

Perception of Service in Airlines: A comparison of Generation X and Generation Y

Bachelor Thesis for Obtaining the Degree

Bachelor of Science in

International Management

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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Abstract

Nowadays the boundaries between full-service and low-cost carriers are becoming blurred. Despite this fact, people of different ages tend to have dissimilar opinions on airline service quality. This study aims to illuminate the differences in perception of service quality of airlines, particularly of low-cost and full-service carriers, customer loyalty and overall customer satisfaction between Generation X and Y. Previous research indicates that the relationship between generational factor and perception of service in airlines has not been investigated yet. Synthesizing the SERVQUAL model and the theoretical background, the set of hypotheses for the study is created. The primary data, obtained by conducting survey and interview, enables to run the statistical test in order to highlight the findings of the study. From the outcome of the investigation, it is possible to conclude that the researcher has received surprising results, which did not intersect with previous expectations from the study. The most important contributions of the study are a novelty and uniqueness of the findings, which are recommended to be successfully implemented in the further research on this topic.

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List of Abbreviations

1. LCC = Low-Cost Carrier
2. FSC = Full-Service Carrier
3. CRM = Customer Relationship Management
4. IATA = International Air Transport Association

1. Introduction

In the past decades, customers have ambiguously and cautiously treated newly emerging low-cost airlines. Nowadays there are only blurring boundaries separating the concepts of low-cost and full-service (Klophaus, Conrady, and Fichert, 2012). As a result, the loyalty concept in airline industry has become vulnerable, as customers, having their main focus on the quality, price and service satisfaction, are switching a wide variety of air carriers frequently, depending on their needs and wants.

Although the topic of service of airlines and its customer perception has been already developed in several scientific studies and academic articles, the generational effect on the perceived service quality and loyalty is remaining an unexplored issue. Therefore, in this thesis the concept of the generation will be investigated together with the main foundations of airline industry. Moreover, the service quality and customer loyalty concepts will be examined in order to obtain the most accurate answer for the research question.

The main purpose of this research project is to determine the differences in perception of service quality of airlines, particularly of low-cost (LCCs) and full-service (FSCs) carriers, customer loyalty and overall customer satisfaction between Generation X and Y. The hypothesis for this study will be based on the main research question: "What are the differences in perception of service of airlines between Generation X and Generation Y?"

The thesis will consist of the following sections - introduction, literature review, case description, methodology, findings and recommendations, conclusions and limitations. The literature review will consist of the analysis of various corresponding and informative sources, representing the current knowledge on the area of the chosen topic of thesis, including theoretical and methodological contributions. In addition, the researcher will collect quantitative and qualitative data by conducting survey and interviews on the given topic. Furthermore, the data collected will be analyzed using descriptive statistics methods of data analysis, such as cross-tabs and graphical visualization, specifically graphs and charts. The most appropriate statistical test would be later applied for the hypothesis testing. In conclusion,

conducting different data collection methods and analyzing findings, both of primary and secondary data, will lead to the formulation of the results, their interpretation, limitations and relevant recommendations for further research.

2. Literature Review

The literature review presents an analysis of previous research findings with the aim to create a basic understanding of the research question and to enhance its development, as well as to discover both methodological and theoretical contributions to the topic of the research. More specifically, the literature review will cover relevant definitions, various theoretical concepts, such as models and type listings.

2.1. Customer Perception of the Service Quality

The perception of service itself is a multidimensional concept that can include different sub-categories depending on the service type. The 'Business Dictionary' (2016) gives the following definition of customer perception: "Customer perception is a marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings". The same source also mentions that customer perception can be affected by various factors, such as advertising, reviews, public relations, social media, personal experience etc. The perception of service is grounded in the three perceptual processes: selective attention, distortion, and retention, which are explained as follows ("Selective attention, distortion, and retention", 2006):

- **Selective attention** is a perceptual process that implies the tendency for people to filter and eliminate most of the information to which they are exposed.
- **Selective distortion** is a perceptual process that implies the tendency for people to support existing beliefs of them while interpreting absorbed information
- **Selective retention** is a perceptual process that implies the tendency for people to remember and concentrate more on the positive findings of the favored brand and eliminate the good points about their competing brands

The concept of service perception is closely related to the customer perception of service quality, while the quality of service reflects on the customer satisfaction (Sureshchanda, Rajendran, & Anantharaman, 2002).

2.1.1. SERVQUAL Model

Service quality has been investigated in the article of Parasuraman, Zeithaml, and Berry (1985). The authors defined the concept of consumer perception of service quality and its determinants that compile a conceptual service quality model. It is mentioned in the study, that the evaluation of service quality is more difficult and ambiguous than of the quality of goods. Furthermore, the authors have stated that the perception of service quality is obtained from the comparison between consumer expectations and an actual service performance. Moreover, another statement explains, that the process of service delivery has the same importance as the outcome of the service in terms of perception of service quality. In this study, the researchers discovered 10 determinants that directly influence consumer perception of service quality:

1. **Access** – easiness of communication and approachability, such as location, convenient hours of operation, easiness of access by telephone or email, etc.
2. **Communication** – the ability of the service provider to inform the customer in the most efficient way, using the language they can understand and different methods of communication to share this information
3. **Competence** – the level of proficiency of service providers required to perform the service according to the promised standard, possession of required skills, education of personnel and management as well as research capabilities
4. **Courtesy** – friendliness, politeness and tolerance of the personnel and management towards the customer; respect and consideration of consumer property; appearance of the personnel (cleanliness and neatness)
5. **Credibility** – company reputation, ability of customer to trust, believability, honesty

6. **Reliability** – performance of the service according to the deadlines, accuracy in financial records and billings, ability of the customer to be dependent on the company

7. **Responsiveness** – ability of the company to respond to the customers' inquiries in the short period of time as well as to be willing to perform the service

8. **Security** – freedom from danger, risk, financial cares, anxiety or doubt, confidentiality

9. **Tangibles** – actual appearance, evidence of the service process

10. **Understanding the customer** – knowing and meeting customer needs and wants

Later, Parasuraman, Zeithaml, and Berry (1988) have created a service quality measuring scale - SERVQUAL. This model reverses the previously discovered 10 elements, identifying only five universal determinants of service quality: reliability, assurance, tangibles, empathy and responsiveness (RATER). The reason for such a modification was a possibility to evaluate service quality quantitatively, and, thus, simplify the process of evaluation in further research. In RATER, 'reliability' stands for the correspondence of particular service to the promised service quality. 'Assurance' indicates the qualification, trustworthiness, and confidence of service providers, while 'tangibles' implies the actual appearance of the service process. 'Empathy' means the individual approach to the customer and care of service providers, and, finally, 'responsiveness' represents the prompt and precise reaction to customer inquiries (van Iwaarden et al., 2003).

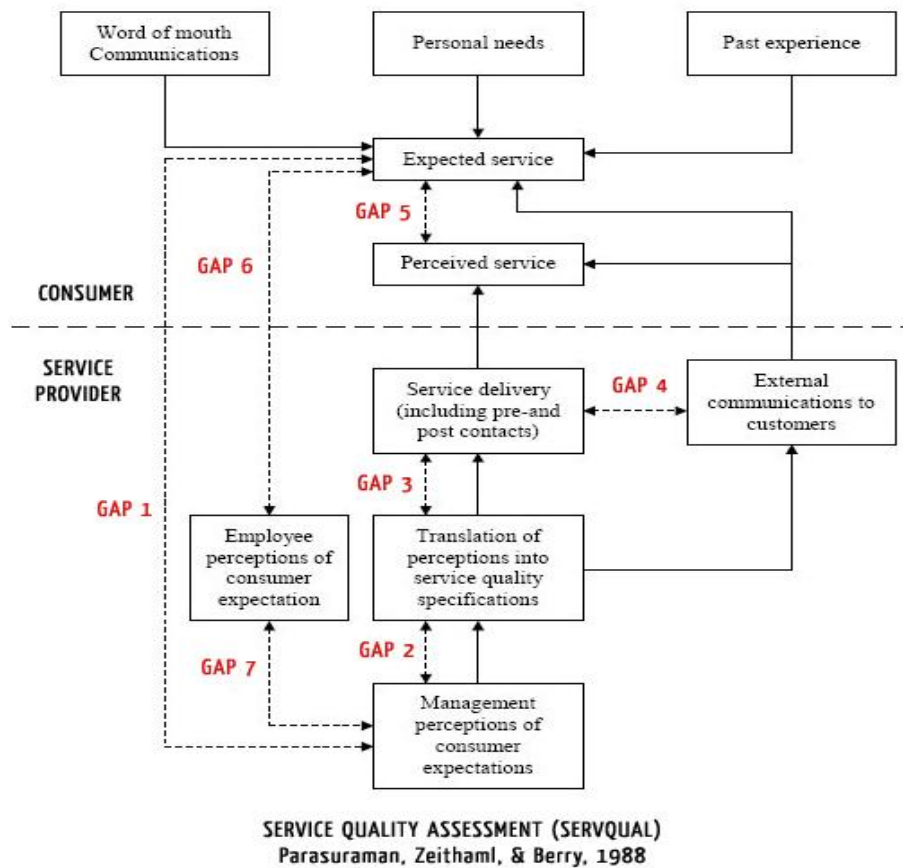


Figure 1. SERVQUAL Model Explanation

The SERVQUAL model, explained in Figure 1, consists of the seven major gaps in the concept of service quality, defined as follows (Shahin, 2006):

- **Gap 1:** Expected service versus the management perception of customer expectations
- **Gap 2:** Management perception of customer expectations versus the translation of perception into the quality specifications.
- **Gap 3:** Service specifications versus service delivery
- **Gap 4:** Service delivery versus the external communication to customers.
- **Gap 5:** The discrepancy between customer expectations and their perceptions of the service delivered

- Gap 6:** The discrepancy between customer expectations and employees' perceptions

- Gap 7:** The discrepancy between employee's perceptions and management perceptions

As stated by Shahin (2006), the most important gaps in SERVQUAL model are gaps 1, 5 and 6, because they have a direct relationship with external customers.

However, Cronin and Taylor (1992) has questioned the conceptual basis of SERVQUAL scale and made their improvements, which have been suggested as the new variant – performance-based measure of service quality – SERVPERF scale. This scale model is designed in order to enhance the measurement of service quality and reduce the number of determinants, which have to be examined while conducting the calculation. The SERVPERF implies that the perceived service quality of individual is equal to the summed perception of individual with respect to the performance of a service firm on a particular attribute (Adil, Al Ghaswyneh & Albkour, 2013). Parasuraman, Zeithaml, and Berry (1994) have criticized the new model of Cronin and Taylor by revealing the empirical proves of the ambiguous validity of SERVPERF.

2.1.2. Correlation of the service quality with other concepts

Later, in a study, Cronin, Brady, and Hult (2000) examined three dimensions – service quality, perceived value, and customer satisfaction - as a complex system for consumer decision-making process in service environments, and, as a result, concluded that these three variables have a direct effect on behavioral intentions of the consumer. In addition, the authors proposed that the modeling of consumer decision-making process requires taking into consideration both indirect and indirect effects on behavioral intentions: the direct effect means the influence on the actual decision-making process, while the indirect effect refers to after-decision-making behaviors (Chen & Tsai, 2006). Previously, research on the holistic perspective on service quality, customer satisfaction, and customer value, made by Oh (1999), supports the correlation between three dimensions mentioned above and investigates the impact of perceived price on customer value and service quality.

Particularly in the airline industry, service quality, perceived value and customer satisfaction are integral components for the measurement of the overall customer perception of service. As investigated by Tsaur, Chang, and Yen (2002), the main criteria for the customer when evaluating the service quality of an airline are 'courtesy of attendants', 'safety', 'comfort and cleanness of seat' and 'responsiveness of attendants'. However, there were some obstacles during the research, since most of the attributes of the airline service are intangible. The vitality of service quality, perceived value and customer satisfaction and its effect on passengers' decision-making process in the airline industry, has been proved in the research of Park, Robertson and Wu (2004). The conclusion of the study implies that the service value, passenger satisfaction and the image of the company all directly affect the behavioral intentions of the passengers. Furthermore, it is indicated in the study that the relationship between customer expectations and the managers' perception of it are of the highest importance in order to enhance the level of customer satisfaction and value perception. Another investigation of the structural relationship between service quality, perceived value, satisfaction and behavioral intentions for air passengers has stated that the perceived value and customer satisfaction have a direct influence on the behavioral intentions of the passengers', while perceived performance has the indirect effect on the customer satisfaction (Chen, 2008).

2.2. Customer Loyalty

The concept of customer loyalty is usually associated with other concepts as service quality, perceived value, and customer satisfaction, which were mentioned above. There are various definitions of customer loyalty, given by different authors and dictionaries. According to the Cambridge Dictionary (2016): "Customer loyalty is the fact of a consumer buying products or services from the same company over a long period of time".

It has to be said that the customer loyalty is closely related to the customer perception of service in general. This fact was supported by the study of Shafeiha and Saeednia (2011), the results of which has shown that perceived value of service has a direct positive impact on customer loyalty.

Previously, Brodie and Whittome (2009) have created a conceptual model, representing components of the customer brand perception and the factors influencing the concept (see Figure 2).

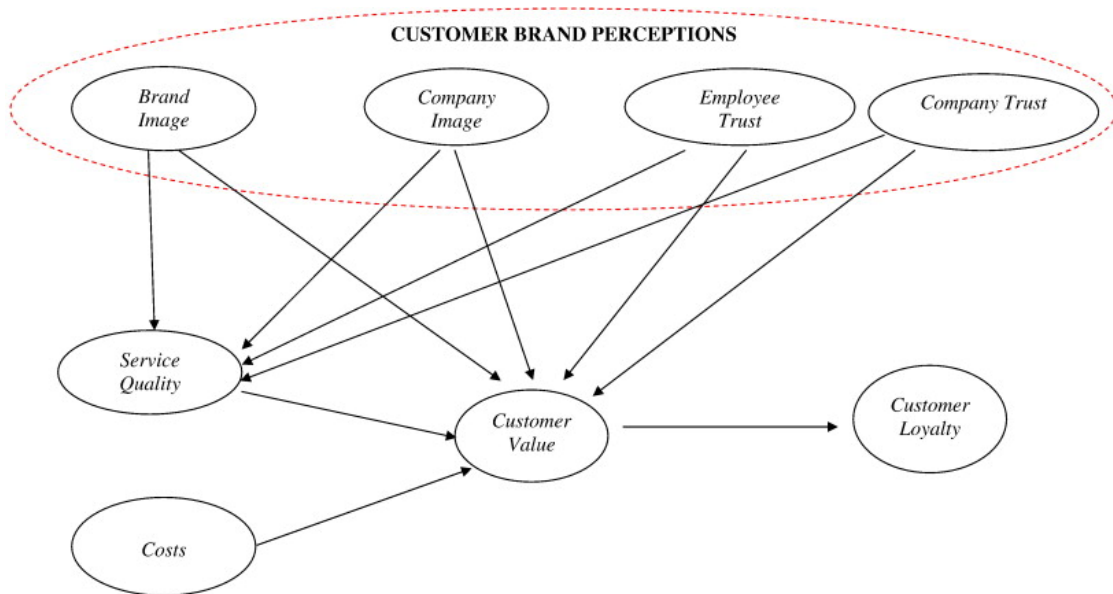


Figure 2. Customer Brand Perception. (Source: Brodie and Whittome, 2009).

The model suggests four components of the customer brand perception: brand image, company image, employee trust and company trust. Each of them has its own influence on other factors, such as service quality, costs, customer value and customer loyalty. Thereby, the model explained above supports the fact of the relationship of customer loyalty to other concepts, constituting the overall customer perception of service.

Study of Woon (2015) investigates factors influencing customer loyalty in the airline industry in Malaysia and, eventually, implies that there is a positive relationship between customer loyalty, taken as the dependent variable, and commitment, trust and perceived quality of service as explanatory variables.

2.3. The Concept of the Generation

Strauss and Howe (1997) have popularized the idea of generation and defined a concept of social generation as “the aggregate of all people born over a span of roughly twenty years or about the length of one phase of life: childhood, young adulthood, midlife, and old age”. In their study, authors have created the Strauss-Howe cyclic generation theory and explained that members of each generation are distinctive in terms of different traits and characteristics. They also specified the timing of generations and turnings. Particularly, there are four different generations born in the *Millennial Saeculum* (*Saeculum* refers to the long period of time, particularly, an average lifetime (Meriam-Webster Dictionary, n.d.)): Baby Boomers, Generation X, Generation Y (also known as ‘Millennials’) and Generation Z, or Homeland Generation. Generally, the generation period takes a timespan of 20-25 years and is determined by the birth year (Schewe & Meredith, 2004; Schewe & Noble, 2000). Nevertheless, the variations of different studies are not always delineating generational groups in the same manner. For instance, the famous study of Strauss and Howe, indicates ‘2005-present’ as a gap of birth years for the representatives of Generation Z, while, in the meantime, the US Center for Generational Kinetics research defines this timespan as “1996-present” (Generational Breakdown: Info About All of the Generations, n.d.). The same inconsistency can be observed in the names of generations. To illustrate, Generation Y can be also named as Gen Y, Millennials, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, DotNet, Ne(x)t Generation, Nexters, First Globals, iPod Generation, and iYGeneration, as well as Generation X, is the same as Baby Bust, Slackers, Why Me Generation, and the Latchkey Generation (Williams and Page, 2011).

Later, Strauss and Howe (2000) have proposed updated generational theory, where stated that the four generational types tend to repeat cyclically: idealist (prophet), reactive (nomad), heroic and artistic. According to this theory, characteristics of generational types are cycling along with their holders. The four key elements of generational theory can be outlined (Pendergast, 2010):

1. Generational types, such as idealist, reactive, heroic and artistic, cause the cyclization of trends and characteristics.
2. Particular events and factors, that occurred during the early stages of lives of the generation, form the core values and beliefs of the generation in general.
3. Different life-cycle stages influence the main traits and characteristic of the representatives of generation at that stage.
4. There are certain generations and each of them possesses unique characteristics and features, different from the ones of other generations.

2.3.1. Generation X

In this research, two generational groups will be compared: Generation X and Generation Y. As it is mentioned above, each generation has its own characteristics and unique features, which create differentiations in terms of their consumer and travel behavior. According to Strauss and Howe (1997), the representatives of Generation X were born in the timespan of 1961-1981 that is notable for the emerging technology and mass media. This fact has a strong influence on the main characteristics of Gen X representatives. Li, Li, and Hundson (2013) have been investigating the application of the generation theory to tourism consumer behavior and identifying the key characteristics in tourism consumer behavior of each generation.

Firstly, the X-ers tend to be hard-working, highly motivated workers with a strong entrepreneurial spirit, which is mostly caused by the state budget cuts, the oil crisis of 1973 and the rapid changes in speed of global economic development. Secondly, the representatives of Gen X appreciate feedback and rational criticism more than their forerunners - Baby Boomers. Thirdly, they tend to be keen to the manifestation of creativity and absorbing new information (Pendergast, 2009). Concerning the travel behavior of Gen X-ers, according to U.S. statistics, they take an average of 3,6 leisure trips and 6,9 business trips per year (U.S. Travel Association, 2011). Also, it is mentioned, that people born in this timespan usually have a strong commitment to their families, thus, they tend to travel in their accompaniment (Li, Li, and Hundson, 2013).

2.3.2. Generation Y

The following generation - Generation Y – was born in the timespan of 1982-2004, which can be described as the age of information, globalization, terrorism, widespread of Internet and rapid technological development. Due to the aforementioned events, the characteristics of Gen Y-ers have been shaped in the way, different to the Gen X. Owing to the globalization and conventionality of the borders, Gen Y-ers tend to be internationally oriented workers, which are opened to communication with the worldwide community. They prefer teamwork to individual assignments and possess stronger self-confidence than Baby Boomers and Gen X-ers. Moreover, the representatives of Generation Y can be distinguished by their differential intense loyalty and commitment to the ideas, products, and services they are dedicated to (Li, Li, and Hundson, 2013). Furthermore, the Generation Y considers the sustainability concept as one of the most important ones nowadays, especially in the tourism sector (Benckendorff, Moscardo, and Murphy, 2012). As for the Y-ers' tourism behavior, according to statistics, they take an average of 3.9 leisure trips and 4.2 business trips per year (U.S. Travel Association, 2011). Additionally, according to another study, the distinctive features of Gen Y-ers in tourism are following (Pendergast, 2010):

1. **Frequent traveling** – Y-ers tend to travel more often than the previous generations.
2. **Worldwide traveling** – Preference to travel more outside the local environment and explore new world destinations.
3. **Higher travel expenditures** – Y-ers tend to spend more on traveling, relatively to their income, than other generations.
4. **Internet-based travel planning** – Representatives of Gen Y belong mostly to the category of early adopters on the subject of new technology, thus, in most cases, they make bookings and other travel planning through the Internet.

5. ***Craving new experience and information*** – Y-ers tend to communicate with locals and use different information sources in order to enrich their knowledge with new experience and information.

6. ***Adventurous travelers*** – Due to the fact that Gen Y is absorbing and analyzing various sources of information, their travel plans are usually not that influenced by terrorism, natural disasters, and epidemic.

Another important dimension – the brand loyalty level – was examined for Gen X and Y in The 2015 CrowdTwist Loyalty Program Report study in the USA, where a sample of 1208 consumers aged 18 to 69 participated in the online survey. According to the results of the survey, the representatives of Generation X have 22,4% more of brand loyalty comparing to Gen Y-ers. This fact could be driven by differences in the economic and political environment during the growth of generation (The 2015 CrowdTwist Loyalty Program Report, 2015).

2.4. The Airline Industry

Nowadays the airline industry - the main subject of this study - remains growing and mutable, due to the constantly changing preferences of passengers, emerging technological development and, moreover, influenced by the impressive number of various factors. A SWOT analysis of aviation industry by Kandasamy (2015) outlines the following strengths: growing demand for air travel, high qualification of airline industry specialists, such as pilots, mechanists etc., an improved safety record and the ability for market segmentation in order to establish different levels of service. However, the expenses required for aircraft maintenance and fuel, the efforts needed to control and communicate a large workforce spread and difficulties in rescheduling are all identified as the weaknesses for the industry. Considering the external part of analysis, on the one hand, there are plenty of opportunities for the airline industry development: the destination offers both for business and leisure trips are growing progressively, new technological inventions in the aviation field create opportunities for cost-saving maintenance of aircraft, both during the flight and on the ground, and, finally, technological development contributes to the growth of revenue by introducing new in-flight services. Nevertheless, on the other

hand, together with opportunities the external environment brings some threats into the industry: government interventions, increasing fuel price, terror attacks, destabilized global economic situation - all of these factors are influencing the well-being of airline industry negatively (Kandasamy, 2015).

According to statistics provided by the International Air Transport Association (IATA), the revenues of system-wide global commercial airlines have fallen by 42 billion dollars in two years (from 751 billion dollars in 2014 to 709 billion dollars in 2016). Additionally, the overall expenses of the industry have also decreased by 69 billion dollars (from 716 million dollars in 2014 to 647 billion dollars in 2016). On the contrary, the number of flights worldwide has increased by 3,8 million in the last two years (from 33 million in 2014 to 36,8 million in 2016). Nevertheless, the passenger traffic in Europe has slightly decreased over this timespan (International Air Transport Association (IATA), 2016).

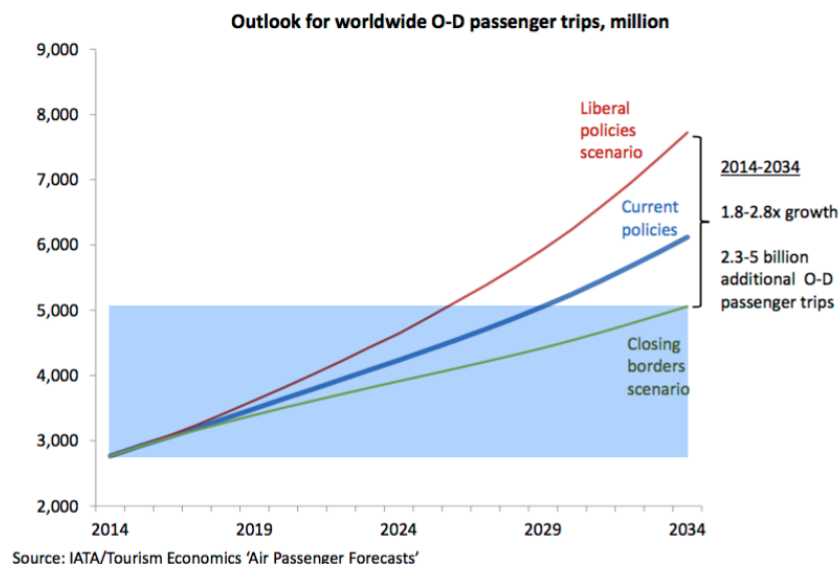


Figure 3: Outlook for worldwide O-D passenger trips. (Source: IATA/Tourism Economics 'Air Passenger Forecasts')

The International Air Transport Organization (2014) has published the study of Brian Pearce that reveals the estimated shape of air travel markets over the next 20 years based on the current trends in the industry and other factors. As it can be seen in Figure, 3 it is assumed that the number of worldwide passenger trips is likely to double over next 20 years (in the study: 2014 – 2034), therefore, there will be 2,5-5 million additional trips by 2034. Moreover, the most frequent travelers among all

age groups are assumed to be 20-24 and 25-34, which would be caused by a fact of growing percentage of air travel among working-age population (Pearce, 2014).

2.4.1. Porter's Five Forces analysis

Porter's Five Forces analysis of competition level within the industry and its business strategy development shows a high intensity of competition in the airline industry. The analysis can be explained as following (Pearce, 2013):

1. **Bargaining power of suppliers is high:** the market of inputs has a sufficient power over the industry. Firstly, the cause for that are the oligopolies among producers of aircraft and engines. Secondly, the number of companies providing airport services, such as catering, cleaning, and maintenance, are low. Thirdly, the airports are usually represented as the local monopolies. Considering these three main factors and other reasons, the airline industry is directly dependent on the market of inputs.
2. **Bargaining power of buyers is high:** the market of outputs has a sufficient power over the industry. This fact is caused mainly by the price sensitivity of customers, while the air travel constitutes a significant share of their expenditures, being currently a standardized product. Furthermore, it is mentioned that the switching costs for the passengers are low.
3. **Bargaining power of channels is high:** caused mainly by increased price transparency on the channels' websites, the willing of channels to satisfy the buyer by decreasing price etc.
4. **The threat of new entrants is high:** limited product differentiation is one of the main reasons for competition together with new opportunities in the industry and ability to target different segments.
5. **Threat of substitute products or services medium/rising:** number of alternatives to air travel market is rapidly growing (e.g. fast trains)

The statistics of air traffic in Austria show that in 2015 14,718,641 million passengers were carried, which is slightly less than the number of 2014 – 15,210,489 million passengers (The World Bank, 2015). Therefore, it can be assumed that the global economic instability has influenced slightly the airline industry as well in Austria.

2.4.2. Airline Service Quality

The airline service is represented by a complex set of various dimensions and processes, which altogether constitute the airline service quality. As mentioned above, the service quality is an inseparable criterion for the compilation of overall customer perception of service.

The airline service can be divided into two categories: ground and in-flight service stages (Chen & Chang, 2005). An importance of different service dimensions can differ depending on the passengers' expectations and needs (Sachdev & Verma, 2004); however, the research of Chen and Chang (2005) investigates the tendencies of such preferences. The importance-performance analysis grid has been created by the authors of the study in order to obtain results. As a result, it was found that the passengers' expectations differ significantly from the actual service received by them. Furthermore, according to the study, the most important dimensions of the ground airline service are reservation and ticketing processes and service provider responsiveness. Simultaneously, the main dimensions of in-flight service for passengers are a qualification of cabin-crew and emergency-handling abilities, while these dimensions have a direct impact on the aircraft safety, therefore minimize the anxiety. Moreover, it is mentioned in the results of the study, that the physical facilities have been evaluated by the customers to be more important as a part of in-flight service rather than ground service (Chen & Chang, 2005).

The study of Pakdil (2007) has been examining the expectations and perceptions in airline service by using weighted SERVQUAL scores. Eventually, the findings of the study imply that the competitive environment in the airline industry is pushing airline companies to constant improvement of their services. The authors of the study suggest airlines adhere to the customers' needs and wants in order to improve the perception of the service. The research using the SERVQUAL scores has found that passengers' perception of service has never responded to their expectations, therefore, this problem has to be reconsidered by the airline companies. Moreover, the results of the study have shown that 'responsiveness' and 'empathy' were the most important dimensions of service quality both for passengers' expectations and perceptions of service. On the contrary, the least important dimension was 'availability', equally for expectations and perceptions (Pakdil & Aydın, 2007).

The research of Park, Robertson and Wu (2004) supports the investigation made in previously analyzed study: the airline companies have to focus on the needs and wants of the customer in order to deepen their knowledge on the passengers' expectations with the aim to improve the perception of the service and stimulate the behavioural intentions. The main finding of the study implies that service value, passenger satisfaction, and airline image all have a direct impact on the behavioral intentions of the customer, thus, supports the fact that the service quality is closely related to the decision-making process (Park, 2004).

Later, it was found that the standards of service quality of airlines can be derived from the analysis of customers' perception of it. The research of Chen and Chang (2005) states that the safety records and the attitude of personnel are the main dimensions of airline service quality, according to the investigation. The researchers have mentioned that cleanliness and the comfort are also one of the most important dimensions of the in-flight service for the passengers (Chen & Chang, 2005).

The research of Namukasa (2013) was done in order to find a relationship and existing influence between service quality, passenger satisfaction, and customer loyalty. Eventually, it is stated in the results of the study, that all three variables are directly connected. Hence, the quality of airline service has a direct influence on passenger satisfaction and customer loyalty, while the perception of ground and in-flight services leads to the satisfaction or dissatisfaction of customer, which, in its case, influences the level of the customer loyalty (Namukasa, 2013).

Lastly, the fact of the direct influence of service quality in airline industry on the perception of service of the passenger has been supported by Geraldine (2013) in a study on the effects of airline service quality on airline image and passengers' loyalty. The investigation was done by designing a questionnaire according to SERVQUAL dimension scale. As a result, it was concluded that the service quality affects the image of the airline, thus the perception of the service and loyalty of the customer (Geraldine, 2013). The same findings were achieved by Gures, Arslan, and Tun (2014).

2.4.3. Classification of Airlines

There are officially about 5000 airlines in the airline industry, according to the IATA database (IATA, 2016). Therefore, a classification of airlines is needed in order to divide all of them into different groups according to their missions and sizes.

To begin with, based on the mission and main purpose of the carrier, the airlines can be classified into two groups: passenger and cargo airlines. Nowadays, the world's largest cargo air carriers are FedEx Express and Emirates SkyCargo. As for the passenger airlines, they can be also classified according to the amount of annually generated operating revenues.

It has to be mentioned that the classification of passenger air carriers in the USA and Europe slightly differ, thus, there are three types of airlines in the USA: major, national and regional (Avjobs, n.d.). However, European carriers are usually divided into two groups: major and regional, while the term 'national carrier' has another meaning – flag carrier. Returning to the airline types, major airlines are generating an annual operating revenue of more or equal to 1 billion dollars. The largest major companies in the world, according to the IATA, are American Airlines Group (merger between American Airlines and US Airways), with the revenue of 41 billion dollars by 2015 (MarketWatch, 2015), followed by Delta with an annual operating revenue of 40,7 billion dollars (Statista, 2015) and the United Continental Holdings (merger between United Air Lines and Continental Airlines) with the revenue of 37,56 billion dollars by 2015 (MarketWatch, 2015). As for Europe, the largest major airlines are Lufthansa Group with the annual operating revenue of 32 billion euros by 2015 (Lufthansa Group, 2016), Air France-KLM merger with the revenue of 26 billion euros by 2015 (MarketWatch, 2015) and International Airlines Group (combination of Irish Aer Lingus, British Airways, Iberia and Vueling) with the revenue of 20 billion euros by 2015 (MarketWatch, 2015).

Another type of airlines – regional – has annually generated operating revenue of fewer than 100 million dollars. Some of the most famous regional air carriers in the USA are US Horizon, ExpressJet Airlines, and GoJet, while the representatives of regional airlines on the European continent are Alitalia City Liner, Eastern Airways, and CityJet. As it has already been mentioned, there is one more group of airlines in

the USA – national – which generate from 100 million to 1 billion dollars per year, however this category is not present in Europe, thus air carriers with such revenue can be attributed to medium size international airlines (Avjobs, n.d.).

According to the level of comfort and service provided to the customer, airlines are classified in three groups: full-service (FSC), low-cost (LCC) and charter (CC) carriers. However, nowadays the boundaries between FSCs and LCCs are becoming blurred, and, possibly, will eventually ‘meet in the middle’ (Eliott, 2013). The type of airlines, which nowadays are combining the features of both full-service and low-cost airlines is called ‘hybrid airline’ or ‘hybrid carrier’. This form of airlines is about to displace previously classified forms, while their business models are designed in a way that they adapt quickly to the market by screening passengers’ needs and wants and implementing them on the ground and in-flight service processes with the support of newly investigated technology (Dabkowski, 2016).

2.4.4. Full-Service Carriers (FSCs): Austrian Airlines

The definition of full-service carriers is given in the study of Cento (2009, p.18): “A full-service carrier (FSC) is defined in this study as an airline company developed from the former state-owned flag carrier, through the market deregulation process, into an airline company”. The full-service airlines are operating worldwide and tend to have a wide global route network with a significant number of destinations. Furthermore, FSCs have mainly the vertical product differentiation and strong customer relationship management (CRM) (Cento, 2009). The main characteristics of full-service airlines are following (Gillen & Morrison, 2003):

1. Wide range of destinations with a broad network of services.
2. Enhanced service quality: improved flight scheduling, baggage tracking, and increased capacity.
3. Loyalty programs and frequent flyer points are more valuable due to the network of destinations and frequency of service.

The main features, characteristics, and principles of service of Austrian Airlines will be further analyzed in order to inspect the service processes of a full-service carrier in details.

Austrian Airlines AG is an airline company, a subsidiary of Lufthansa Group, and the flag carrier of Austria, which was established in 1957. Nowadays Austrian is the largest air carrier in Austria that operates a wide network of over 130 destinations all over the world. It is stated in the mission statement of Austrian Airlines, that the company management focuses on the technical reliability, punctuality and an orientation to service, as they expect these dimensions of service to be the most crucial for their customers. Currently, Austrian Airlines AG is operating a fleet of 81 short and medium-haul aircraft. It has to be said, that the company's finance results have notably improved in 2015, comparing to the previous years. To illustrate, in 2015 Austrian Airlines operated 126,827 flights, carrying about 10,8 million passengers, which can be divided in about 347 flights per day. Accordingly, the EBIT of the company has increased in about 3,2 times, increased dramatically from 17 million euros to 54 million euros in one year (2014-2015). It is important to mention, that the company has undertaken a measurement of the customer satisfaction, the results of which are following: 91 percent for the passengers of Business Class and 75 percent for the passengers of Economy class in the long-haul routes, and, about 75 percent of passengers in the short-haul routes. As the company itself is concentrated on the service quality improvement, the members of the staff (about 6200 employees) of Austrian Airlines tend to be qualified and client-oriented (Austrian Airlines Official Website, 2015).

As the classic example of full-service airlines, Austrian Airlines are providing their passengers with a wide range of ground, onboard and in-flight services. First of all, during the purchase of tickets, a customer can choose the most convenient method of payment, while the company provides more than 5 different payment methods in order to satisfy the client. Also, Austrian Airlines, being an FSC, conduct multi-channel ticket sales, giving a customer an opportunity to choose the best sales channel: indirect or direct on-line (web-intermediaries; company's website) and indirect or direct offline (travel agencies or other intermediaries; company's ticket offices) (Cento, 2009). Moreover, the company allows the customer to make the check-in procedure in 5 different ways: online or by text, in the city center (City Airport Train registration desk), in the airport booth in the traditional way and using check-in machines and, lastly, in the special registration areas for the passengers of Business Class and passengers with reduced mobility. Furthermore, only in

Schwechat Airport (Vienna), there are 7 lounges provided for the clients of Austrian Airlines. Mainly, the 1 piece of hand luggage and 1 piece of baggage are included in the price of the ticket, however, currently there is also 'Economy Light' option, which allows the passenger not to pay for the baggage when it is not needed. Almost all of the aircraft operating in Austrian Airlines have Business Class, which provides passengers with the extra services, such as special registration desks, catering, improved seat comfort and entertainment, both before and during the flight. Nevertheless, the passengers of the Economy Class are also provided with the free snacks and beverages during the flight, even though the overall comfort of the flight is different. For passengers of all classes, there is a catering option available: Austrian Airlines are partnering with Do&Co Catering, thus the a-la-carte meals can be ordered by the customer before the flight for extra payment. The CRM (Customer Relationship Management) of the company is strong, since they are offering their passengers various loyalty programs, such as Family Services, red services and famous Miles&More program for the frequent flyers (Austrian Image Folder, n.d.).

In March of 2016, 'Evening Standard' has published a ranking of the European airlines according to their customer satisfaction level. The ranking is based on about 90,000 reviews of the passengers worldwide. The Austrian Airlines Company takes the second place in the rating, following the Luxair carrier, and followed by Swiss International Airlines (De Peyer, 2016). Therefore, it can be said, that the customers are mainly satisfied with the services provided.

Lastly, it has to be mentioned, that Austrian Airlines is a member of Star Alliance. Usually, full-service carriers are becoming the members of airline alliances in order to cooperate on a substantial level with other airlines with an aim to broaden the destination network and to be the part of alliance marketing branding (Fernandez de la Torre, P. E., 1999).

2.4.5. Low-Cost Carriers (LCCs): RyanAir

The concept of low-cost carriers, also known as no-frills, budget or discount carriers, was firstly established in the USA by the Pacific Southwest Airlines in 1949. Later, this type of airlines was originated by Southwest in the beginning of 1970s, and started growing together with the development of market liberalization. However,

the LCCs have come to Europe only in 1995 with RyanAir. Nowadays, the LCCs occupy a significant part of passenger airline industry both in the USA and on the European continent, being the strong competitors of full-service carriers (Dobruzskes, 2006). The low-cost carriers are defined in various ways in different studies, however, one of the most precise definitions was given by Cento (2009): “An LCC is defined as an airline company designed to have a competitive advantage in terms of costs over an FSC” (Cento, 2009). There are about 250 million passenger trips per year in Europe, done with LCCs. Moreover, low-cost carriers had a market share of 25% in the aviation industry in 2014 (European Parliamentary Research Service Blog, 2014). According to another statistics, the low-cost carriers in Europe have transported about 306,3 million passengers in 2015, with 6567 flights per day, about 90172 permanent employees and 1353 aircraft, operating these flights (ELFAA, 2015).

The Center for Aviation (CAPA) provides a list of the main characteristics of LCCs (CAPA, n.d.):

1. Lower fares, comparing to the FSCs (including extremely low promotional fares).
2. Single class configuration.
3. Fleet consists of single aircraft type, mostly Boeing 737 with a 149 seat configuration.
4. Mainly operating short- and medium- haul flights.
5. Mainly using the secondary or tertiary airports (such as Milan Bergamo and London Luton), due to the fact that they are less expensive in terms of service, landing tax, handling fees, etc.
6. No frills/ no extra services: usually low-cost carriers are not providing passengers with lounge services, frequent-flyer programs, seat choice options, catering etc.
7. Providing ancillary services: usually, LCCs are charging fees for the luggage, onboard catering (food and beverages), priority services etc.

Point-to-point transits: the LCCs are operating their flights from the airport of the starting point of journey directly to the final destination, without a central hub connection.

Nowadays, low-cost carriers as a concept are of the great interest for the researchers worldwide. Particularly, the satisfaction of the passengers using low-cost carriers is investigated and measured in various studies, due to the reason that this dimension is one of the most important for the air carriers in order to be competitive and successful on the market. One of the studies, conducted by Kim and Lee (2011), was made with an aim to measure customer satisfaction, find its implication on the behavioral intentions of the passengers as well to investigate the influence of customers' perception of service quality in LCCs on the customer satisfaction. As a result, according to the previously explained SERVQUAL scale, the study found that the 'responsiveness' dimension is the most important for the customers of the low-cost carriers, followed by the 'tangibles' dimension, based on the reason that the LCCs usually do not focus on the tangibles of the customer. It is also said, that although the passengers of the LCCs tend to be loyal, the better price of another carrier is likely to change their priorities, thus, the service quality does not correlate to price loyalty.

To illustrate the concept of the low-cost carrier, RyanAir company structure will be further analyzed. Currently, Ryan Air, being one of the first air carriers to adopt the low-cost model on the European continent in 1985, is financially the most successful low-cost carrier in Europe, with the generated operating revenue of 5,654 million euros in 2015. It is stated, that in 2015 RyanAir have served 90,6 million passengers with 9586 employees (about 10 passengers per staff member) and 308 aircraft in the fleet (Investor Relations, 2015). According to the official RyanAir statistics provided on the corporate website of the company, the air carrier operates from 200 airports in 33 countries, through over 1800 routes with 84 airports 'bases' located in Europe and North America. Furthermore, RyanAir promises its passengers the lowest price on the flight, by freeing them from payment of the fuel surcharges. As a classic representative of low-cost carriers, RyanAir, however, charges extra fees for the seat reservation, luggage, security fast track, priority boarding, and insurance. Additionally, with an aim of generating revenue from commissions, the airline suggests extra services, such as car rental companies' services, hotel booking or airport transfers during the online ticket purchase process (RyanAir Official Corporate Website, 2016).

It has to be said that in 2016 the company has conducted a survey among the passengers in order to obtain information on the overall customer satisfaction with the services provided. The results of the survey show that 89% of the passengers were satisfied with their flight experience. The interviewees indicated crew friendliness and onboard services as the most favored while boarding process was chosen as the least attractive service (RyanAir Official Corporate Website, 2016). Nevertheless, on the Skytrax air travel review website, passengers have given RyanAir carrier 6 points out of 10, highlighting 'value for money' dimension as the best one, and in-flight entertainment as the least satisfactory (SkyTrax, 2016).

2.4.6. Comparison of the FSCs and LCCs

The full-service and low-cost carriers are compared by the different researchers in the various dimensions, due to the constant competition on the airline market since the time of LCC concept emergence. The study of Baker (2013) examines the service quality and customer satisfaction in airlines, comparing FSCs to LCCs. The results of the research imply: "Over a five year period 2007 to 2011, the service quality of low-cost airlines was generally found to be higher than that of traditional legacy airlines".

Glen and Morrison (2003) explored the interaction and competition between LCCs and FSCs, as well as the current outcomes of the continuing revolution in air travel industry. However, the findings of the study state that there is a partial competition between FSCs and LCCs, while the concepts of the service of both differ significantly.

2.4.7. Criteria of the choice between FSCs and LCCs

Few pieces of research focused on the investigation of the main dimensions of the passenger choice between full-service and low-cost carriers, were made previously. The study of Bauphiban (2015) analyses the determinants of factors that influence passengers' airline selection and, as a result, implies that such factors as price, service quality, airline reputation, airline safety, route availability, convenience and frequent flyer programs are the dimensions which impact the choice the most. The researcher has conducted Structural Equation Modeling (SEM) in order to obtain the results. As the study was focused on the low-cost carriers, the findings of it mainly state that the passengers do not focus as much on the price as it can be found in other studies, however, other dimensions, such as social acceptability, quality of

service and airline image, are of the higher importance for the customers and influence their choice of LCCs over FSCs a lot (Bauphiban, 2015). The study of Ukpere (2012) also investigates the determinants of airline choice making. The results of the study, conducted by using the NLOGIT model, implies that safety, reliability, onboard services, frequency and crew professionalism are significant determinants of the choice making the process as the age, gender, marital status and comfort.

According to the study of O'Connell, analysis of the age of the research survey respondents indicates that the older passengers tend to prefer full-service carriers due to the reason that they provide more ground and onboard services than the low-cost airlines (O'Connell, 2005). Later, Fourie and Lubbe (2006) in their study were analyzing the determinants of selection of full-service airlines and low-cost carriers and as a result implied, that the price, as a determinant, was not found to be the most important due to the fact that some of the full-service airlines, induced by the competition, have set their prices on the same level and, sometimes, even lower than LCCs.

However, there is no relevant literature found on the topics either of the age or generational effect on the choice making of the passengers or of the perception of quality in the airlines by different age groups or generations. Therefore, the further research will be conducted in order to obtain accurate information.

3. Hypotheses Development

Analyzing various sources of literature in this thesis, it can be stated that there is no relevant study or research made to investigate the influence of the generational factor on the choice between the full-service and low-cost carriers. However, O'Connell (2005) and Ukpere (2012) have briefly mentioned in their researches, that there could be a relationship between age and carrier type preference. Therefore, for the further investigation of the relationship between two variables, the hypothesis testing has to be conducted in this thesis. According to Creswell (2014): "Quantitative hypotheses are predictions the researcher makes about expected outcomes of the relationship among variables". Thus, the outcomes of the

hypothesis testing will enable the determination of the research results and findings.
The following hypotheses will be tested in the study:

H1: There is a difference in perception of service in airlines between Generation X and Generation Y.

For this testing, the list of other hypotheses, based on the service criteria, has to be tested twice, both for LCCs and FSCs:

1. There is a difference in perception of the importance of reliability between Generation X and Y.
2. There is a difference in perception of the importance of tangibles between Generation X and Y.
3. There is a difference in perception of the importance of responsiveness between Generation X and Y.
4. There is a difference in perception of the importance of assurance between Generation X and Y.
5. There is a difference in perception of the importance of empathy between Generation X and Y.
6. There is a difference in perception of the importance of physical safety between Generation X and Y.
7. There is a difference in perception of the importance of financial security between Generation X and Y.
8. There is a difference in perception of the importance of extra services between Generation X and Y.
9. There is a difference in perception of the importance of the loyalty programs between Generation X and Y.
10. There is a difference in perception of the importance of the price-quality correspondence between Generation X and Y.

Later, according to the results of the auxiliary hypotheses testing, the main hypothesis will be either proved or rejected. According to the information, which will be collected during the survey, the most suitable statistical test for hypothesis testing will be selected.

4. Methodology

This chapter is aimed to explicate the data collection methods, which were used in this thesis to derive the data necessary for the further analysis, as well as the detailed description of the data collection process and analysis of the data.

4.1. Data Collection Methods

In this thesis, both quantitative and qualitative data collection methods will be applied. On the one hand, the outcomes of the quantitative data collection method will provide the author with the data, essential for the further analysis – numeric description of opinions and trends, which can be applied later in the various statistical tests in order to test the hypotheses or provide an answer to the main research question (Creswell, 2014). On the other hand, the qualitative data collection method will expand and deepen the results of the quantitative method with the detailed information on the opinions and perceptions of the respondents.

4.2. Quantitative Data: Survey Design

The purpose of conducting the survey in this study is to derive the quantitative data for the further descriptive analysis, which should indicate the means, standard deviations, and other variables comparisons. Moreover, another purpose of the survey is to generalize from a sample to a population, which is essential in this particular case, because two generations have to be compared. It has to be mentioned, that the survey is preferred data collection method, due to the fact that it has many advantages, such as a rapid turnaround in data collection and the economy of the design (Creswell, 2014). As mentioned in the literature review, the perception of service can be measured by applying both versions of the SERVQUAL model. Thus, the survey questions are designed with an aim to find the variables, explained in the SERVQUAL models, in order to measure the perception of the

service quality by Generation X and Generation Y. Also, some questions are based on the hypotheses questions and are made to collect the data for the statistical tests.

4.2.1. The Population and Sampling

Survey sampling is, generally, an integral part of the survey design. According to Creswell (2014), firstly the population for the survey should be identified. It has to be mentioned, that the survey sampling process is classified to probability and nonprobability sampling. The probability sampling, which can be also called random sampling, gives the opportunity for each individual in the population to be randomly selected, thus, makes the survey outcomes more realistic. Whereas, nonprobability sampling is targeting the most convenient and available respondents, and, as the result, leads to the less realistic data. There are also various techniques of the probability sampling, such as stratification, which involves classification of the population into groups, depending on the specific characteristics, such as age, gender, nationality, etc. Another technique, called clustering, also involves the creation of groups, however, is mainly made in order to analyze only the most important for the study clusters, thus, saving the time for data analysis (Creswell, 2014).

In this survey, the convenience sampling model with the elements of stratification is applied. The population was stratified depending on the age characteristic, precisely, according to the belonging of the respondents to the Generation X or Generation Y. To clarify, the stratification was conducted by separating respondents previously into two groups – representatives of Gen Y and Gen X. The questionnaire was shared separately for each of the groups. Thereby, the researcher eliminated the probability of a complete absence of the representatives of any of the generations.

The survey was shared on two social media profiles. Also, it has to be said, that the single-stage sampling procedure was applied – there were no clusters or groups identified before sampling, that is why people were sampled directly. Beforehand, the participants were notified that the survey is completely anonymous.

4.2.2. Instrumentation

The instrumentation for the survey was Google Forms – the special tool, which enables the researcher to create the survey easily, using custom templates. This tool was chosen due to the convenience of usage and further analysis of the data. The respondents' answers were automatically summarized by the tool and converted into graphs and charts, which simplified the whole process of the data analysis and was timesaving for the researcher. The tool was previously used by other researchers with an aim to create a survey for the thesis, therefore, the validity in quantitative research and reliability of the instrument have been tested before. Moreover, the survey can be shared directly from the instrument to social networks or sent via email. Once the survey is done, the complete summary of answers can be downloaded in Excel file or accessed online.

4.2.3. Survey Structure

The survey questions were based primarily on the theoretical background information, which was explained in the literature review. Overall, the survey consists of 14 questions and is available in two languages: English and Russian.

According to Stevens (1946), there are four types of measurement scales: nominal, ordinal, interval and ratio. All four types can be used by the researcher in survey questionnaire design with an aim to obtain the answers in the most desirable form, which will be suitable for interpreting and further analysis. In this survey, only two types of scales were applied: nominal and ordinal. The nominal scale was used not only in the questions asking for the age, education level, nationality, however, also in the questions associated with the preferences and customer loyalty of the respondent. Full survey questionnaire can be found in Appendix 1.

4.3. Qualitative data: Interview

According to Creswell (2014), there are various types of qualitative data collection, which can be used by the researcher with an aim to obtain detailed on the topic investigated. To illustrate, some of the qualitative methods are observation, interview, documents, audio and visual materials. All of the types mentioned have

both advantages and limitations. In this thesis, face-to-face and telephone interviews were conducted in order to receive the necessary for the research qualitative data.

This type of data collection was chosen due to the fact, that the direct observation of the participants in a natural setting was impossible. The interviews involved unstructured and open-ended questions to elicit the views and opinions from the participants. The list of the interview questions is provided below:

1. Are you traveling by plane a lot?
2. Which airline type are you using more often for your trips: low-cost or full-service? Why?
3. Which determinant of service in airlines is the most important for you and why?
4. What is your main expectation from ground/ in-flight service in airlines?
5. How do you generally perceive service in full-service airlines? Why?
6. Did you have a negative service experience with full-service airlines?
7. Are you loyal to one particular airline, or not? What influences the change of airline?
8. How do you generally perceive service in low-cost airlines? Why?
9. Did you have a negative service experience with low-cost airlines?

Two interviews were made face-to-face, while another two respondents were interviewed by phone. Further, the interpretation of the qualitative data collection will enrich the research with the extensive background on the perception of service by representatives of Gen X and Gen Y, which will make an important impact on the results and findings of the study.

5. Findings

5.1. Quantitative Findings

Once the survey was completed by respondents, the data received was transformed into graphs and charts. The whole population included 696 people, however, the actual respondents – sample of the survey - amounted to 67 people. The main task of the survey sampling, in this case, was to cover both groups: representatives of Generation X and Generation Y. Nevertheless, Gen Y-ers tend to be more active on social networks, therefore, the groups were not equally distributed – 51 respondents were Gen Y-ers and only 16 represented Gen X. In terms of nationality, the majority of participants were Ukrainian (46% of Gen X-ers and 49% of Gen Y-ers) and Austrian (13,3% of Gen X-ers and 23,5% of Gen Y-ers). Mostly all of the respondents have already completed the undergraduate education and nearly half of the sample has a master degree. As for the frequency of traveling by plane, the Gen X-ers tend to travel more often. The results have shown that 26,7% of representatives of Gen X have traveled by plane every 2 months in the past year (December 2015-December 2016), and the same amount of Gen X-ers had a flight every month in the past year. As for the Gen Y-ers, the majority of the respondents (54%) traveled by plane 4-6 times in the past year, 16% - every 2 months and only 10% - every month. This tendency could be also caused by the income of the respondents: Gen Y-ers group also includes students, which are not financially stable to the same extent as the representatives of Gen X.

Later in the survey, the respondents were familiarized with such concepts as the low-cost carrier and full-service carrier in order to make the further questions understandable for them. One of the most important questions in the survey was “Which air carrier type do you prefer?” This question was aimed to obtain the data on the difference in preferences between Gen X-ers and Gen Y-ers.

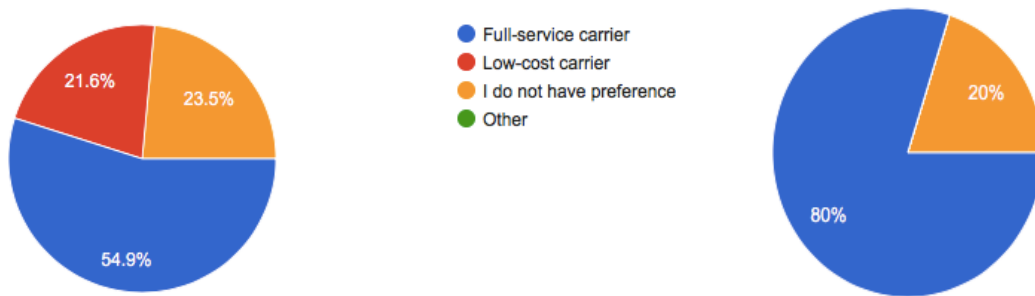


Figure 4: The preference of air carrier type of Gen Y-ers (left) and Gen X-ers (right)

As shown in Figure 4 above, mostly all of the representatives of Gen X (80%) have answered in favor of full-service airlines, and 20% of them mentioned that they have no preference. Thus, there was no response in favor of low-cost airlines, which could be the first confirmation of the accuracy of the expected results. On the contrary, even though the majority of the representatives of Gen Y have preferred full-service carriers (54,9%), 21,6% of the total answers were made in favor of low-cost carriers and 23,5% have chosen ‘no preference’ option.

Additionally, the questions on the frequency of travel were divided for Gen X-ers and Gen Y-ers into two sub-questions depending on the carrier type. The charts, representing these questions for both generation groups, are shown in Figure 5.

a)

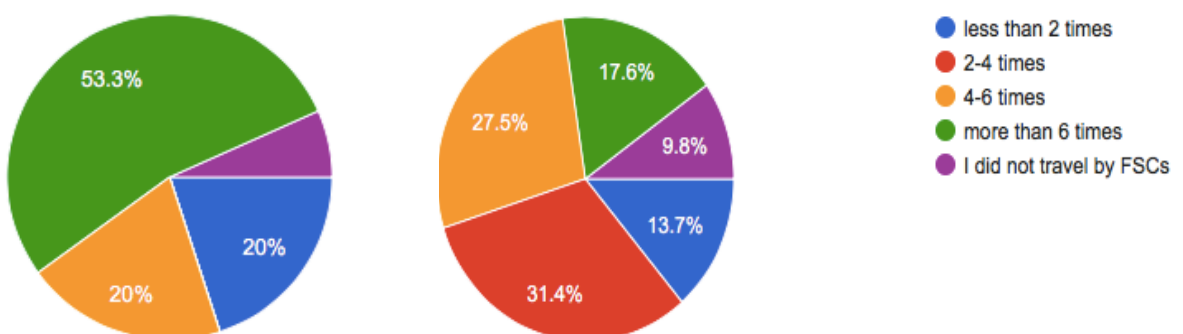


Figure 5a: The frequency of travel with FSCs (Gen X – on the left; Gen Y – on the right)

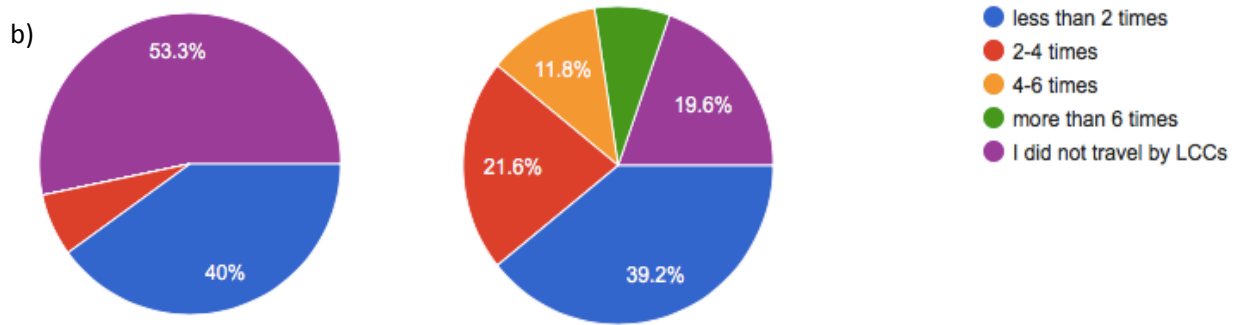


Figure 5b: The frequency of travel with LCCs (Gen X – on the left; Gen Y – on the right)

Consequently, as shown in Figure 5(a), the 53,3% of representatives of Gen X have stated that they traveled more than 6 times per year by full-service carriers and 20% had 4-6 flights with FSCs this year. Conversely, the majority (31,4%) of Gen Y-ers have traveled with FSCs 2-4 times a year, 27,5% of them had 4-6 flights this year and only 17,6% traveled with FSCs more than 6 times (Figure 5(a)). As for the flights with LCCs, Figure 5(b) shows, that the majority of the representatives of Generation X (40%) stated that they have not traveled with LCCs at all in the past year. What is more, 40% of Gen X respondents indicated that they have traveled with LCCs less than 2 times, and only 6,7% of the Gen X-ers chose the option '2-4 times'. This finding is supporting the fact that the representatives of Gen X tend to be more conservative in their choice of the air carrier, and, moreover, they prefer to travel with the full-service carriers. On the subject of LCCs, the representatives of Generation Y have shown diversity in their answers as well as highlighted the visible difference between two generations. Thus, the majority of respondents (39,2%) have traveled with the LCCs less than two times a year, however, 21,6% of Gen Y-ers stated that they traveled with the LCCs 2-4 times (Figure 5(b)).

Furthermore, the respondents were asked to indicate the most important dimensions for them in the full-service and low-cost airlines. The dimensions variables were based on the SERVQUAL model, explained previously in the literature review. The main dimensions to be investigated, such as ability to perform the promised service dependably and accurately, knowledge and courtesy of employees, appearance of physical facilities (equipment, personnel, communication materials), the caring and individualized attention the firm provides to its customers and the willingness to help customers and provide prompt service, were based on the RATER variables respectively (reliability, assurance tangibles, empathy and responsiveness)

from the updated SERVQUAL model of 1988. Even though the 'security' dimension was not the part of updated model but was only included in the SERVQUAL 10 dimensions of 1985, it is another important dimension which could not be ignored in the survey. For the more accurate understanding, this dimension was divided into two sub-categories: security of aircraft and physical security, and financial security. The dimensions that were not indicated in SERVQUAL models both of 1985 and 1988, such as extra services (lounges, business check-in option etc.), loyalty programs and price-quality correspondence were also included in the dimension list, due to the importance of them in the general service perception. According to the results of these questions, the perception of service of the full-service airlines differs between Generation X and Generation Y. The majority (93,3%) of the Gen X respondents indicated security of the aircraft and physical safety as the most important criterion, whereas 78,4% of Gen Y-ers have chosen 'reliability' as the vital dimension of the FSCs' service. To clarify, the 'reliability' dimension were chosen by 66,7% of the representatives of Gen X, while the 'physical safety' was important for 60,8% of the Gen Y-ers. According to the quantitative data obtained, it can be said, that, overall, the tendencies of the choice between generations intersect, however, the perception of service of the representatives of the Generation Y tends to be more complex and includes more dimensions than the one of Gen X-ers, which are mainly concentrating on the safety of the aircraft.

As for the perception of service in low-cost carriers, the majority of the representatives of Gen Y (55,1%) highlighted the reliability and physical safety as the most important criteria. However, other dimensions of service, such as price-quality correspondence (44,9%) and responsiveness (38,8%) have also been indicated as the vital for the service of the low-cost carriers. The tangibles, assurance, financial security, loyalty programs, and extra services were also chosen by nearly 15% of the respondents. On the contrary, even though the Gen X-ers have also chosen the physical safety as the most significant dimension, the other criteria of the LCCs' service were not evaluated as fairly important. To clarify, 'security of the aircraft and physical safety' was chosen by 100% of respondents, whereas other dimensions were rated as follows: price-quality correspondence (46,7%), reliability (40%), tangibles (26,7%), loyalty programs (20%) and other dimensions, which were not chosen in the majority of times. The responses obtained from these questions claim

that the representatives of Generation X are not sufficiently confident in the service of LCCs, which was also previously proven by the fact that they tend to travel with FSCs.

The next survey questions were addressed in order to acquire information on the negative experience in FSCs and LCCs by the representatives of both generations. Consequently, 60% of Gen X-ers had a negative experience with the FSCs. Also, it has been investigated in the survey that the major omission of the full-service airlines for respondents of Gen X is the baggage reclaim process. As for the Gen Y-ers, the majority of respondents (56,9%) did not have any negative accidents with the FSCs; however, some of the participants have mentioned overpriced tickets as the negative experience. Furthermore, according to the survey, 53,3% of the Gen X-ers mentioned that they experienced negative service in LCCs, mostly, with the security of the aircraft and physical safety. On the contrary, the majority (52%) of the Gen Y-ers did not have any negative experience in low-cost airlines. Therefore, the fact of the different perception of the service of the LCCs by Gen X and Gen Y has been proved twice.

Last but not least, the customer loyalty of respondents were investigated due to the above-mentioned relationship between the customer loyalty and the perception of service quality. The results of the survey have shown that there is no drastic difference in customer loyalty between two generations: both groups, on the one hand, tend to have favorite air carriers, but, on the other hand, often switch the airlines, depending on their comfort, service, and price of the ticket.

5.2. Hypotheses testing

The hypotheses testing was conducted in the statistical software SPSS, which was previously used with this aim in the great amount of scientific research. The program enables a researcher to analyze the data using various statistical procedures, such as linear and non-linear regression, crosstabs, as well as to build histograms and plots. Additionally, SPSS gives an opportunity to conduct an analysis with the wide range of statistical tests, which can be easily performed and, as the result, provides the user with a detailed output.

To begin with, the hypothesis statement and the data, obtained during the survey, were overviewed in order to determine the most suitable statistical test for the particular hypothesis testing. The main hypothesis of this research is stating the existence of a difference between two generations – two variables that have to be compared. Also, due to the fact that the survey questions were designed using a nominal and ordinal measurement scales for answers, the data collected was mainly verbal. Considering all the points as well as the non-normal distribution of scores, the most appropriate statistical test, in this case, was Pearson’s Chi-Square Test for Independence. This test is used to determine the significance of the association between two groups - categorical variables - from the same population. In this testing, the people were classified by generations and their perception of the importance of the service quality dimension. As it was mentioned before, in order to prove the main hypothesis, a list of 10 auxiliary hypotheses has to be tested. Each auxiliary hypothesis is designed to test the difference between perceptions of particular service dimension. Furthermore, there were 10 tests conducted for each airline category, thus, 20 SPSS outputs with the result of the chi-square tests were received.

According to the outputs, the main hypothesis (H1: There is a difference in perception of service in airlines between Generation X and Generation Y) cannot be supported, due to the fact that the results of the auxiliary hypotheses testing were not significant in 9 cases out of 10. The Tables 1 and 2 below illustrate the test statistics (χ^2) and significance values for the tests for the difference in perception of the importance of FSCs’ service quality dimensions, and, Tables 3 and 4 show the same criteria for LCCs service quality dimensions:

	<i>Reliability</i>	<i>Tangibles</i>	<i>Responsiveness</i>	<i>Assurance</i>	<i>Empathy</i>
χ^2	0,45	0,39	0	1,18	0,09
<i>p-value</i>	p = 0,5	p = 0,54	p = 0,99	p = 0,27	p = 0,76

	<i>Physical Safety</i>	<i>Financial Security</i>	<i>Extra Services</i>	<i>Loyalty Programs</i>	<i>Price-Quality Correspondence</i>
χ^2	8,94	0,64	0,16	0,04	0,23
<i>p-value</i>	p = 0,003	p = 0,42	p = 0,7	p = 0,84	p = 0,63

Table 1 & 2: Test Statistics: Difference in perception of importance of FSCs' service quality dimensions by Generation X and Generation Y.

	<i>Reliability</i>	<i>Tangibles</i>	<i>Responsiveness</i>	<i>Assurance</i>	<i>Empathy</i>
χ^2	1,16	0,7	3,47	0,02	0,65
<i>p-value</i>	p = 0,28	p = 0,4	p = 0,06	p = 0,9	p = 0,42

	<i>Physical Safety</i>	<i>Financial Security</i>	<i>Extra Services</i>	<i>Loyalty Programs</i>	<i>Price-Quality Correspondence</i>
χ^2	11,7	0,006	0,32	1,68	0,23
<i>p-value</i>	p = 0,001	p = 0,9	p = 0,57	p = 0,19	p = 0,63

Table 3 & 4: Test Statistics: Difference in perception of importance of LCCs' service quality dimensions by Generation X and Generation Y.

As can be derived from the Tables 1-4, there are no differences in perceptions of the importance of 9 service quality dimensions between Generation X and Y. However, there is a difference in perception of the importance of physical safety between Gen X and Y – the p-value of 0,001 has shown that the categorical variables (generation and preference) are not independent in this case, and H₀ cannot be accepted (see Tables 5 & 6, Tables 7 & 8).

age * security Crosstabulation

		security		Total	
		No	Yes		
age	19-34	Count	20	31	51
		% of Total	29,9%	46,3%	76,1%
		Standardized Residual	1,2	-,8	
	35-54	Count	0	16	16
		% of Total	0,0%	23,9%	23,9%
		Standardized Residual	-2,2	1,4	
Total		Count	20	47	67
		% of Total	29,9%	70,1%	100,0%

age * security Crosstabulation

		security		Total	
		No	Yes		
age	19-34	Count	24	27	51
		% of Total	35,8%	40,3%	76,1%
		Standardized Residual	1,3	-1,0	
	35-54	Count	0	16	16
		% of Total	0,0%	23,9%	23,9%
		Standardized Residual	-2,4	1,8	
Total		Count	24	43	67
		% of Total	35,8%	64,2%	100,0%

Tables 5 & 6: Cross-tabs for Generation and Physical Safety Relationship (FSCs – left; LCCs – right)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	
Pearson Chi-Square	11,732 ^a	1	,001	
Continuity Correction ^b	9,774	1	,002	
Likelihood Ratio	16,895	1	,000	
Fisher's Exact Test				
Linear-by-Linear Association	11,557 ^c	1	,001	
N of Valid Cases	67			

- a. 0 cells (.0%) have expected count less than 5. The minimum expected count is .000.
- b. Computed only for a 2x2 table
- c. The standardized statistic is 3.400.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11,732 ^a	1	,001
Continuity Correction ^b	9,774	1	,002
Likelihood Ratio	16,895	1	,000
Fisher's Exact Test			
Linear-by-Linear Association	11,557 ^c	1	,001
N of Valid Cases	67		

- a. 0 cells (.0%) have expected count less than 5. The minimum expected count is .000.
- b. Computed only for a 2x2 table
- c. The standardized statistic is 3.400.

Tables 7 & 8: Results of Chi-Square Tests for 'physical safety' dimension (FSCs – left; LCCs – right) – (see Appendix 3).

However, the main hypothesis of the thesis cannot be supported due to the insignificant results for other dimensions. Therefore, since the p-values for 9 hypotheses out of 10 are higher than the significance level (0,05), H1 is rejected and H0 is accepted: there is no difference in perception of service in airlines between Generation X and Generation Y.

5.3. Qualitative Findings

In general, four people have been interviewed: two Gen Y-ers and two representatives of Generation X. The interviewees were previously informed that the results of the questionnaire would be anonymous. With an aim to receive diverse information on the topic, the interviewees did not only differ according to belonging to a particular generation but also according to their educational status or basic activity. Thus, two representatives of Generation Y were completely different in their characteristics: one of them is the 21 years old student of the Catholic University of the Sacred Heart in Milan, Italy and another is a 26 years old art critic from Vienna, Austria. The responses provided by both interviewees intersect in the general concepts, nevertheless, the given detailed explanations differed one from

another. To illustrate, flying by plane about 2-4 times a year, first Gen Y-er prefers LCCs for traveling due to their low prices. He states: “Affordable price is of the highest importance for every student, and I am not an exception. However, physical safety and loyalty programs would also impact a lot on my choice of the airline”. Whereas the art critic, flying every month in the year, has said that she personally prefers FSCs for the travel as they are more convenient and she can enjoy an exceptional service and overall flight experience. However, for the frequent business trips inside EU, she often chooses LCCs, as it helps her to cut expenditures. The most important dimensions in the airline service for her are physical safety and condition of the aircraft as well as a process of purchasing the ticket and successful delivery of the luggage.

Both respondents have admitted the importance of fast and convenient check-in procedure, which can be possible with a sufficient amount of check-in counters. Two interviewees have stated that fast boarding process and minimal waiting time in the queues are positively influencing their service perception. The student has mentioned that, in his opinion, free food and beverages plays an important role in the onboard service, while art critic has said that an individualized attention to the client, good knowledge, calmness and professionalism of the cabin crew are the main criteria for the satisfactory in-flight service. The perception of the service of FSCs is mostly similar for both respondents: even though they admit an occurring overpricing, in their opinion, this fact can be mitigated by the caring behavior of the personnel and overall organization.

It has to be said, that the opinions on LCCs’ service were different: the student believes that service quality of low-cost carriers often exceeds the expectations, and usually corresponds the price. The art critic, on the contrary, stated that even though the low price can cover some of the service drawbacks, her experience with low-cost airlines was mainly unbearably negative. Both respondents are changing the air carriers often dependably on the flight timing, safety, and price of the ticket.

The respondents of Generation X – 46 years old musician and 48 years old entrepreneur from Kyiv, Ukraine – have given remarkably similar answers. Both of them prefer to travel with FSCs, as, in their opinion, it is more safe and reliable. The most important dimension of airline service for both interviewees is physical safety,

whereas the main criteria for satisfactory ground service are the presence of comfortable business lounges and absence of flight delays, which is, in their opinion, the main problem of FSCs nowadays. Both respondents think that the overpricing of tickets for FSCs is reasonable due to the high quality of service and comfort of the flight experience. Regarding the service of LCCs, interviewees could not provide the researcher with a proper answer, because they have never traveled with the low-cost airlines before. This fact was caused by their uncertainty in physical safety of the aircraft of the LCCs. As for the customer loyalty, both respondents change the airlines often depending on the price and perceived safety of the aircraft.

6. Conclusions and Limitations

Summarizing all the findings, obtained from quantitative and qualitative analysis of the data, it is possible to draw following conclusions for the research.

First of all, the main hypothesis of the thesis was not supported during the testing. Therefore, it can be stated, that there is no difference in perception of service in airlines between Generation X and Generation Y. One of the limitations for such result can be the response bias, which could possibly occur during the survey data collection. The number of the respondents, who did not answer the questions, could influence the overall analysis. Secondly, the sample for the survey was limited and not normally distributed: for 51 representatives of Generation Y, there were only 15 Generation X respondents. The sample distribution was surely one of the limitations for the conducting of Pearson's chi-square test. Last but not least, the lack of diversity between nationalities of respondents could also influence the results of analysis, as the answers, obtained from the survey, could be monotonous due to this fact.

Nevertheless, there is a difference in perception of the importance of physical safety in airline service of both FSCs and LCCs between Generation X and Generation Y. The Generation X tends to highlight the security of the aircraft as the most important criterion of airline service. To clarify, 100% of the respondents from Generation X have chosen this dimension to be of the highest importance for service quality. Contrarily, even though, the Gen Y-ers mentioned that the physical safety is vital for

their perception of service, the percentage of positive answers for this statement was not that large as for Gen X-ers. As it was also derived from the interviews, the representatives of Generation X also may not trust LCCs due to uncertainty in their physical safety.

Regarding the qualitative data findings, the interview, as it was expected, has given detailed in-depth information on the perception of service of both generations. On the one hand, the results have shown similarities in perception between respondents; however, the qualitative data has also supported the detected difference in perception of the importance of physical safety between generations. The indirect information and biased opinions on the different topics could be the limitations for an interview, as for the qualitative data collection type, chosen for this research. Moreover, the articulation issues of respondents could also influence the obtained results.

The following recommendations could help the researchers to improve the study further:

1. In this thesis, only two types of airlines were investigated – full-service and low-cost carriers. However, the perception of service in hybrid airlines, which combine the characteristics from FSCs and LCCs, would be an interesting addition to current study.
2. As the difference in perception of the importance of the physical safety has already been detected in this study, the further research could be focused on this dimension in order to find the reasons for the discrepancies between generations.

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Appendices

Appendix 1

The Appendix 1 shows the survey questionnaire, designed to obtain the quantitative data for the further analysis. The survey was made on English and Russian and shared on social network websites.

Perception of Service in Airlines

Dear Respondent,

I am conducting research on the Perception of Service in Airlines. This survey will help me to obtain the necessary information for my thesis. The survey should only take 5 minutes, and your responses are completely anonymous. I really appreciate your input! Thank you for your help!

What is your age?

- 18 or less
- 19-34
- 35-54
- 55-64
- 65 or more

What is the highest level of education you have completed?

Choose



Please indicate your nationality.

Your answer

How often did you travel by plane in the past year (Dec 2015- Dec 2016)

- I did not travel by plane
- Less than 2 times a year
- 4-6 times a year
- every 2 month
- every month
- every 2 weeks
- more than every 2 weeks

Information for the next questions

Full- service carrier = FSC= Airline company developed from the former state-owned flag carrier, through the market deregulation process, into an airline company. Usually have three classes of service - Economy, business and first class. The ticket price includes charges for baggage, meals, drinks etc, whether we avail them or not.

Low-cost carrier: (LCCs) usually have economy class only.
The ticket price does not include charges for food, baggage or other amenities.
They instead give passengers the choice to avail these amenities on 'need to do so basis' against charges.

Which air carrier type do you prefer?

- Full-service carrier
- Low-cost carrier
- I do not have preference
- Other: _____

How often did you travel by FSCs this year?

- less than 2 times
- 2-4 times
- 4-6 times
- more than 6 times
- I did not travel by FSCs

How often did you travel by LCCs this year?

- less than 2 times
- 2-4 times
- 4-6 times
- more than 6 times
- I did not travel by LCCs

Which dimensions in full-service airlines' service do you perceive as the most important?

- ability to perform the promised service dependably and accurately
- appearance of physical facilities: equipment, personnel, communication materials
- willingness to help customers and provide prompt service
- knowledge and courtesy of employees
- the caring, individualized attention the firm provides its customers
- security of the aircraft, physical safety
- financial security
- extra services, such as lounges, business class check-in
- loyalty programmes
- price – quality correspondence
- Other: _____

Which dimensions in low-cost airlines' service do you perceive as the most important?

- ability to perform the promised service dependably and accurately
- appearance of physical facilities: equipment, personnel, communication

- Behaviour of the cabin crew/personnel
- Problems with luggage delivery
- Safety issues (physical and financial)
- Security of the aircraft
- Online-service dissatisfaction
- Other: _____

Do you prefer one or two airlines for your trip (favourites)?

- Yes
- No
- Other: _____

Do you change the airlines often depending on your comfort, airline service and price?

- Yes
- No
- Other: _____

SUBMIT

Appendix 2

The Appendix 2 presents the interview guide designed for 2 representatives of Generation X and 2 representatives of Generation Y. The interview was anonymous, and translated to Russian language in order to make it understandable for some of the respondents. The interview questionnaire was planned beforehand, however, some of the questions were asked intuitively depending on the previous answers of the interviewees.

Following is the list of question asked to obtain general information on respondent and the in-depth information on the perception of airline service quality of respondent.

- What is your age?
- What is your nationality?
- Which education do you have? What is your occupation?

- Are you traveling by plane a lot?
- Which airline type are you using more often for your trips: low-cost or full-service? Why?
- Which determinant of service in airlines is the most important for you and why?
- What is your main expectation from ground/ in-flight service in airlines?
- How do you generally perceive service in full-service airlines? Why?
- Did you have a negative service experience with full-service airlines?
- Are you loyal to one particular airline, or not? What influences the change of airline?
- How do you generally perceive service in low-cost airlines? Why?
- Did you have a negative service experience with low-cost airlines?

Appendix 3

The Appendix 3 contains the partial outputs from SPSS statistical software.

20 outputs below present the results of the Pearson's Chi-Square Test for Independence for 10 dimensions of service quality (both for FSCs and LCCs).

1. Assurance – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1,183 ^a	1	,277	,331	,234	
Continuity Correction ^b	,553	1	,457			
Likelihood Ratio	1,300	1	,254	,331	,234	
Fisher's Exact Test				,492	,234	
Linear-by-Linear Association	1,165 ^c	1	,280	,331	,234	,165
N of Valid Cases	67					

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.58.

b. Computed only for a 2x2 table

c. The standardized statistic is -1.079.

2. Reliability – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,450 ^a	1	,502	,574	,353	
Continuity Correction ^b	,146	1	,702			
Likelihood Ratio	,455	1	,500	,574	,353	
Fisher's Exact Test				,574	,353	
Linear-by-Linear Association	,443 ^c	1	,506	,574	,353	,184
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.16.

b. Computed only for a 2x2 table

c. The standardized statistic is .666.

3. Responsiveness – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,000 ^a	1	,986	1,000	,604	
Continuity Correction ^b	,000	1	1,000			
Likelihood Ratio	,000	1	,986	1,000	,604	
Fisher's Exact Test				1,000	,604	
Linear-by-Linear Association	,000 ^c	1	,986	1,000	,604	,232
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.97.

b. Computed only for a 2x2 table

c. The standardized statistic is .018.

4. Tangibles – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,386 ^a	1	,534	,574	,368	
Continuity Correction ^b	,110	1	,740			
Likelihood Ratio	,384	1	,535	,574	,368	
Fisher's Exact Test				,574	,368	
Linear-by-Linear Association	,380 ^c	1	,537	,574	,368	,187
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.93.

b. Computed only for a 2x2 table

c. The standardized statistic is .617.

5. Empathy – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,094 ^a	1	,759	,770	,491	
Continuity Correction ^b	,000	1	,996			
Likelihood Ratio	,093	1	,760	,770	,491	
Fisher's Exact Test				,770	,491	
Linear-by-Linear Association	,092 ^c	1	,761	,770	,491	,223
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.49.

b. Computed only for a 2x2 table

c. The standardized statistic is .304.

6. Extra Services - FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,159 ^a	1	,690	,777	,460	
Continuity Correction ^b	,012	1	,914			
Likelihood Ratio	,160	1	,689	,777	,460	
Fisher's Exact Test				,777	,460	
Linear-by-Linear Association	,157 ^c	1	,692	,777	,460	,213
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.69.

b. Computed only for a 2x2 table

c. The standardized statistic is -.396.

7. Loyalty Programs - FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,037 ^a	1	,847	1,000	,562	
Continuity Correction ^b	,000	1	1,000			
Likelihood Ratio	,038	1	,846	1,000	,562	
Fisher's Exact Test				1,000	,562	
Linear-by-Linear Association	,037 ^c	1	,848	1,000	,562	,251
N of Valid Cases	67					

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.30.

b. Computed only for a 2x2 table

c. The standardized statistic is -.192.

8. Physical Safety – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	8,945 ^a	1	,003	,003	,001	
Continuity Correction ^b	7,170	1	,007			
Likelihood Ratio	13,376	1	,000	,002	,001	
Fisher's Exact Test				,002	,001	
Linear-by-Linear Association	8,811 ^c	1	,003	,003	,001	,001
N of Valid Cases	67					

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.78.

b. Computed only for a 2x2 table

c. The standardized statistic is 2.968.

8. Financial Security – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,640 ^a	1	,424	,500	,344	
Continuity Correction ^b	,192	1	,661			
Likelihood Ratio	,691	1	,406	,500	,344	
Fisher's Exact Test				,718	,344	
Linear-by-Linear Association	,631 ^c	1	,427	,500	,344	,225
N of Valid Cases	67					

- a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.10.
 b. Computed only for a 2x2 table
 c. The standardized statistic is -.794.

10. Price-Quality Correspondence – FSCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,232 ^a	1	,630	,775	,421	
Continuity Correction ^b	,037	1	,847			
Likelihood Ratio	,231	1	,631	,775	,421	
Fisher's Exact Test				,775	,421	
Linear-by-Linear Association	,229 ^c	1	,633	,775	,421	,201
N of Valid Cases	67					

- a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.16.
 b. Computed only for a 2x2 table
 c. The standardized statistic is .478.

11. Assurance – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,016 ^a	1	,900	1,000	,634	
Continuity Correction ^b	,000	1	1,000			
Likelihood Ratio	,016	1	,900	1,000	,634	
Fisher's Exact Test				1,000	,634	
Linear-by-Linear Association	,015 ^c	1	,901	1,000	,634	,325
N of Valid Cases	67					

- a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.15.
 b. Computed only for a 2x2 table
 c. The standardized statistic is -.124.

12. Reliability – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1,162 ^a	1	,281	,392	,215	
Continuity Correction ^b	,626	1	,429			
Likelihood Ratio	1,172	1	,279	,392	,215	
Fisher's Exact Test				,392	,215	
Linear-by-Linear Association	1,144 ^c	1	,285	,392	,215	,129
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.88.

b. Computed only for a 2x2 table

c. The standardized statistic is -1.070.

13. Responsiveness – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	3,468 ^a	1	,063	,073	,055	
Continuity Correction ^b	2,413	1	,120			
Likelihood Ratio	3,917	1	,048	,073	,055	
Fisher's Exact Test				,073	,055	
Linear-by-Linear Association	3,416 ^c	1	,065	,073	,055	,045
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.01.

b. Computed only for a 2x2 table

c. The standardized statistic is -1.848.

14. Tangibles – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,719 ^a	1	,397	,460	,307	
Continuity Correction ^b	,225	1	,635			
Likelihood Ratio	,678	1	,410	,460	,307	
Fisher's Exact Test				,460	,307	
Linear-by-Linear Association	,708 ^c	1	,400	,460	,307	,193
N of Valid Cases	67					

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.87.

b. Computed only for a 2x2 table

c. The standardized statistic is .841.

15. Empathy – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,647 ^a	1	,421	1,000	,577	
Continuity Correction ^b	,000	1	1,000			
Likelihood Ratio	1,111	1	,292	,631	,577	
Fisher's Exact Test				1,000	,577	
Linear-by-Linear Association	,637 ^c	1	,425	1,000	,577	,577
N of Valid Cases	67					

- a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .48.
 b. Computed only for a 2x2 table
 c. The standardized statistic is -.798.

16. Extra Services – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,324 ^a	1	,569	,623	,443	
Continuity Correction ^b	,005	1	,946			
Likelihood Ratio	,302	1	,582	,623	,443	
Fisher's Exact Test				,623	,443	
Linear-by-Linear Association	,319 ^c	1	,572	,623	,443	,300
N of Valid Cases	67					

- a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.
 b. Computed only for a 2x2 table
 c. The standardized statistic is .565.

17. Loyalty Programs – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1,680 ^a	1	,195	,234	,183	
Continuity Correction ^b	,800	1	,371			
Likelihood Ratio	1,529	1	,216	,234	,183	
Fisher's Exact Test				,234	,183	
Linear-by-Linear Association	1,655 ^c	1	,198	,234	,183	,132
N of Valid Cases	67					

- a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.39.
 b. Computed only for a 2x2 table
 c. The standardized statistic is 1.287.

18. Physical Safety – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	11,732 ^a	1	,001	,001	,000	
Continuity Correction ^b	9,774	1	,002			
Likelihood Ratio	16,895	1	,000	,000	,000	
Fisher's Exact Test				,000	,000	
Linear-by-Linear Association	11,557 ^c	1	,001	,001	,000	,000
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.73.

b. Computed only for a 2x2 table

c. The standardized statistic is 3.400.

19. Financial Security – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,006 ^a	1	,937	1,000	,618	
Continuity Correction ^b	,000	1	1,000			
Likelihood Ratio	,006	1	,937	1,000	,618	
Fisher's Exact Test				1,000	,618	
Linear-by-Linear Association	,006 ^c	1	,937	1,000	,618	,331
N of Valid Cases	67					

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 1.91.

b. Computed only for a 2x2 table

c. The standardized statistic is .079.

20. Price – Quality Correspondence – LCCs

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	,232 ^a	1	,630	,775	,421	
Continuity Correction ^b	,037	1	,847			
Likelihood Ratio	,231	1	,631	,775	,421	
Fisher's Exact Test				,775	,421	
Linear-by-Linear Association	,229 ^c	1	,633	,775	,421	,201
N of Valid Cases	67					

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.16.

b. Computed only for a 2x2 table

c. The standardized statistic is .478.