting a discussion regarding unbundling practice at full-service carriers. After that, the result of the current study will be summarized in an attempt to answer the two research questions formulated at the beginning of this thesis which would be followed by a discussion on the contribution of this thesis. This chapter will be ended by introducing possible future research opportunities that could further expand the current study.

5.1 Discussion

In the previous chapter, the author has presented how unbundling flight service is perceived by consumers in terms of consumer value and how does it reshape the purchase decision. Findings show that airlines undergoing the unbundling process have great influence on consumers' perception. Consumer value would be positively affected when the process is managed well while it could also destroy the consumer value associated if it is not done well.

First of all, airlines could make better efforts in communicating the unbundling decision and provide better explanations to consumers. Findings of the current study reveal that many consumers are not satisfied with the current communication which has greatly affected their opinion on the change. Many consumers have expressed their opinion that airlines should use more appropriate language in marketing the unbundling decision and provide better information. Recent research has also found out that better product transparency could help consumers to hold better perceptions of the unbundled purchase arrangement (Robbert & Roth, 2018).

In addition, airlines should design their booking process at their website in a way that can maximize consumers' online experience. With more and more consumers now purchase their flight tickets from the Internet rather than visiting a physical outlet of travel agent or airline, it is essential for airlines to design their website so that they can provide good experiences at all different contacts with consumers. As discussed in Chapter 2 of this thesis, providing good experiences is one of the best ways now for businesses to differentiate themselves from competitors and providing good experience in all stages of service is vital for businesses to success (Pine & Gilmore, 2013). Two major considerations could be taken into account in designing the purchase experience on the Internet. Firstly, the website should be

designed to facilitate different determinants or drivers such as ease of use of the website and others that have been identified in various researches (Escobar-Rodríguez & Carvajal-Trujillo, 2013). At the same time, airlines should also be aware of the framing effects that also affect purchase intentions (Gilbride et al., 2008).

5.2 Conclusion

In this section, the author would conclude this thesis by firstly summarizing the result of the study conducted and address back to research questions of this study. After that, contributions of this thesis to tourism research will be presented, which would be followed by a brief introduction of future research opportunities which could help to further develop the present study.

5.2.1 Answers to Research Questions

This thesis is aimed to provide more understanding on consumers' perception towards flight ticket unbundling practice adopted by full-service carriers with the use of consumer value, as well as to explore how consumers understand the new booking arrangement and reflect in their purchase decision. In particular, this study would like to explore consumer value associated with the unbundling practice adopted by full-service carriers and consumers' purchase decision on the unbundled purchase arrangement when searching for and purchasing flight tickets. To achieve this aim, two research questions were formulated and presented in Chapter 1 of this thesis:

RQ1: How is value perceived by consumers for flight ticket unbundling practice in full-service carriers?

RQ2: How do consumers understand and reflect upon their purchase decisions?

The current study has elected a mix of semi-structured interviews and netnographic studies. By using semi-structured interviews with the aid of photo elicitation, it can allow participants to provide rich and in-depth data that could help to understand consumers' attitudes, experience and opinion while the netnography can provide natural thoughts and discussions among Internet users (Kozinets, 2010; May, 2011). Data collected are then analyzed with the use of thematic analysis by coding the data, looking for possible patterns and trends and establish possible relationships between codes. They are then applied to an adapted version of Holbrook's typology of consumer value as used by Holbrook (2006) in one

of his empirical study, as well as other related concepts such as regarding travel experience or online purchase experience, as discussed in Chapter 2.

The first research question concerns the consumer value perceived by consumers towards the flight service unbundling by + carriers. From the analysis of the data collected in the present study, it can be concluded that the consumer value perceived depends on the dimension of consumer value, the implementation of different airlines, and the situation that consumers are evaluating. The unbundling practice can either positively or negatively affect the consumer value associated with the economic value dimension. This is because on one hand, such change in purchase arrangement can provide the flexibility that consumer valued a lot regarding the convenience, on the other hand consumers also associate this change as a reduction in service level with fewer service items attached to the ticket they paid for and thus worth less than before.

Similarly, the social value associated with the consumption with unbundled flight service could also be either positively or negatively affected. The reason for this is because if consumers perceive such change as an increase in quality, it might help with the brand image of the airline and therefore create a positive effect on social value. In contrast, the social value might be negatively affected when the consumers think such move damages the existing brand image and therefore consumption with such brand would reduce its ability to impress others or being associated with.

On the other hand, hedonic value is, in general, being negatively affected when the flight service is unbundled since consumers feel like the unbundling practice has made flying less enjoyable than before with fewer service included without paying extra.

Altruistic value that associated with unbundled flight service by full-service carriers can also be either be positively or negatively affected. This is because consumers perceive the add-on bundling approach as a fairer purchase arrangement since they are only required to pay for the components that they are using, which increase the altruistic value related to the consumption of the unbundled flight service. However, consumers also feel that airlines are taking advantage when unbundling the service and overcharge some service components, and that they think it is unethical in unbundling service that is of a necessity nature. Both of these and other similar perception would affect consumers' ethical judgement towards the

airline and the unbundling practice in general and therefore negatively affect the altruistic value associated with the consumption of unbundled flight service.

To sum up, the consumer value perceived by consumers for full-service airlines varies in most dimensions depending on the consumers' experience, airlines' approach in implementing and presenting the unbundling decision, as well as specific situation. Consumers could perceive the unbundled practice positively or negatively in terms of consumer value depending on aforementioned conditions.

The second research question of this thesis intends to investigate in what way consumers' purchase decision reflects their understanding of the unbundled flight service. Different concepts have been applied in analyzing empirical data in order to explore different aspects of the purchase decision by consumers. As discussed in the analysis, it can be seen from the empirical data that the unbundling purchase arrangement has created price uncertainty for consumers as they do not know the exact price they would be required to pay after adding different add-on components they need for the flight service, and the multiple price increase when they are adding different add-on items towards the total price is unfavorably perceived and further influence consumers' price perception negatively (Mazumdar & Jun, 1993).

On the other hand, the change in purchase arrangement also creates different information requirement by consumers for their purchase decision. This is because the increased flexibility and options during the booking process required more information such as descriptions of different add-ons and their price for consumers, and at a different stage of the booking process compared to the previous, pure bundled approach. However, many airlines adopted the unbundled approach have not updated the information layout and booking process accordingly to match the information need and in turn create some difficulties especially for consumers that do not have much previous knowledge, and this would affect their purchase experience.

Moreover, the change in consumer value associated with consuming flight service with unbundled, add-on bundling purchase arrangement also prompt consumers to consider other alternatives when they are making their purchase decision. Not only consumers would consider different airlines such as low-cost carriers or other full-service airlines, consumers

would also consider other transportation modes if the alternative is viable, such as trains or coaches for a shorter distance travel.

However, the analysis of the present study also shows that the actual purchase decision would still depend on the overall consumer value assessment rather than the immediate response to the unbundling decision taken by full-service airlines, even though the information searching and decision-making process might be different to before.

5.2.2 Concluding remarks

Existing researches to date have predominantly utilized quantitative approaches when studying flight service unbundling in order to verify and confirm researchers' predetermined hypothesis in consumers' willingness to pay, acceptability or other aspects. More in-depth understanding on the issue is therefore in need so as to go beyond the surface of this ongoing trend and gain knowledge of the phenomenon that might have been overlooked from outside. The present study contributes to the topic of flight service unbundling methodologically by using different qualitative methods in order to gain presence of the use of qualitative approach and at the same time introduce netnographic studies, a relatively new research method to the research field. The study hopes to explore and showcase the possibility of gaining a more comprehensive understanding of the matter by using different qualitative research tools.

On the other hand, this thesis also contributes to the unbundling practice literature by providing an in-depth understanding on how the flight service unbundling practice is perceived by consumers in different types of consumer value and how does the purchase decision reflect such major change in product offerings and purchase arrangement. It is hoped that this present study can provide insight on how consumers think about the unbundling process in different points of view and how would those perceptions translate into their future purchase decision. In turn, this thesis hopes to fill the knowledge gap in understanding as the unbundling practice is getting widely adopted by more airlines in different regions with increasing market size even though such practice does not seem to be received well by the public in different media.

5.3 Future Research Opportunities

A number of limitations have been identified along the research process for this thesis due to time, research design or practicality which present possibilities for further research at the same time. First of all, only a limited amount of data has been included in the netnographic data for analysis in this study due to time and resources constraints compared to the amount of data available in the Internet, a more comprehensive research with a larger size of data from one or even more source on the Internet could provide more insights on the topic by including even more discussion online by different people and further improve the credibility and transferability of the result.

Moreover, the current study has presented consumers' perception of the unbundling practice in general without distinguishing their travel experience or cultural background. Further research comparing cross-cultural difference or consumer value with different travel experience could be insightful as Holbrook (1999) has suggested that different consumer value would arise when consumers have different experience and background.

In addition, further study could be made on validating the relationship between consumers' claims on their purchase decision changes due to the unbundling decision by operators and their actual behavior. On one hand, this can make this research more relevant when it is tied to actual behavior and further understand the actual consumer value by looking at the actual impact. On the other hand, it can further expand the research field by identifying relevant behavioral intentions which are closely related to the actual behavior and would be useful by different stakeholders (Wu, Cheng, & Ai, 2018).

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Appendix 1 Interview consent form



LUND UNIVERSITY

Interview consent form

Department of Service Management and Service Studies

SMMM20 Service Management: Master's (Two Year) Thesis

Area: Development and experience on travel products

Dear

Thank you for agreeing to take part in the interview as part of the master's thesis above. Before the interview, please read this consent form outlining the conditions of your participation and how the data will be handled. By signing this form, you are certified that you understand and agree to be interviewed on the following conditions:

- your participation is completely voluntary
- you are free to withdraw from the interview at any time. In addition, you are free to decline to answer any particular question or questions with or without reasons
- the interview will be electronically recorded
- a transcript of the interview will be produced, and both the actual recording and the transcript will be kept confidential
- any summary of the interview contents or quotations will be anonymized in the thesis manuscript and final text
- you may request of a transcript and correct any factual errors
- you have been explained the purpose and nature of the interview, and you have been given opportunity to ask for clarification and you are satisfied with the answer

Signature of interviewee _____

Name of interviewee _____

Date _____

Appendix 2 Interview guide

GENERAL THOUGHTS

1. Could you briefly introduce yourself?
2. How often do you travel by plane? And how often do you purchase the flight tickets yourself and for your family and friends?
3. How would you describe your flight ticket purchase experience? Do you think you are familiar with the process?
4. What would you consider before buying a flight ticket?
5. What would be the most important factor in your consideration? Why?
 - How would you verify that when you book your tickets?
6. How do you book your flight tickets usually? (e.g. online or via a traditional travel agent?)
 - Why do you choose to buy your tickets with this method?

BUNDLING/ UNBUNDLING PURCHASE EXPERIENCE

7. What would you expect to be included in your flight ticket with the total price? Why?
 - Have you been asked to pay for some of those before even though you expected they should be included?
 - Would you be willing to pay extra for that? Why? Have you paid extra for that before?
 - How do you think about being asked to pay for that?
8. Have you been experienced that something was included on some flights or sometimes, but you are asked to pay in other situations?
 - What are those items?
 - Would you be willing to pay extra for that? Why?
9. In general, there are 2 different types of pricing structure nowadays for flight tickets (Scenario A and Scenario B), have you come across the 2 scenarios? What was your experience?
 - How do you think about the 2 scenarios?
 - What are the advantage and disadvantage of the 2?
 - Which arrangement would you prefer? Why?

10. There are more and more airlines moving from Scenario B to Scenario A. How do you think about this practice of asking you to purchase different components as an add-on? Why?
11. How do you think when an airline changes to adopt this kind of arrangement? (From all-inclusive to paying different components separately)
12. Why do you think different airlines now sell their tickets with this arrangement?
13. Will this change your decision on flying? How will it change?
14. There are some very different comments on the Internet about this change. How would you comment on those views?

CLOSING QUESTIONS

15. How do you think about the information is provided in the website and other channels regarding all-inclusive and add-on?
 - Is there anything you think could be done better?
16. What would be the ideal booking process in your opinion?

OTHER IDEAS

17. How would you describe your flying experience in general?
18. What is the most important factor to have a good flying experience?
19. What if you are being asked to pay extra to get something better? Will you pay for them? Why?
20. Do you usually buy any add-on items when purchasing a flight ticket or during the flight? What did you pay for?
 - Do you feel like it is worth what you paid for? Why?

Appendix 3 Image elicitation

Scenario A

CPH → ZRH
 09:35 → 11:30
 Travel time: 1h 55m

1267 Operated by Economy Selected Business from DKK 1.972

Light
 DKK 1.311

- Snack & beverages
- 1 x Hand baggage

Copenhagen (CPH) - Zurich (ZRH)
 09:35 CPH - 11:30 ZRH

PASSENGER	SEAT	PRICE
Adult 1	Select	
Grand total		DKK 0.00

Save ✓

Seat 8A
 Standard seat
 DKK 75.00

Flights
 Copenhagen - Zurich
 09/05/2018
 Adult(s) 1
 Show details
 Baggage information
 Price DKK 1.603,00

Options
 Copenhagen - Zurich
 1 selected seat
 DKK 75,00

Copenhagen - Zurich
 1 additional baggage item(s)
 DKK 185,00

Grand total DKK 1.863,00

Baggage from DKK 185,00 Price per person per leg
 See choices

Scenario B

CPH → ZRH
 09:35 → 11:30
 Travel time: 1h 55m

1267 Operated by Economy Selected Business from DKK 2.874

Classic
 DKK 1.752

- Snack & beverages
- 1 x Hand baggage
- 1 x Checked baggage
- Seat reservation
- Booking changes for a fee (possible price difference)

Recommended

Copenhagen (CPH) - Zurich (ZRH)
 09:35 CPH - 11:30 ZRH

PASSENGER	SEAT	PRICE
Adult 1	8A	DKK 0.00
Grand total		DKK 0.00

Save ✓

Seat 8A


OPINION EXTRACT A

To me for economy that is a catering improvement as I hate BA's food offering as is.
That includes the sorry excuse for a breakfast they currently serve.
£4.75 for a bacon roll is steep, I wonder how that is going to sell on the red eye lol.

(When the meal is no longer included, and passengers are offered to buy from a menu on board)

OPINION EXTRACT B

Quote:

Originally Posted by 
If something has been taken away that was previously complementary, I suspect it will be tough luck.

There is no logic to that whatsoever. It was part of the ticket price, just like having somewhere to sit is part of the ticket price.

(When the meal is no longer included, and passengers are offered to buy from a menu on board)