



# **FACTORS AFFECTING PASSENGERS' PURCHASE DECISION IN AN AIRLINE INDUSTRY: THE CASE OF ETHIOPIAN AIRLINES**

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**A Research Paper Submitted to Addis Ababa University College of Business & Economics  
School of commerce in Partial Fulfillment of the Requirement for the Award of Master's  
Degree in Marketing Management (MA)**

**May, 2018**

**Addis Ababa University School of Commerce  
Office of Graduate Studies**

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IN AN AIRLINE INDUSTRY: THE CASE OF ETHIOPIAN  
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**Date:** \_\_\_\_\_

## **DECLARATION**

I declare that this research paper entitled '**Factors Affecting Passengers' Purchase Decision In An Airline Industry: The Case Of Ethiopian Airlines**' is my original work and has not been used by others for any other requirements in any other university and all sources of information in the study has been appropriately acknowledged.

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### **STATEMENT OF CERTIFICATION**

This is to certify that HENOK SHEGENA TUFA has carried out his research work on the topic entitled **‘Factors Affecting Passengers’ Purchase Decision in an Airline Industry: The Case Of Ethiopian Airlines.** The work is original in nature and is suitable for submission for the award of Masters’ Degree in Marketing Management.

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## **ACKNOWLEDGEMENT**

Finally, everything has an end! Praise is to the almighty God!

I am indebted to thank my advisor Dr. Mesfin W. for his patience and guidance throughout the research period.

My heartfelt thanks go to my parents for their unreserved support in every way of my life and each step of my educational endeavor. A special thanks to my mother, father, sisters and my wife.



## **LIST OF ABREVAITIONS AND ACCRONYMS:**

ET – Ethiopian Airlines

IATA –International Air Transport Association

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## ABSTRACT

The main goal of this research is to find out the factors that affect passengers' purchase decisions of Ethiopian airlines for their international air ticket purchase. It tried to order the factors according to their significance effect on the passengers' purchase decisions. The paper also covered to see if the factors have any different effect across the demographic profile of respondents. The study examined seven factors that were taken from prior research works. All responses were collected by using a structured questionnaire through convenience sampling (n=370). Data was analyzed using SPSS software to obtain descriptive statistics, comparing mean scores (i.e. independent t-test and ANOVA) and other analyses (i.e. correlation analysis and multiple linear regressions). According to the study findings, three factors: loyalty program, ground and inflight services and safety record identified as the main factors that customers of Ethiopian airlines perceive to be important in influencing their purchase decision. The finding of the study showed that there is a significance difference in perceiving the seven factors between and among the customers of Ethiopian airlines with different demographic profiles.

**Keywords:** Passengers purchase decision, International Air Travelers, Ethiopian Airlines

# CHAPTER ONE

## Introduction

The introduction chapter explains the purpose of this research. It consists of the background of the study, statement of the problem, objectives of the study, research questions, research hypothesis, significance of the research, scope of the study, limitation of the study, definition of terms and organization of the study.

### 1.1 Background of the Study

Today, attracting new customers has become so important in modern marketing in addition to being loyal and efforts have been paying in that perspective as known, the cost of keeping consumers present is less than the cost of gaining new customers. World of today's is a benefit-cost. Firms have to rethink the relationship between attitude and behavior of their consumers and buying behavior, (Jobber D, Lancaster G, 2006).

Since the human mind contains as many interacting neurons as there are leaves in the Amazon jungle, it is not surprising that buying behavior is never simple. Complicated it is, but understanding buyer behavior is central to marketing management. As marketing ends with consumption, so is marketing management must begin with understanding customers (Kotler, Armstrong, & Veronica, 2008). Understanding the factors that influence consumers' behavior is crucial to the design of marketing programs. Studying consumer attitude is one of the ways of gaining insight into consumer behavior. Attitude plays an important role in consumers' purchase decision making. Therefore, marketers should try to change consumers' attitude through the use of various marketing instruments.

The airline product and the numerous marketing activities are crucial for a company's survival in the competitive airline market. Consumer behavior serves as a basis for any marketing activities (Swarbrooke & Horner, 1999). In this context the dimensions of the marketing mix can be seen as stimuli and the study of consumer behavior tries to find out how consumers respond to those stimuli by analyzing the consumers' decision making process.

The simplest approach addressing the consumer decision making behavior process, the basic model of stimulus and response strengthens the fact that there is uncertainty about what happens between

being exposed to a stimulus and making a purchase decision. This vague part is referred to as “black box” and includes buyers characteristics as cultural, social, personal and psychological aspects and the whole decision making process (Schiffman & Kanuk, 2006 cited by Kotler, 2008).

According to Kotler (2008) Consumer behavior is an integrated science which includes parts of economics, marketing, psychology and sociology. Therefore it focuses on consumers as individuals and on their psychological and sociological features which influence their buying behavior. Consumer behavior can in some cases be straight-forward and decision making a rather simple task. This is mainly the case when the risk involved is rather low and consumers can easily evaluate alternatives. In case of choosing an airline, which is relevant in this paper.

An airline industry is not an exception to this fact. Airlines nowadays, invest heavily in enhancements. The sole purpose of such high powered investment is to attract new customers and retain its existing customer base. This is also known as "augmented service" as airlines constantly work on newer methods and services so as to keep pace with the ever growing consumers' needs.

One comprehensive study in USA identifies 22 factors (influencing decisions making process of US air travelers in the choice of airline for domestic flights) which were categorized under four major categories (on-board services, flight safety, flight schedule and flight management), (Giovanni, Kate, Susan and Patricia, 2015). These factors are major and comprehensive in an airline industry but needs replications taking different sample, tests and segments.

The airline industry is one of the fastest-changing industry sectors in the world today (Kolsaker, 2004). Changing market conditions including empowered customers, new distribution channels and a cogent trend towards disintermediation and re-intermediation constantly forces airlines to adopt and improve their operations and business models (Shaw, 2011; Kossmann, 2006). Advances in the field of Information and Communication Technologies (ICT) contributed to the empowerment of customers who became more experienced, sophisticated and striving for individual and independent products (Buhalis & Law, 2008). The two authors conclude that in the tourism industry “the key success lies in quick identification of consumer needs and in reaching potential clients with comprehensive, personalized and up-to-date products and services that satisfy those needs”. This statement and the fact that so far there has been little discussion on passenger behavior support the need for further investigation (Buhalis & Law, 2008). The aim is to detect how potential clients get information about an airline, which information and booking channels they prefer and which attributes of the airline product are most important for them. This paper aims to specifically explore

the factors affecting purchase decisions of passengers in Ethiopian airlines from the available airliners.

In this research we will closely look at the Airline industry taking the case of Ethiopian Airlines international traveling customers to understand the various factors that are affecting purchase decisions of individual travelers (customers) so as to choose from among the available airliners.

## **1.2 Statement of the Problem**

According to Kumar, Batista, and Maull (2011), one of the important methods to increase the airline company's competitiveness is to understand customers' needs and factors they consider before making their purchases or how to choose from among the different offers.

An Ethiopian airline is not an exception from this fact. According to IATA (International air transport association) report (2015), seventy five percent of the passenger traffic to/from Africa is carried by non-African carriers. In addition, thirty eight foreign carriers from North America, Europe, Asia, Middle East and Australia maintain regular flights to Africa. It is tough and challenging for a giant and leading airline in Africa i.e. Ethiopian Airlines. Moreover, Ethiopian airlines have 79.3% share for all departures from Ethiopia (Ethiopian fact sheet report, 2016).

There are 12 international airlines giving service to and from Addis Ababa at the moment. Ethiopian Airlines (ET) is the national carrier whereas the rest eleven namely are Emirates (EK), Lufthansa (LH), Turkish Airline (TK), Kenyan Airways (KQ), Qatar Airways (QR), Saudi Airlines (SV), Yemenia (IY), Gulf Air (GF), Egypt Air (MS), Sudan Airways (SD), and Fly Dubai (FZ).

In such competitive and dynamic environment, plus for a carrier focusing mainly on Africa (Like Ethiopian Airlines), identifying factors that will affect passengers' purchase decisions from among different airlines is crucial and important to be competitive and outweigh the competitions. So in response to this problem, this study proposes to focus on identifying key factors that affect passengers' purchase decisions in Ethiopian airlines and the relationship and magnitude of these variables will be discussed as well.

Prior literatures have written different articles, done researches on related issues for instance in USA (Giovanni, Kate, Susan and Patricia, 2015), Malaysia (Eileen Yeoh and Jennifer Kim Lian Chan 2011), Iran (Naser Hamidi, Frouzan Rezaii Niareki, Hassan madrekiyan, 2013), China (Jianling

Wang, Junyan Wu, Lingyun Wang, and Min Li, 2014), United Kingdom (UK Civil aviation Authority, 2015), Thailand (Thapanat Buaphiban, 2015), Indonesia (cassandra ann nonis, lim pooi sian, tan yi wang, wong choi li, 2014), Germany, Saudi Arabia (Hussain Al-Salamin, Eman Al-Hassan, 2016), South Africa, Australia and New Zealand (JamieThomas Henderson,2016). Moreover, this thesis tries to show the magnitude, direction and relationship between independent variables and dependent variable and figure out if these independent variables vary across demographic profile of respondents which is the unlike feature in other related literatures. Nevertheless, there are limited researches in Ethiopia taking the case of Ethiopian airlines. So this thesis tries to fill this void or gap in a related literature field.

### **1.3 Research questions**

- Which factors are influencing passengers' purchase decision more in Ethiopian airlines?
- What will be the direction and magnitude of the relationship between the dependent and independent variables?
- Do the determinant factors of passengers purchase decision to purchase their international air ticket from Ethiopian airlines vary across demographic profile of respondents?

### **1.4 Aim and objectives of the study**

#### **1.4.1 Aim of the study**

The general objective of this study is to answer those factors affecting passengers' purchase decision in Ethiopian airlines.

#### **1.4.2 Specific Objectives**

- To find out the major factors affecting passengers' purchase decisions in Ethiopian airlines.
- To describe the magnitude and relationship of factors affecting passengers' purchase decisions in Ethiopian Airlines.
- To find out if there is any variation in the determinant factors of passengers' purchase decision to purchase from Ethiopian airlines and the demographic profile of the respondents.



## 1.5 Research Hypothesis

Based on the literature review and the hypothesized connections presented in the conceptual framework the following seven hypotheses have been tested:

H0: There is no significant association between Brand and purchase decision.

H0: There is no significant association between Ground and inflight services and purchase decision.

H0: There is no significant association between Price and purchase decision.

H0: There is no significant association Schedules and punctuality and purchase decision.

H0: There is no significance association between Loyalty program and purchase decision.

H0: There is no significant association between safety record and purchase decision.

H0: There is no significance association between Baggage services and purchase decision.

## 1.6. Significance of the Study

This research is believed to show the major factors which are important for customers to purchase from an airliner. In additions, the research will also help ET's management on how to attract more demand and add additional features or attributes on the services provided. It fills the gap or the void in the related literatures and can be used as a reference and base for further related literatures.

## 1.7. Scope of the study

The study focuses only on the variables related to airline attributes or benefits or added features that passengers expect from airliners so that they can buy from that specific carrier who fulfills the benefits they look for taking the case of Ethiopian Airlines like **ground and inflight services, Brand, Baggage services, price, safety record , schedules and punctuality** and **loyalty programs**. And external factors like environmental, technological, social, political and cultural factors are not included in this study.

The thesis also focuses only on individual international travellers of Ethiopian airlines and corporate clients and group passengers are not included in this study.

The thesis focuses on factors affecting passengers' purchase decisions taking Ethiopian Airlines. And moreover, the questionnaire will also be responded by the passengers only. The research was conducted by studying factors affecting the purchase decisions of individual Ethiopian airlines customers at all Ethiopian airlines own city ticket offices in Addis Ababa only. So generalization of the findings of this research beyond Ethiopian airlines and Addis Ababa is not recommended.

## **1.8. Limitations of the Study**

A non-probability sampling technique, convenience sampling, will be used for the study. Convenience sampling is where the respondents are selected because they happen to be at the right place and at the right time. Convenience sampling is used to obtain a sample of element because it is impossible to estimate or calculate the probability of the selection for each element in the population (Malhotra & Briks, 2007).

## **1.9 organization of the Study**

The paper will have five chapters. The first chapter deals with the Introduction that includes background of the study, statement of the problem, objectives, significance of the study, scope of the study, organization of the study and limitations of the study. On the second chapter, it deals with related literature review (both theoretical and empirical). On the third chapter, data will be analyzed and presented by using various statistical measurements and tools including SPSS. The fourth chapter will provide the finding or the results obtained and the last chapter will provide conclusion and recommendation based on the findings from the study.

## **1.10 Operational Definitions**

**Purchase Decision** – the choice of ET customers in purchasing international flight tickets from competitor airlines.

**IATA – International Air Transport Association** - the trade association for the world's airlines, representing some 240 airlines or 84% of total air traffic. It supports many areas of aviation activity and helps formulate industry policy on critical aviation issues (IATA , 2017)

**ET international travelling Customers:** – clients of Ethiopian airlines who have bought an international air ticket or that are purchasing at the time of conducting the research (i.e. customers that are travelling or have already travelled crossing an international border, out of Ethiopia using Ethiopian airlines service at least once in 2017. Donald and Hawkins (Hawkins, 2005), defines a customer as “all purchasing agents in companies and government agencies that have bought any of our products in the last three years”.

**FFP:** Frequent flyer program is a program offered by airlines. Passengers' enrolled in the program and accumulate miles based on the distance and class of service flown on the airline and then they get benefits like extra baggage allowance, free upgrades, lounge access, get extra miles for using the goods and services of partner hotels, airlines (Star alliance member carriers), car rental companies, bar and restaurants, redeem benefits for free travel and the like.

## Chapter two

### 2. RELATED LITERATURE REVIEW

#### 2.1 Introduction

This chapter provides an insight to readers about the theoretical view of the topics under study. In line with objective of the study, the chapter covers topics related to consumer behavior, consumer motives, consumers' decision making steps, information search in a decision making process in an airline industry taking Ethiopia airlines and a conceptual framework drawn from a theoretical ground taking seven factors that are believed to affect passengers' purchase decision from among different airliners taking the case of Ethiopian Airlines.

#### 2.2. Theoretical Review

##### 2.2.1 Consumer Behavior

Consumer behavior can be used as the process of acquiring and organizing information for the purposes of making a purchase decision and evaluating products and services (Moutinho, Ballantyne & Rate, 2011). This process includes searching for information, alternative evaluation, purchasing, consuming and disposing of products and services (Blackwell, Miniard & Engel, 2006). Consumer behavior is influenced by a wide range of both subjective and objective factors that exist both within the consumer and external persons or organizations. This section will discuss aspects of consumer behavior that relate to the research objectives, with a strong focus on decision-making.

##### 2.2.1.1. Consumer Motives

Consumer has a motive for purchasing a particular product. Motive is a strong feeling, urge, instinct, desire or emotion that makes the buyer to make a decision to buy. Buying motives thus are defined as those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or service. These motives are generally controlled by economic, social, psychological influences etc.

##### **Motives which Influence Purchase Decision**

The buying motives may be classified into two:

## I. Product Motives

## II. Patronage Motives

### I. Product Motives

Product motives may be defined as those impulses, desires and considerations which make the buyer purchase a product. These product motives may still be classified on the basis of nature of satisfaction:

#### a) Emotional Product Motives

#### b) Rational Product Motives

**Emotional Product Motives** are those impulses which persuade the consumer on the basis of his/her emotion. The buyer does not try to reason out or logically analyze the need for purchase. He/she makes a buying to satisfy pride, sense of ego, urge to initiate others, and his/her desire to be unique.

**Rational Product Motives** are defined as those impulses which arise on the basis of logical analysis and proper evaluation. The buyer makes rational decision after chief evaluation of the purpose, alternatives available, cost benefit, and such valid reasons.

The product motives is related to my thesis in a sense that the attribute or benefit passengers' gain from that specific airliner make them to decide to purchase from that airliner.

### II. Patronage Motives

Patronage motives may be defined as consideration or impulses which persuade the buyer to patronage specific shops. Just like product motives patronage can also be grouped as emotional and rational.

**Emotional Patronage Motives** those that persuade a customer to buy from specific shops, without any logical reason behind this action. He/she may be subjective for shopping in his/her favorite place.

**Rational Patronage Motives** are those which arise when selecting a place depending on the buyer satisfaction that it offers a wide selection, it has latest models, offers good after-sales service etc.

Knowledge of buyer motives of consumers is useful for marketers to anticipate their purchase decision and improve products and services accordingly. So to identify those factors influencing passengers' purchase decision, first it is important to identify motives of customers.

Gnoth (1997) distinguished motive from motivation, stating that motives indicate a direction or target, yet motivations refer to an interaction between generic motives and a specific situation. Motives and motivations are influenced by both objective (e.g. time, money) and subjective (e.g. expectations, personal values) situations to ultimately determine what the consumer wants from a purchase. Motives and motivations can also be related to the consumer decision process. The recognition of a need provides the consumer with a motive to search for information to fulfill that need.

#### **2.1.1.2. Behaviorist and Cognitivist Theory of Human Behavior**

Consumer decision making has been heavily researched since the mid 20 century. From that time, literature has shifted from the behaviorist to the cognitivist theory of human psychology. Behaviorism claims that humans act rationally in response to stimulus that evoke a cause and effect relationship based on either positive or negative reinforcement (Hung, 2001). Whereas cognitivist claims that there are both subjective and objective reasoning for human behavior that can only be explained by understanding the psychological process that underpins decisions (Hung, 2001). Cognitivist theory recognizes that these underpinnings are usually a combination of both objective and subjective inputs. These theories outline two different approaches to analyze consumer decision making and can be used to understand how international passengers' purchase airline tickets and the reasons behind their decisions. By analyzing underpinnings of consumer purchase decisions, one can begin to understand the specific preferences and thus purchase intentions of a given customer segment. Given the objective of this research, this thesis advocates the adoption of the cognitivist theory of human behavior on which this research will be premised.

#### **2.1.2 Descriptive Versus Decision Models**

Ehrenberg, Barnard and Sharp (2000) explained and contrasted decision and descriptive models of human behavior. These models can be summarized as: Decision models are for solving problems and said to contain marketing variables that managers can control or at least influence such as price,

promotion and advertising, implying that marketing variables have causal or predictive powers to influence outcomes when adjusted by managers. Descriptive models seek to uncover marketing phenomena and to represent them. Descriptive modeling aims to depict actual or potential marketing knowledge and to apply it. Such modeling often deals with marketing mix factors separately instead of attempting to do so in one overall model. When contrasting the two models, it becomes clear that one looks to provide a generalizable predictor of consumer behavior (decision model), whilst the other looks to explain marketing factors influencing specific markets (descriptive model). Descriptive modeling represents the cognitivist theory of human behavior, whilst decision modeling represents a behaviorist approach.

### **2.2.2. Consumer decision making process**

Consumer decision making begins with the identification of a need or want, which presents the buyer with a gap between their existing state and their desired state Cant, Strydom, Jooste & du Plessis, (2009). Whilst problem recognition may occur spontaneously or at the whim of individual consumers, the aim in marketing is to stimulate consumers to recognize a gap in their existing state Solomon, Marshall & Stuart, (2011).

In the travel industry Ritchie, Kaczynski and Faulks (2010, p. 11), explained the push-pull model for need recognition, people travel because they are pushed by intrinsic or extrinsic internal forms that predispose people to travel, while they are then pulled to destinations by external forces of the destination attributes.” Push factors can be described as motivational factors or needs that arise due to a disequilibrium or tension in the motivational system (Crompton, 1979; Dann, 1977; Kim, Lee & Klenosky, 2003). Pull factors are those that impact a traveller’s choice of travel destination through attractions within a destination (You, O’leary, Morrison & Hong, 2000). Push factors usually exist within an origin location and initiate the decision to undertake travel, whereas pull factors usually exist within a host country and make that country appealing to foreign travellers (Kline, 2003). Furthermore, Mazzarol and Soutar (2002) concluded that both push and pull factors also originate within the traveller themselves and can be manifestations of an individual’s personality. Tourism can be a push factor for people to travel. And the knowledge they will get from visiting a certain historical sites or physical heritage can be a pull factor.

### **2.2.3. Customer Segmentation**

Segmentation from a marketing and research perspective is the act of outlining meaningful groups of people or objects within a wider population or environment (Teichert, Shehu & von Wartburg, 2008).Customer segmentation is the compartmentalization of an organization’s consumer base into

more manageable groups who are mutually exclusive and share common characteristics (Yankelovich & Meer, 2006). This process allows businesses to more efficiently allocate resources and target different groups of customers more effectively. Blackwell (2006) referred to this as mass customization, where firms customize goods or services to individual customer segments by understanding what type of customization they value the most. The ultimate goal of customer segmentation is to increase satisfaction, loyalty and profitability.

Bayer (2010) outlined two common methods for customer segmentation, value-based segmentation and behavior-based segmentation. Value-based customer segmentation defines customers by their contribution to overall organizational profitability based on current relationships with the organization. Kim, Jung, Suh and Hwang (2006) explained this process as determining the customer's lifetime value (LTV), which involves calculating the sum of revenue generated over a customer's lifetime of transactions less the cost of attracting, selling and servicing and also equating for time value of money (the idea that the a sum of money is worth more today than that same amount is worth in the future). Value-based segmentation often segments customers into percentiles that represent how valuable a segment is to the organization, for example the top decile (could be top 10%) of most valuable customers. An organization can then adopt strategies to target its more profitable customers; such strategies will likely be different to those used to target low/medium value customers. The second method for customer segmentation as outlined by Bayer (2010) is behavior-based customer segmentation. This is the process of grouping customers by their behavior as customers. Such groups may share preferences, motives or motivations, media or purchasing channels, or any other behavioral traits in relation to purchasing. This is largely a means of standardizing 20 marketing efforts and service offerings to meet the needs of those with similar consumer behaviors. This differs from value-based segmentation as those within certain value segments may differ in their behavioral traits.

Customer segmentation in airline industry is important. As indicated by Chin (2002), Business travellers prefer punctuality, scheduled flights, mileage programs, lounges and inflight services. Whereas, tourist travellers prefer flexibility of flights, cheaper prices, frequency and availability of flight alternatives which is pertinent to my thesis.



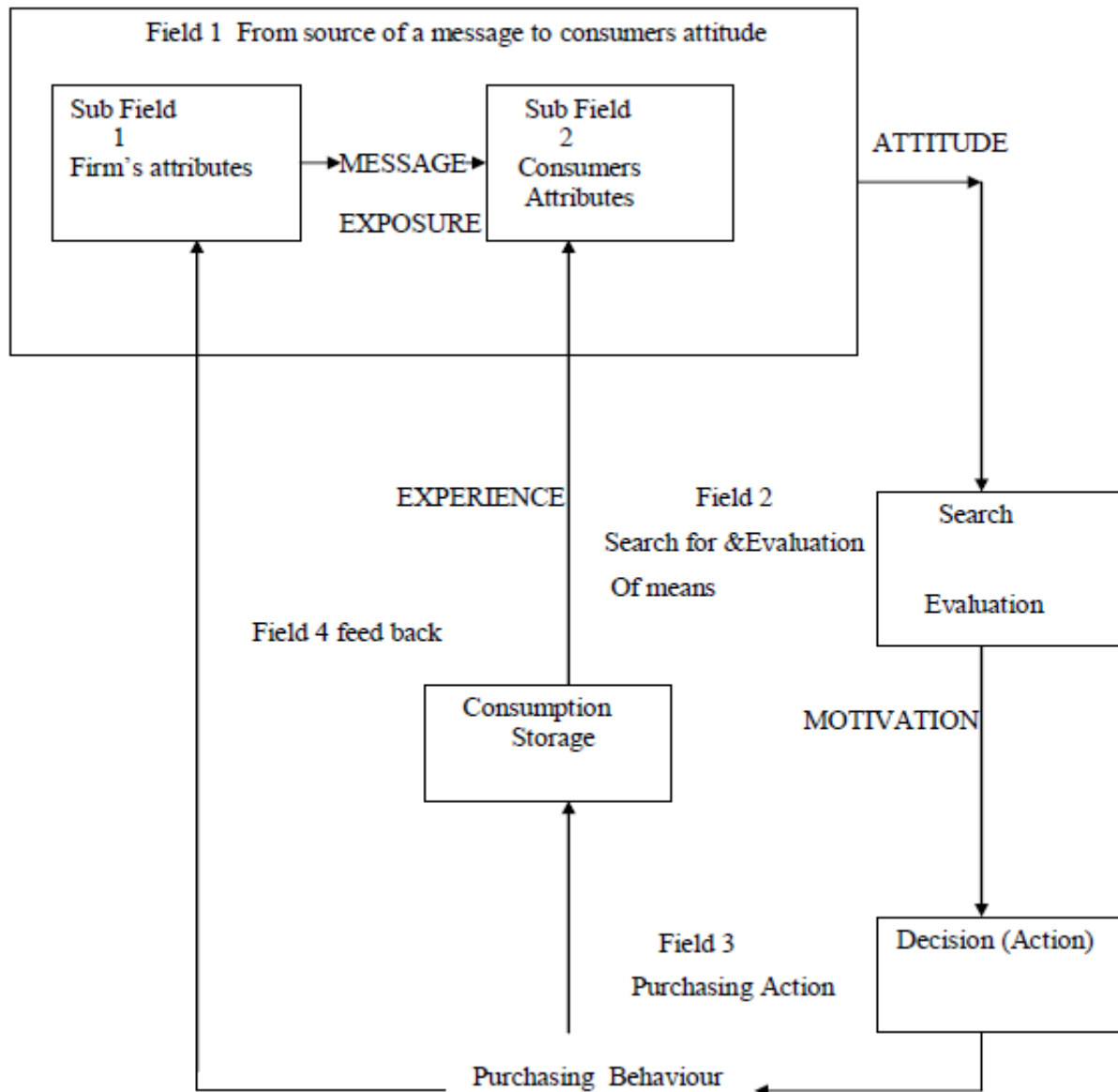
#### **2.2.4. Consumer behavior Models**

##### **NICOSIA MODEL**

The buyer behavior model is taken from the marketing point of view. It is also called systems model as the human is analyzed as a system, with stimuli as the input to the system and the human behavior as an output of the system. Francesco Nicosia, an expert in consumer motivation and behavior has developed this in 1966. He tried to explain buyer behavior by establishing a link between the organization and its prospective consumer. Here the messages from the company initially influence the predisposition of the consumer towards the product and service. Based on the situation, the consumer will have a certain evaluation of the product attributes by the consumer. If this step satisfies the consumer, it may result in a positive response, with a decision to buy the product or else the reverse may occur.

Of the four fields outlined in this model, field one comprise product attributes and communication on the one hand and consumer characteristics on the other.

### Nicosia Model



The Nicosia model divides the above activity explanation into four basic areas:

**Area 1:** Field one has two sub areas-the consumer attributes and the firms attributes. The advertising message from the company will reach the consumers attributes. Certain attributes may develop sometimes depending upon the way the message is received by the consumer. The newly developed attribute becomes the input for area 2.

**Area 2:** This area is related to the search and evaluation undertaken by the consumer of the advertised product and also to verify if other alternatives are variable. If the above step motivates to buy the product / service, it becomes the input for the third area.

**Area 3:** This area explains as how the consumer actually buys the product.

**Area 4:** This is related to the uses of the purchase items. This can also be used as an output to receive feedback on sales results to the firm.

This model relates to my thesis in a sense that, the initial input starts from product attributes. So the product or service attributes, and or benefits are preliminary to search and evaluate, buy or consume and offer a feed back to the firm.

## **Howard Sheth Model**

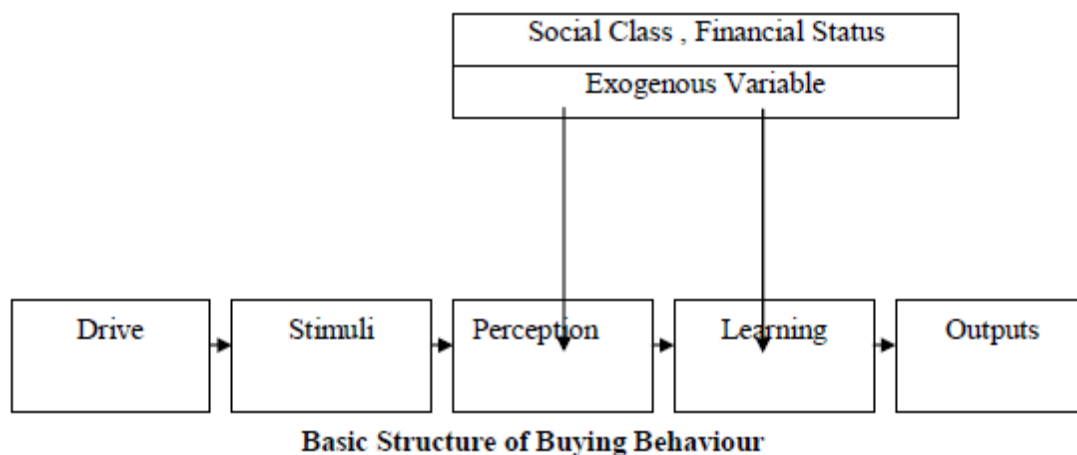
Utilizing the learning Model thoroughly and systematically John Howard has come out with the 1<sup>st</sup> truly integrative model of buyer behavior in 1963 Du Plessis (1991). He introduced the difference between problem solving, limited problem solving and automatic response behavior as the three levels of decision making.

A more meaningful elaboration has been provided in theory of buyer behavior (1969) by Howard and Sheth. This model is considered as an important landmark in the development of the theory of buyer behavior by considering three key variables- Perception, learning and attitude formation (Prasad, 2009). It is one of the earliest depictions on the configuration of behavioral, situational and economic variables affecting consumer decision process.

The model is essentially an attempt to explain brand choice behavior over time and therefore, is especially pertinent to this research study. Consumers learn by finding out the relevant information about products through two sources of information:

- a. Social sources
- b. Commercial sources

The gathered information is used for comparison of alternative brands according to various choice criteria. The basic structure of the model is given below



The following predictions can be made about the model

- i. Stimuli or perceived learning occurs and results in output
- ii. Output occurs on the basis of the perception and learning- non observable variables.
- iii. Exogenous or outside variables such as social class, financial status etc., are used to predict perception and learning.

This model describes the buying behavior in various stages

**Stage 1:** Motives are based on needs demanding satisfaction. They lead to goal directed behavior satisfaction. Motives ignite a drive to search and secure information from alternatives. Stimulus-input variables are marketing program and social environment.

Input or stimuli:

- i. Product themselves in the market
- ii. Commercial information on them, say quality, price, availability and distinctiveness
- iii. Product information obtained from friends acquaintances and reference groups.

Thus, a number of products or brands are perceived and considered by the consumers mind. In this manner the resulting perception is selected.

**Stage 2:** While evaluating, many brands are eliminated or left out for further consideration. Now, only few will receive further consideration. Each will have plus / minus points. These choice considerations act as connecting links between motives and selected brands choice consideration which provide a structure to motives and the process of learning and experience. These considerations develop as criteria / rule to decide on the goods that have the prospects of yielding maximum satisfaction. The market must offer a good marketing-mix that is used by the buyer to influence the choice criteria.

**Stage3:** The choice criteria give rise to predisposition- the relative preference in favor of particular brand. Sudden hindrances may sometimes stop the process. This may be in form of price, inadequate supply of brand, external variables such as financial status, time pressure etc. If they do not occur, the preference results in a response output such as attention, comprehension, attitude, buying intention and preferably actual purchase.

**Stage 4:** Feedback of purchase experience is sent to the buyer which shows if the actual satisfaction was equal to the expected satisfaction. Satisfaction leads to repurchase, and repeat orders indicate brand loyalty.

The marketer is interested in this outcome. Buying behavior is influenced by motives (rational / emotional curiosity) attitudes, perception, social factors and personal factors.

Thus models of buyer behavior are generally based on certain factors internal to the consumer e.g., learning, personality, attitudes and perceptions. The external factors may be in the form of group, cultural and inter-personal influences and effects advertising and communications. The action of individuals is the result of both internal / external factors and interactions to the consumer decision making processes. The modern concepts of the buying behavior state that the behavior is the result of interaction between people centered factors and situation centered factors. The marketer is expected to be aware of the person centered factors such as buyer motivation, learning, perceptions, attitudes, values and beliefs. Similarly, marketers must be aware of social environment and internal personal interactions influencing the buyer behavior.

## 2.3. Empirical Review

### 2.3.1. Brand and purchase decisions

Wanget (2011) conducted a research on the relationship between brand's image and customer's decision making. Brand trust, fares, and brand recognition were the factors studied in that research. The results showed that reasonable fares and good brand recognition were the most important factors in forming a positive image of Air Asia and choosing it as the preferred airline.

Research on customer-based brand equity has shown a relationship between brand perceptions, decision-making and purchase intentions (Cobb-Walgren & Mohr, 1998; Laroche & Brisoux, 1989; Laroche, Kim & Zhou, 1995). Both Grace and O'Cass (2005) and Jamal and Goode (2001) claimed that service brands can be used to evaluate aspects of service quality prior to purchase. For this reason it has been deemed appropriate to review literature on service branding to identify any aspects of service brands that influence consumer purchase intentions or pre-purchase evaluations.

**H0: There is no significant association between brand and purchase decision.**

### 2.3.2. Price and purchase decisions

Gilbert (2003) conducted a research on travelers' expectations and airline services. The result identified many factors as the effective factors that influenced travelers' choice. One of among the important factors identified was price.

One comprehensive research has found that the two most important determinants, amongst air travellers when choosing an airline, are price (62 per cent) and schedule at (54 per cent), rather than the Frequent Flyer Program (FFP) at 21% and brand loyalty at only 13 per cent CRM Today, (2007).

Hussain Al-Salamin (2016) has conducted a research and concluded that there is a positive relationship between prices and consumer buying behavior (suitable prices make consumers more willing to purchase items).

Both Mason (2000) and Fourie and Lubbe (2007) found that price was the most important evaluation factor followed by seat/in-flight comfort and schedule/flight frequency.

**H0: There is no significant association between price and purchase decision.**

### **2.3.3. Baggage Services and purchase decisions**

Gilbert (2003) conducted a research on travelers' expectations and airline services. Timeliness, lost luggage returning and compensation, airline security, flight delays, ticket booking service, delivering information through information completeness regarding the net price, advertisement, reputation, direct non-stop flights, on-board services, pre-flight services, luggage delivery services and allowances, and the recorded safety level were identified as the effective factors that influenced travelers' choice.

Bowen and Headley (2000) conducted research into Airline Quality Rating (AQR). This study followed nine previous AQR studies over the prior decade and 27 are highly regarded in the United States and internationally. The study found on-time performance, safety, misplaced baggage, denied boarding and handling of customer complaints to be criteria of service quality.

**H0: There is no significant association between baggage services and purchase decisions.**

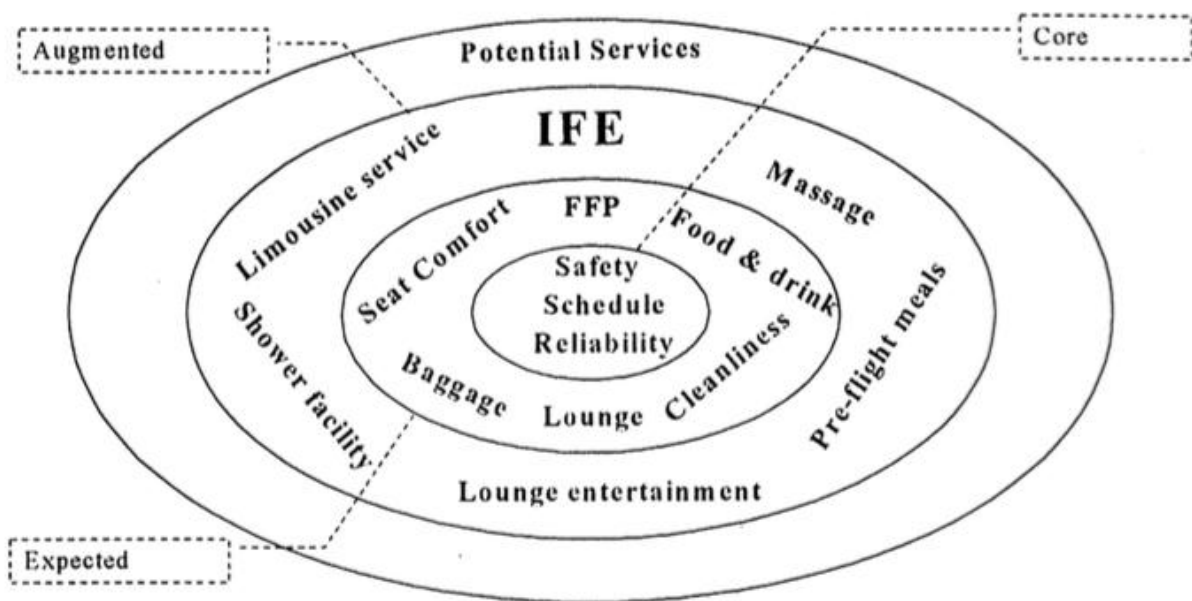
### **2.3.4. Ground and inflight services and purchase decisions**

Yuanget (2011) conducted a research on customers' perception of on-board services provided by Taiwanese airlines. 12 factors were studied in that research. The results showed that cabin safety, proper handling of customer's complaint, timely service delivery, cabin cleanliness, suitable cabin equipment, crew's appearance, and snack and beverage services were the most important factors. Providing clear and accurate information, crew's friendliness, seat belt checking, and seat comfort were shown to be moderately important. Crew's politeness and courtesy, crew's delivery speed, in-flight entertainment, and crew's activeness were shown to be highly important than the other factors.

Park and Wu (2003) conducted a research on the effects of service quality on airlines' brand images and future behavioral tendencies of travelers. Based on the results, variety of on-board services, convenience and accessibility, and reliability were the factors that influenced travelers' choosing behavior.

Lang Lou and Tesou (2004) studied the effects of aircraft seat development on Taiwanese airline passengers' perception. They claimed that some factors affect air travelers' choices. According to them, airline companies can design a service framework consisting of fares, flight frequency, onboard services, a number of flights, flight schedule, seat comfort, flight direction, safety, aircraft type, passenger satisfaction, flight purpose, and flight repeat. Their results showed all of the above factors to be effective on travelers' airline choice.

Alamdari (1999) investigated whether airline investment in in-flight services were justified. Specifically, the study focused on in-flight entertainment passengers' perceptions of IFE, and passengers' willingness to pay extra for it and whether IFE was an effective differentiator for airline competition. At the time of the study it was concluded that IFE was in fact a differentiating factor, but the author acknowledged that passengers would come to expect it in the future, thus diminishing this effect. Furthermore, the study concluded that IFE was not a primary factor affecting passengers' choice of airline, but affected overall satisfaction. Figure 2.1 presents a range of airline service attributes that Alamdari (1999) claimed are core influences, expected but secondary influences and augmented or additional factors (unlikely to influence passengers' choice of airline).



**Source: Alamdari (1999)**

Vink, Bazley, Kamp and Blok (2012) investigated whether in-flight comfort influenced airline passengers' intentions to fly with an airline again. The results showed a high comfort rating was



related to the intention to fly with an airline 26 again. The study concluded that legroom, hygiene, crew attention and seat/ personal space were all correlated with comfort. Richards and Jacobson (1977) found legroom, seat firmness, seat width and seat shape to be the main factors related to overall comfort.

**H0: There is no significant association between ground and inflight services and purchase decision.**

### **2.3.5. Schedules or punctuality and purchase decisions**

Lubbe and Fourie (2006) conducted a research in South Africa the main goal of which was to identify the factors that cause business travelers choose between low-cost and traditional South-African airlines. The results of the research suggested that nine factors were influencing travelers' choice: fares, repeated flight programs, seat comfort, flight schedule, flight frequency, in-flight entertainment, seat reservation possibility, ticket refund penalties, on-board food and drink services, and payment methods. Flight schedules, flight frequency, fares and safety were the most important factors while in-flight entertainment was shown to be the least important factor.

Ozlem and Omin (2007) studied the factors affecting Pegasus airlines' passengers' choice of low-cost carriers. They studied 12 factors, namely flight schedule, timely actions, safety, comfort, fares, food and drink cost, crew's behavior, Airline Company's image, luggage delivery service, flight network, cabin service, and airline company type. Data were collected from the passengers leaving Sabiha international airport. The results showed that safety, timely actions, and flight schedule were cited by the passengers as the most important factors in choosing low-cost carriers, and comfort, Airline Company's image, personnel, cabin service, and luggage delivery services were more important than other factors.

Faulhaber (2009) conducted a research on the factors influencing the airline choice decision making of German tourists who travel to South Africa. The research studied price, flight schedule, cabin shape, safety, and alliance membership. The results suggested that price is the most important factor in the decision making, thus playing the main role in the decision-making process in this particular market. Timeliness and flight schedule were the next important factors compared to the other factors.

Chin (2002) found schedule to be of significant importance when choosing an airline for business and leisure travellers.

Evangelho, Huse and Linhares (2005) found punctuality, frequency, flexibility of ticket, emissions, price, mileage programs, in-flight service and VIP lounges, were important evaluation factors.

**H0: There is no significant association between schedules or punctuality and purchase decisions.**

### **2.3.6. Safety record and purchase decisions**

Lu and Yang, (2005) examined the effect of incomplete information on travelers' airline choosing behavior. Such examination was based on travelers' experience through four variables: price, aircraft age, passengers' recommendations, and flight frequency in two domestic airlines on Taipei route. Results showed that fares and flight safety were the most important factors affecting travelers' choosing behavior.

Yavari Gohar (2014) conducted a research on the factors influencing the attitude of the domestic consumer in airline choice. Emphasizing psychological factors, the research tries to study the factors that influence the Iranian consumer's choice between Emirates and Iran Air on Dubai air route. Seven factors were considered in the research, which were flight safety, proper flight times, flight frequency, on-board services, fares, flight management and possible discount. The results suggested that safety is the most important factor, followed by flight management, flight times, flight frequency, on-board services, fares, and discounts, which were relatively important having one degree of difference in values.

Chou (2011) measured service quality of a major Taiwanese international airline safety; customer complaint handling and courtesy of crew were found to be the most important service evaluation criteria. The study adapted fuzzy weighted SERVQUAL framework as the basis for the questionnaire. Tsaur (2002) and Chang and Yeh (2002) also measured service quality of domestic Taiwanese airlines. As with Chou (2011), the fuzzy set theory was used in both studies to weight passenger evaluation criteria for service quality. The fuzzy set theory stated that aspects of human thinking have an ambiguous status in relation to imprecisely defined classes such as numerical values Zadeh, (1965).

**H0: There is no significant association between safety record and purchase decisions.**

### 2.3.7. Loyalty programs and purchase decisions

Carlsson and Lofgren (2006) found that airline loyalty does influence purchase decisions through switching costs, but is not a decisive factor on its own. The study went on to find that airline frequent flyer programs can add to the cost of switching to competitors, but that switching costs were more substantially linked to ticket price. Sharp (2010) claimed that this is partly due to the greater buy-in to loyalty programs from those that are already most loyal to a brand, as these consumers have greater benefits to gain from their already established purchase behaviors.

IATA has been researching business travellers' opinions about air travel since 1989. This global survey is one of the most quoted sources of business travel information worldwide. In September 2006, 2,665 respondents were interviewed. 438 respondents have been selected from Americas, 1433 respondents from Europe, and 247 respondents from Africa-Middle East and 547 respondents from Asia-Pacific. The results showed that the most important factor determine airline choice for business travelers is the frequent flyer/mileage program, especially for long-haul trips. Airline route network is the second important factor. The least important factor for business travelers was friends and relatives' recommendation, while they choose airlines.

**H0: There is no significant association between loyalty program and purchase decisions.**

## 2.4 Conceptual framework

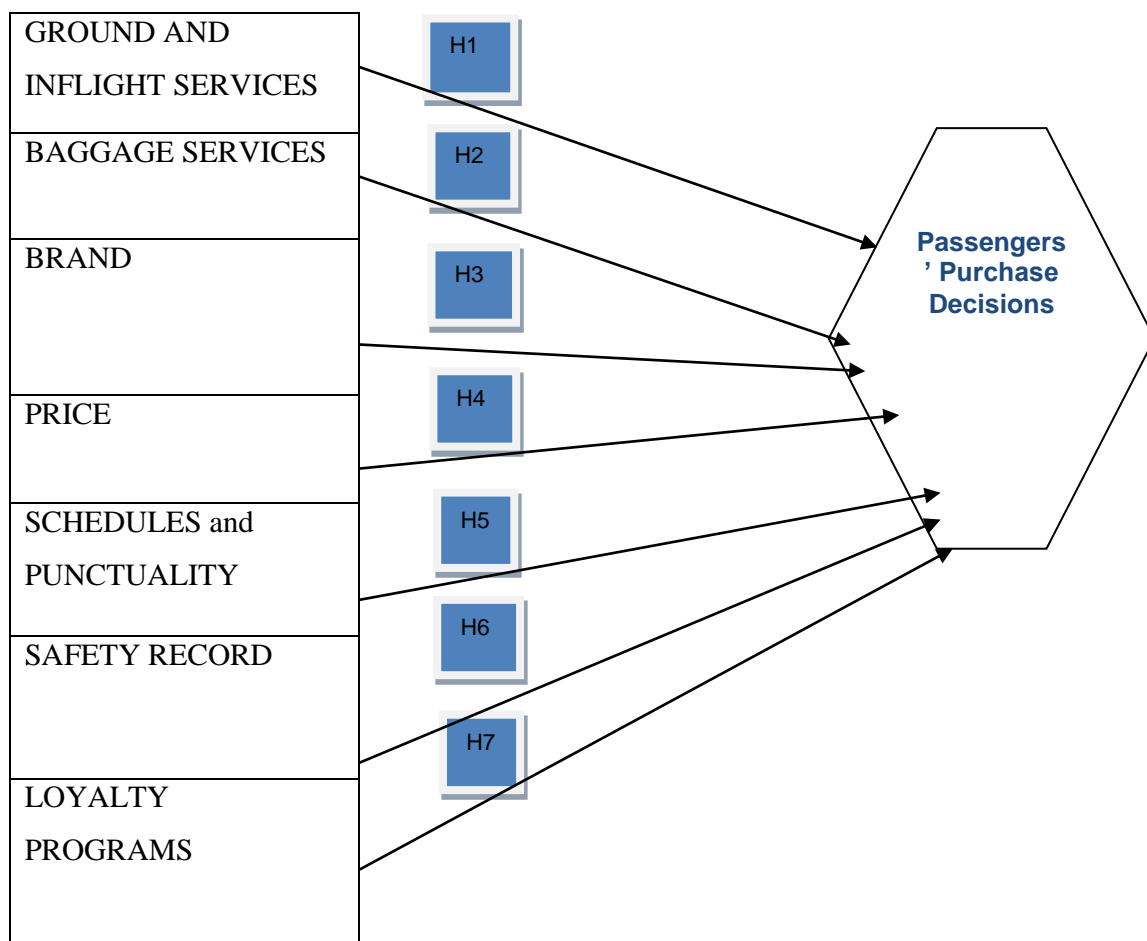
There are many different articles researched and forwarded by different scholars about purchase decisions. The current study makes use of combined variables of different related literatures and draws a conceptual framework as depicted below.

Variables	Related Literature reviews
Price	✓ Mason (2000) ✓ Lubbe (2007) ✓ Lim (2013)
Brand	✓ Helm (2011) ✓ Wong and Musa (2011) ✓ Sand berg (2002)
Baggage services	✓ Aksoy (2003)

	<ul style="list-style-type: none"> <li>✓ Chang and yeh (2002)</li> <li>✓ Bowen and Headley (2000)</li> </ul>
Ground and inflight services	<ul style="list-style-type: none"> <li>✓ Jamal and Goode (2001)</li> </ul>
Safety record	<ul style="list-style-type: none"> <li>✓ Archana and Subha (2012)</li> <li>✓ Chou (2011)</li> </ul>
Loyalty programs	<ul style="list-style-type: none"> <li>✓ Dowling and Uncles (1997)</li> <li>✓ Bejou and Palmer (1998)</li> </ul>
Schedules and punctuality	<ul style="list-style-type: none"> <li>✓ Lim (2013)</li> <li>✓ Park (2006)</li> <li>✓ Ostrowski(1993)</li> </ul>

# Conceptual framework of factors affecting passengers' purchase decisions in an airline industry: the case of Ethiopian airlines

## Factors Affecting Purchase decisions



Source: Related Review literatures

## Chapter Three

### RESEARCH METHODOLOGY

#### 3.1 Research design

Quantitative research methods were used in the study. The type of research is explanatory research. Since the research mainly focuses on factors affecting passengers' purchase decisions in an airline industry taking the case of Ethiopian airlines, I use a quantitative research approach that makes use of explanatory research method.

#### 3.2 Data Source

The paper is expected to utilize both primary and secondary data sources. The primary data is to be collected using questionnaire inclusive of both open ended and closed ended questions. While the secondary data will include Company materials (like Sales report, financial Statement, flight activity reports... etc.), IATA (International Air Transport Association) booklets, Star Alliance Reference guide booklets, different journals on the area of study, Magazines like Airline Journal, Ethiopian Airlines website, Star Alliance Website, IATA website, Ethiopian weekly, Ethiopian fact sheets etc.

#### 3.3 Population and Sample design

##### 3.3.1 Study Population

The target population of the current study includes all individual international traveling customers of Ethiopian airlines (foreigners and locals) that frequently use Ethiopian airline's services. Therefore the study population includes all individual international travelers who used and purchased Ethiopian airline's service and travelled international flight by air at least once between December and January of 2017.

For the current study, however, the researcher made use of samples taken only from customers found at the airlines own city ticket offices in Addis Ababa, airport at a counter and online through email.

### **3.3.2 Sample Size**

“For all non-probability sampling techniques, other than for quota samples, the issue of sample size is ambiguous and unlike probability sampling, there are no rules in determining sample sizes” (Saunders , 2009). Sample sizes used in similar studies, completion rates of survey questioners, and resource constraints are among the criterion used in determining the sample size of a certain study. (Kothari, 2004 ; Malhotra & Briks, 2007). Malhotra and Birks (2007) have further provided a rough guideline for determining sample sizes particularly for non-probability sampling techniques that is developed based on experience. Accordingly, for problem solving researches, test marketing studies and product test researches the minimum size of sample is 200 while the typical range of sample size falls between 300 and 500. So the sample size is 384.

### **3.3.3 Sampling Technique**

A non-probability sampling technique, convenience sampling, was used for the study. Convenience sampling is where the respondents are selected because they happen to be at the right place and at the right time. Convenience sampling is used to obtain a sample of element because it is impossible to estimate or calculate the probability of the selection for each element in the population (Malhotra & Briks, 2007).

Non-probability sampling can be used in small inquiries and researches by individuals, this design may be adopted because of the relative advantage of time and money inherent in this method of sampling (Kothari, 2004). In non- probability sampling there is always the danger of bias, however, if the investigators are impartial, work without bias and have the necessary experience so as to take sound judgment, the results obtained from an analysis of deliberately selected sample may be tolerably reliable (Kothari, 2004).

One criterion needs to be met in defining the qualified respondent for the current study was that, respondents should be individuals who are frequent consumers of Ethiopian Airlines service.

The researcher is impartial since has no interest of manipulating the outcome of the research as the study is meant for academic purpose. Regarding the experience, the researcher has relayed on the guidance of the advisor in conducting the research.

Therefore, by taking in to account the sample sizes used in the above and other related studies; and considering the completion rate of questioners so that to maximize the number of usable responses; the current study has used a sample size of 384 respondents.

### **3.4 Data analysis**

Questionnaire (closed ended and Likert-Scale) will be utilized taking Ethiopian Airlines from the giant airline industry. In addition, Descriptive analysis, scale measurement and inferential analysis will be used in this study.

#### **3.4.1 Descriptive Analysis**

Descriptive analysis has been used to describe the demographic profile of target respondents in frequency and percentage of the sample characteristics in the form of tables, graphs and written explanations as well as central tendencies measurement of constructs that include mean and standard deviation. These demographic profiles consist of gender, marital status, age, flight experience, educational back ground, personal income, frequency and purpose of taking a flight.

#### **3.4.2. Scale Measurement**

##### **3.4.2.1. Normality Test**

Saunders (2009) said that normality test is used to determine whether the data sets are normally distributed. In this study, normality test has been tested by using Skewness and kurtosis. A distribution is positively skewed when there is positive value of Skewness and kurtosis while a distribution is negatively skewed when there is negative value of Skewness and kurtosis. It is recommended that the result for Skewness test should not exceed  $\pm 3$  while the result of kurtosis should not exceed  $\pm 10.0$  (Kline, 2005).

##### **3.4.2.2. Reliability Test**

Reliability refers to the degree that provides consistent results. Reliability test is conducted to examine the consistency of observed scores by carry out on the same test. In this study, reliability



indicates which is Cronbach's Alpha was used to estimate the consistency. Nunnally (1978) recommended that the Cronbach's alpha level that exceeds 0.70 will be considered reliable. If the values of Cronbach's Alpha are less than 0.70, the survey questionnaires are considered not reliable and have to be reconstructed. A low Cronbach's Alpha level occurs when there are inappropriate questions included in the questionnaire.

### **3.4.3 Inferential Analysis**

All statistical procedures were conducted using Statistical Package for Social Science (SPSS).

#### **3.4.3.1 Pearson Correlation Analysis**

Pearson Correlation analysis is used to examine the association between two variables which are X and Y (Goodwin & Leech, 2006). Besides, Pearson Correlation is used to determine the relationship of strength and direction between two variables. According to Goodwin (2006), there is no linear relationship between two variables when the value is 0. When the value is -1.00 or +1.00, it shows that a strong correlation between two variables. However, it should not exceed +/- 0.90 to avoid multi-Collinearity problem (Hair, Bush, & Ortinau, 2006). Multi-collinearity occurs when there are two highly correlated independent variables; it can be detected through testing the correlation matrix among all independent variables in the research. When multi Collinearity problem occurs, one of the relevant independent variables should be removed.

#### **3.4.3.2 Multiple Linear Regressions**

Multiple Linear Regressions is used to assess the relationship between more than one independent variable and a single dependent variable (Zikmund, Babin, Carr, & Griffin, 2010).

According to Saunders (2009), the regression coefficient indicates the relative significance of the independent variables in the forecast of the dependent variable while the coefficient of multiple determinations (R square) provides the measurement of how well a predictor of the equation of multiple linear regressions is likely to be. Moreover, if the p-value of multiple linear regressions is less than 0.05, then the relationship between the selected FACTORS AFFECTING PASSENGERS' PURCHASE DECISIONS IN AN AIRLINE INDUSTRY taking THE CASE OF ETHIOPIAN AIRLINES independent variables and dependent variable will be significant. Thus, the alternative hypothesis should not be rejected. If not, vice versa. In this research, the relationship between a

dependent variable (Purchase decision) and seven independent variables (price, brand, schedules and punctuality, ground and inflight services, baggage services, loyalty programs and safety record) has been determined using multiple linear regressions.

### **Model specification**

In order to assess extent of effect of the above variables on purchase decisions, Multiple Linear Regression model consisting of seven independent variables are used to test the effect on dependent variable and are modeled as shown below;

*Purchase decision = f (Services, Brand, Price, Schedules, Baggage, Safety record and Loyalty programs)*

### **Equation for Multiple Linear Regressions**

$$\hat{Y} = B_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n + e$$

Where:  $\hat{Y}$  = Dependent variable

$B_0$  = Constant value (also known as **Y-intercept**)

$b$  = The slope, for any corresponding change in one unit of X

X = Independent variable

$e$  = Error term (normally distributed about a mean of zero)

$$PD = B_0 + b_1S + b_2B + b_3E + b_4P + b_4D + b_5R + b_6Y + e$$

PD- representing purchase decision

S- representing ground and inflight services

B- representing Brand

E- representing Baggage services

P- representing price

D- representing Schedules and punctuality

R- representing Safety record

Y- representing Loyalty programs

In order to ensure the quality of this research design content and construct validity of the study was checked. In addition discussion was made to check the appropriateness of questions. Moreover, pilot

test was conducted prior to the actual data collection that will empower me to gain more valuable comments.

**TABLE :** Reliability Analysis of Variables

<b>Variables</b>	<b>Cronbach's alpha coefficient</b>	<b>Number of items</b>
<b>Ground and inflight services</b>	<b>0.793</b>	<b>4</b>
<b>Brand</b>	<b>0.801</b>	<b>4</b>
<b>Baggage services</b>	<b>0.841</b>	<b>3</b>
<b>Price</b>	<b>0.842</b>	<b>3</b>
<b>Schedules and Punctuality</b>	<b>0.778</b>	<b>4</b>
<b>Safety record</b>	<b>0.866</b>	<b>2</b>
<b>Loyalty programs</b>	<b>0.831</b>	<b>3</b>
<b>Purchase Decision</b>	<b>0.845</b>	<b>3</b>

### **3.5. Ethical Issues**

The study considered ethical issues that may arise in the course of undertaking the research by precisely communicating respondents about the objective of the study to get their free consent to respond to the questionnaire. They were promised that all data to be collected will be used solely for the academic study purpose and will be kept confidential. Finding and results obtained from the study are presented without any biases. The works of scholar cited in the study are properly acknowledged.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

This chapter presents the data analysis and discussion of the research findings. The data analysis was made with the help of Statistical Package for Social Science (SPSS v. 21). The data obtained from the main data collection were subjected to descriptive statistics analysis, comparing mean analysis (i.e. independent t-test and ANOVA) and other analyses (i.e. correlation analysis and multiple linear regressions).

In order to make the collected data suitable for the analysis, all questionnaires were screened for completeness. All returned incomplete questionnaires were considered as errors and removed from the survey data. Out of the 384 distributed questionnaires, 379 were collected. During data editing, the collected questionnaires were checked for errors and 9 incomplete questionnaires were identified and discarded. Therefore 96.35% of questionnaires were found to be valid and used for the final analysis i.e. 370.

#### 4.1 Descriptive Analysis

##### 4.1.1 Demographic Profile of Respondents

Before starting the analysis of the data some background information such as demographic data, is useful in order to make the analysis more meaningful for the readers. The samples of this study have been classified according to several background information collected during the questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents, proportion of males and females in the sample, range of age, gender, marital status, monthly average net income, education level, and travel experience of respondents with Ethiopian airlines in years and purpose of most travels.

**Table 4.1 Profile of Respondents**

Variables		Total Respondents	
		Frequency	Percentage
Gender	Male	278	75.1
	Female	92	24.9
	<b>Total Respondents</b>	<b>370</b>	<b>100.0</b>
Age in Years	18-30	104	28.1
	31-40	103	27.8
	41-50	100	27.0
	Above 50	63	17.0

	<b>Total</b>	<b>370</b>	<b>100.0</b>
<b>Most of travels are for the purpose of</b>	<b>Tourism</b>	<b>74</b>	<b>20</b>
	<b>Business</b>	<b>134</b>	<b>36.2</b>
	<b>Study</b>	<b>87</b>	<b>23.5</b>
	<b>Others</b>	<b>75</b>	<b>20.3</b>
	<b>Total</b>	<b>370</b>	<b>100.0</b>
<b>Monthly Average Net income (in ETB)</b>	<b>Up to Birr 5000</b>	<b>31</b>	<b>8.4</b>
	<b>5001-10,000</b>	<b>82</b>	<b>22.2</b>
	<b>10,001-15,000</b>	<b>101</b>	<b>27.3</b>
	<b>More than Birr 15,000</b>	<b>156</b>	<b>42.2</b>
	<b>Total</b>	<b>370</b>	<b>100.0</b>
<b>Education Background</b>	<b>Below Diploma</b>	<b>74</b>	<b>20.0</b>
	<b>College Diploma</b>	<b>64</b>	<b>17.3</b>
	<b>BA/BSc Degree</b>	<b>94</b>	<b>25.4</b>
	<b>Above BA/BSc Degree</b>	<b>138</b>	<b>37.3</b>
	<b>Total</b>	<b>370</b>	<b>100.0</b>
<b>Travel Experience with Ethiopian Airlines(in Years)</b>	<b>Less than 5Years</b>	<b>159</b>	<b>43.0</b>
	<b>5-10Years</b>	<b>117</b>	<b>31.6</b>
	<b>Above 10Years</b>	<b>94</b>	<b>25.4</b>
	<b>Total</b>	<b>370</b>	<b>100.0</b>
<b>Marital status</b>	<b>Single</b>	<b>151</b>	<b>40.8</b>
	<b>Married</b>	<b>170</b>	<b>45.9</b>
	<b>Divorced</b>	<b>49</b>	<b>13.3</b>
	<b>Total</b>	<b>370</b>	<b>100.0</b>

**Source: Survey Data (2018)**

Table 4.1 shows the demographic profile of 370 respondents. In terms of gender, male respondents have outnumbered female respondents (Female 24.9%, Male 75.1%). Regarding the age of respondents, the sample population is largely dominated by the age group of 18-30 (28%) followed by the group within the age group of 31-40 (27.8%). The rest of the respondents consist of adults in the age group 41-50 (27%) and those above the age of 50 (17%). This implies that most of the sample respondents are the younger generation below the age of 40. Moreover, old adults avoid long distance air trips, long distance travel of seniors are more related to leisure and personal business.

In terms of marital status most of the respondents, 45.9% are married followed by 40.8% of married customers. 13.3% account for divorced respondents. The largest group of population account for those that earns a monthly net income of more than 15000 ETB (42.2%) followed by those that earn between ETB10, 001 and less than 15,000 (27.3%). The third group that account for 22.2% earning a monthly net income between ETB 5,001 and ETB 10,000 and 8.4% account for those that earns less than ETB 5000. In terms of education, the largest of the population comprises above BA/BSc degree

holders, which accounts for 37.3% of the total respondents, followed by those that hold educational level BA/BSc degree which comprise of 25.4%. This shows that the respondents are well educated as 62.7% of the respondents have BA/BSC degree and above. The more educated the respondents are, the more they have access to different options and alternatives to search, evaluate and decide to purchase from available airline brands.

#### 4.1.2. Descriptive Statistics of Study Variables

One statistical approach for determining equivalence between groups is to use simple analyses of means and standard deviations for the variables of interest for each group in the study (Marczyk, Dematteo and Festinger, 2005). The mean indicates to what extent the sample group on average agrees or does not agree with the different statement. The lower the mean, the more the respondents disagree with the statement. The higher the mean, the more the respondents agree with the statement.

**Table 4.2 Summary of Descriptive Data**

MEASUREMENT ITEMS	MEAN
<b>GROUND AND INFLIGHT SERVICE</b>	
I purchase from ET because, all the customer service staffs are helpful	4.31
I purchase from ET because, the in-flight entertainment (movie, music, drinks, meals, comfort-ability of the seat ) is superior	4.12
I purchase from ET because, I get quick services at call center, ticket offices, check-in counter and at boarding gates	4.19
I purchase from ET because, the staffs speaks different languages	4.05
I purchase from ET because, the service has African touch and Ethiopian flavor	4.17
<b>Overall Ground and Inflight Service</b>	<b>4.17</b>
<b>BAGGAGE SERVICE</b>	
I purchase from ET because, I never lost my luggage at arrival	4.12
I purchase from ET because, the excess baggage charge is fair	4.28
I Purchase from ET because, the baggage allowance is attractive	4.01
I purchase from ET because, I get my luggage very quickly upon arrival.	3.95
<b>Overall Baggage Service</b>	<b>4.09</b>
<b>BRAND</b>	
I purchase from ET because, its unique services came to my mind quickly	4.37
I purchase from ET because, I am familiar with its services and products	4.29
I purchase from ET because, I think it's the best airline brand	4.05
<b>Overall Brand</b>	<b>4.24</b>
<b>PRICE</b>	
I purchase from ET because, the price is affordable.	4.32
I purchase from ET because, the price is fair	4.15
I purchase from ET because, I get discounts as applicable	4.31
<b>Overall Price</b>	<b>4.26</b>

<b>SCHEDULES AND PUNCTUALITY</b>	
I purchase from ET because, the flight schedule is convenient for me	4.31
I purchase from ET because, there are availability of many flight options	4.16
I purchase from ET because, the flights are usually punctual.	4.89
<b>Overall Schedules and Punctuality</b>	<b>4.45</b>
<b>SAFETY RECORD</b>	
I purchase from ET because of its reputation on safety record	4.20
I purchase from ET because, ET flights are the most secured and meet standards of aviation safety requirements and regulations	4.36
I purchase from ET because, I feel like I am safe and secured.	4.15
I purchase from ET because, the aircraft age is below the industry average,	4.29
<b>Overall Safety Record</b>	<b>4.25</b>
<b>LOYALTY PROGRAM</b>	
I purchase from ET because, the FFP program offers me many desirable benefits	4.47
I purchase from ET because, being a member helps me to be treated uniquely and I feel like I am special	4.20
I purchase from ET because, the program is attractive	4.15
I purchase from ET because, the program reduces cost of travel	4.10
I purchase from ET because, the program is easy to redeem benefits earned.	4.19
I purchase from ET because, I get discounts from partner hotels, restaurants, airlines, car rental companies, bars and the like	4.05
<b>Overall Loyalty Program</b>	<b>4.19</b>
<b>PASSENGER'S PURCHASE DECISION</b>	
I prefer buying air ticket from Ethiopian Airlines whenever I purchase an air flight tickets	4.13
I choose Ethiopian airlines over the other competitors airlines to buy air tickets	4.10
Ethiopian Airlines is my first choice whenever I purchase air tickets	4.22
<b>Overall Passengers' Purchase Decision</b>	<b>4.15</b>

**Source: Survey Data (2018)**

Based on the descriptive data in Table 4.2, schedules and punctuality (M=4.45) becomes the most important criteria in the passengers' purchase decisions in purchasing an international air ticket from Ethiopian Airlines followed by price (M=4.26), Safety Record (M=4.25), Brand (M=4.24), Loyalty Program (M=4.19), ground and inflight service (M=4.17), and Baggage Service (M=4.09). Meanwhile, Passengers Purchase Decisions (M=4.15) is above average.

The mean score for Schedules and punctuality is relatively high (4.45). This indicates that Schedules and punctuality is integral in the mind of consumers in making purchase decision from Ethiopian airlines. The same is relatively true for Price that has a mean score of (4.26). This shows that customers of Ethiopian airlines purchase from Ethiopian Airlines because of its schedules and punctuality and price.

The other factor with a relatively higher mean score of 4.25 is safety record, which implies that customers' choose Ethiopian airlines for its high safety record. Next to safety record, the mean score

of brand is high (4.24). This indicates that customers are happy with the brand as it is an African flavor and Ethiopian touch brand.

Loyalty program, ground and inflight service and baggage service scores a mean of 4.19, 4.17 and 4.09 respectively, which shows customers, are better-off with the Loyalty program, ground and inflight service and baggage service.

The reliability test for the independent and dependent variable were also depicted below. (See **Appendix Four**)

Variables	Cronbach's alpha coefficient	Number of items
Ground and inflight services	0.756	5
Brand	0.804	3
Baggage services	0.824	4
Price	0.778	3
Schedules and Punctuality	0.746	3
Safety record	0.712	4
Loyalty programs	0.775	6
Purchase Decision	0.864	3

The reliability test shows that there is consistency in the questions provided to respondents.

## 4.2. Correlation Analysis

This study employs the correlation analysis, which investigates the strength of relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005). General guidelines correlations of .10 to .30 are considered small, correlations of .30 to .70 are considered moderate correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. In order to determine the most influencing factor predicting purchase decision towards Ethiopian airlines, relationship between all variables was determined through correlation analysis before proceeding to regression analysis.



As per table 4.3, the coefficients show that, all independent variables are significant with the dependent variable at p value of  $p < 0.01$  level. And five variables are positively related with purchase decision i.e. Ground and inflight service, price, schedules and punctuality, Safety record and Loyalty program.

Regarding the relationship between the independent variables, Table 4.3 clearly shows that each of the factors are significantly correlated with each other at a significance level of  $p < 0.01$ . The correlation between brand and loyalty program is the highest ( $r = 0.837$ ) followed by the correlation between loyalty program and safety record ( $r = 0.799$ ). The rest of the independent variables correlation with each other falls under the r value range 0.778 that is between brand and safety record.

**Table 4.3 Correlation between independent and dependent variables**

		<b>Correlations</b>							
		Ground and Inflight Service	Baggage Service	Brand	Price	Schedule and Punctuality	Safety Record	Loyalty Program	Purchase Decision
Ground and Inflight Service	Pearson Correlation	1	.511**	.685**	.371**	.682**	.498**	.713**	.629**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N		370	370	370	370	370	370	370
Baggage Service	Pearson Correlation		1	.181**	.117*	.165**	.323**	.222**	.132*
	Sig. (2-tailed)			.000	.024	.001	.000	.000	.011
	N			370	370	370	370	370	370
Brand	Pearson Correlation			1	.740**	.235**	.778**	.837**	.692**
	Sig. (2-tailed)				.000	.000	.000	.000	.000
	N				370	370	370	370	370
Price	Pearson Correlation				1	.102*	.710**	.731**	.544**
	Sig. (2-tailed)					.049	.000	.000	.000
	N					370	370	370	370
Schedule and Punctuality	Pearson Correlation					1	.085	.376**	.373**
	Sig. (2-tailed)						.102	.000	.000
	N						370	370	370
Safety Record	Pearson Correlation						1	.799**	.641**
	Sig. (2-tailed)							.000	.000
	N							370	370
Loyalty Program	Pearson Correlation							1	.765**
	Sig. (2-tailed)								.000

	N								370
PurchaseDecision	Pearson Correlation								1
	Sig. (2-tailed)								
	N								

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

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

**Source: Survey Data (2018)**

**4.3. Regression Analysis**

In order to see contribution of factors that passengers perceive to be important in affecting their purchase decision, multiple linear regression analysis was employed. Purchase decision was used as the dependent variable while factors which affect their purchase were used as the independent variables. Tables 4.4 provide the results of the multiple regression analysis.

The regression model (see Appendix 2) presents how much of the variance in the measure of passengers’ purchase decision is explained by the underlying factors of purchase decisions (the model). The model or the predictor variables have accounted for 62.2% adjusted R square with estimated standard deviation 0.28340 of the variance in the criterion variable (passengers’ purchase decision). The remaining 37.8% are explained by other variables out of this model.

Similarly, the ANOVA table (see Appendix 2) shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of 87.838 and p- value (.000), which is less than  $p < 0.05$ , the model is significant. This indicates that the variation explained by the model is not due to chance. As it is stated earlier in this chapter, this study aims to identify the most contributing independent variables in the prediction of the dependent variable. Thus, the strength of each predictor (independent) variable influence on the criterion (dependent) variable can be investigated via standardized Beta coefficient. The regression coefficient explains the average amount of change in dependent variable that is caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has, the more support to the independent variable as the more important determinant in predicting the dependent variable.

Compared to coefficient of determination or R, Adjusted R-square is more reliable in measuring a regression model’s goodness of fit. The main disadvantage of using coefficient of determination or R-square is more to do with bias of number of independent variables included into the model, which implies that the more independent variable added into the model, the more R-square increasing. Worst of all, this condition does not take into consideration whether independent variable included is

significant or insignificant influencing dependent variable. Meanwhile, that situation will not apply in the case of using adjusted R-square ((Marczyk, Dematteo, & Festinger, 2005).

When we see the extent to which each independent variables influence the dependent variable; loyalty program, ground and inflight service and safety record were found to be the determinant factors which are perceived to be important in the passengers' purchase decision in international air ticket purchase.

**Table 4.4 Regressions (Multi collinearity table) for passengers' purchase decision**

Model		Coefficients <sup>a</sup>						Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
		B	Std. Error	Beta					
1	(Constant)	-.548	.310		-1.769	.078			
	GroundandInflightService	.415	.119	.360	3.497	.001	.096	9.370	
	BaggageService	-.222	.053	-.212	-4.172	.000	.397	2.518	
	Brand	-.029	.093	-.028	-.314	.753	.132	7.576	
	Price	.007	.068	.006	.108	.914	.305	3.279	
	ScheuleandPunctuality	.011	.073	.008	.144	.886	.316	3.163	
	SafetyRecord	.374	.101	.251	3.704	.000	.223	4.491	
	LoyaltyProgram	.556	.124	.369	4.473	.000	.150	6.663	

a. Dependent Variable: PurchaseDecision

**Table 4.5 Regressions for passengers purchase decision**

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.548	.310		-1.769	.078
	GroundandInflightService	.415	.119	.360	3.497	.001
	BaggageService	-.222	.053	-.212	-4.172	.000
	Brand	-.029	.093	-.028	-.314	.753
	Price	.007	.068	.006	.108	.914
	ScheuleandPunctuality	.011	.073	.008	.144	.886
	SafetyRecord	.374	.101	.251	3.704	.000
	LoyaltyProgram	.556	.124	.369	4.473	.000

a. Dependent Variable: PurchaseDecision

According to Table 4.5, the regression standardized coefficients of the predictor variables are statistically significant at less than five percent; so null hypotheses were rejected for factors Loyalty Program, ground and inflight service and safety record.

**Table 4.6 Summary of the Overall Outcome of the Research Hypotheses**

Hypothesis	Result	Reason
H0: There is no significant association between ground and inflight services and passengers purchase decision.	Ho: Rejected H1: Fail to Reject	$\beta = 0.360, p < 0.05$
H0: There is no significant association between baggage service and passengers purchase decision.	Ho: Fail to Reject H1: Rejected	$\beta = -0.212, p < 0.05$
H0: There is no significant association between Brand and passengers purchase decision.	Ho: Fail to Reject H1: Rejected	$\beta = -0.028, p > 0.05$
H0: There is no significant association between price and passengers purchase decision.	Ho: Fail to Reject H1: Rejected	$\beta = 0.006, p > 0.05$
H0: There is no significant association between Schedules and punctuality and passengers purchase decision.	Ho: Fail to Reject H1: Rejected	$\beta = 0.008, p > 0.05$
H0: There is no significant association between safety record and passengers purchase decision.	Ho: Rejected H1: Fail to Reject	$\beta = 0.251, p < 0.05$
H0: There is no significant association between loyalty program and passengers purchase decision.	Ho: Rejected H1: Fail to Reject	$\beta = 0.369, p < 0.05$

**Source: Survey Data (2018)**

In general as table 4.6 clearly shows, among the seven factors, multiple linear regressions (Beta coefficients) analysis revealed that, loyalty program is the first most significant factor that is perceived to be important in initiating passengers' purchase decision to buy from Ethiopian airlines their international travel ticket need, followed by ground and inflight services and safety record respectively.

In addition to the above-mentioned factors, I tried to check if there is any variation among the demographic profiles of the respondents over the underlying factors affecting passengers purchase decision. And this is just to check if there is variation among the respondents and the variables are not considered as moderate variables or complementary variables.

#### **4.4. Underlying Factors Affecting Passengers' purchase decision Based on Respondents' Profile**

In order to achieve third objective that aims to examine if there is a difference between the demographic profile of passengers and the factors they consider as being important in influencing

their purchase decisions, two inferential statistics techniques were employed. These are independent t-test and one-way ANOVA which help to compare demographic characteristics and investigate how they are related with the other seven independent variables or factors.

T-test is used to test mean differences between two groups. In general, t-test requires a single dichotomous independent variable and a single continuous dependent variable (Marczyk, Dematteo and Festinger, 2005). Thus, t- test were used to compare mean difference between gender and underlying factors perceived to be important in forming Purchase decisions. Similarly, ANOVA is a test of mean comparisons. In fact, one of the only differences between a t-test and an ANOVA is that the ANOVA can compare means across more than two groups or conditions (Marczyk, Dematteo and Festinger, 2005). Hence, One-Way ANOVA analysis between the factors perceived to be important in affecting passengers’ purchase decisions and four age groups, three marital statuses, four monthly average net income, four educational levels and three travel experience groups were executed.

#### 4.4.1. Underlying Factors of Purchase decision Based on Gender

As it is shown in table 4.7, the mean differences between male and female subjects with regard to the all variables except ground and inflight service are significant. The result of independent sample t-test shows that factors brand, price, safety record and loyalty program are perceived to convince female customers’ more than male customers of Ethiopian airlines. The reciprocal is true for the rest of the variables. This shows that the factors that are perceived to be important in forming purchase intention of female and male subjects are almost different. Men and women need and buy different products (Ward & Thuhang, 2007). They also shop differently and in general, have different attitudes about shopping. As the old stereotypes, men see what they want and buy it, but women “try on everything and shop ‘til they drop.” There’s some truth to the stereotypes.

**Table 4.7 Independent sample t-test between gender and underlying factors of Passengers’ purchase decision**

Group Statistics					
	Gender of the respondents	N	Mean	Std. Deviation	Std. Error Mean
GroundandInflightService	Male	278	4.1950	.38880	.02332
	Female	92	4.1152	.42888	.04471
BaggageService	Male	278	4.1547	.34567	.02073
	Female	92	3.9103	.61414	.06403
Brand	Male	278	4.1835	.42144	.02528

	Female	92	4.4167	.42974	.04480
Price	Male	278	4.1871	.35965	.02157
	Female	92	4.4928	.39372	.04105
ScheduleandPunctuality	Male	278	4.4880	.39305	.02357
	Female	92	4.3732	.19669	.02051
SafetyRecord	Male	278	4.1924	.28787	.01727
	Female	92	4.4402	.29966	.03124
LoyaltyProgram	Male	278	4.1631	.27568	.01653
	Female	92	4.3025	.36726	.03829

Gender has statistically significant effect on Purchase decision.

#### 4.4.2. Underlying Factors of Purchase decision Based on Age

The result of the analysis shows that there is significance difference between age group of respondents with regard to all factors except baggage service. Different age group of passengers will have different purchase decision and selection criteria. The airline can do significant customization on target segments based on the results and further research. The findings of Airneth (2008) also indicate passengers' age has significant difference on perception of purchase decision. Baggage service is very important regardless of the range of different age group.

**Table 4.8 One Way ANOVA between age and underlying factors of Passengers’ purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	2.376	3	.792	5.115	.002
	Within Groups	56.675	366	.155		
	Total	59.051	369			
BaggageService	Between Groups	.181	3	.060	.310	.818
	Within Groups	71.368	366	.195		
	Total	71.549	369			
Brand	Between Groups	6.971	3	2.324	13.543	.000
	Within Groups	62.794	366	.172		
	Total	69.765	369			
Price	Between Groups	11.430	3	3.810	31.010	.000
	Within Groups	44.966	366	.123		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.028	3	.343	2.714	.045
	Within Groups	46.197	366	.126		
	Total	47.225	369			
SafetyRecord	Between Groups	.792	3	.264	2.795	.040
	Within Groups	34.577	366	.094		
	Total	35.369	369			
LoyaltyProgram	Between Groups	3.817	3	1.272	15.092	.000
	Within Groups	30.854	366	.084		
	Total	34.670	369			
PurchaseDecision	Between Groups	4.791	3	1.597	7.934	.000
	Within Groups	73.666	366	.201		
	Total	78.457	369			

Source: Survey Data (2018)

#### 4.4.3. Underlying Factors of Purchase decision Based on Income

The results of the analysis as presented in Table 4.9 shows that there is a significance difference between income levels. The difference is observed with regard to all factors. Those who are at different level of income will make purchase decision differently. This is because the parameters they use to choose one airline over that other is different based on personality, status, fancy and class preferences of the customer as a result of their income and status level.

**Table 4.9 One Way ANOVA between income and underlying factors of Passengers’ purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	8.685	3	2.895	21.036	.000
	Within Groups	50.367	366	.138		
	Total	59.051	369			
BaggageService	Between Groups	4.640	3	1.547	8.460	.000
	Within Groups	66.909	366	.183		
	Total	71.549	369			
Brand	Between Groups	8.170	3	2.723	16.183	.000
	Within Groups	61.594	366	.168		
	Total	69.765	369			
Price	Between Groups	9.000	3	3.000	23.168	.000
	Within Groups	47.395	366	.129		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	2.585	3	.862	7.064	.000
	Within Groups	44.641	366	.122		
	Total	47.225	369			
SafetyRecord	Between Groups	3.722	3	1.241	14.350	.000
	Within Groups	31.647	366	.086		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.217	3	.739	8.336	.000
	Within Groups	32.453	366	.089		
	Total	34.670	369			
PurchaseDecision	Between Groups	5.527	3	1.842	9.246	.000
	Within Groups	72.930	366	.199		
	Total	78.457	369			

Source: Survey Data (2018)

#### 4.4.4. Underlying Factors of Purchase decision Based on Travel experience

The result of the ANOVA test shows that there is a significance difference among the respondents with different years of travel experience with Ethiopian airlines. All factors are perceived to influence the passengers' purchase decisions are statistically significant. This is because the more the passengers have a travel experience, the more they have a chance to easily compare services of different airline brands and choose that tailor their needs and preferences.



**Table 4.10 One Way ANOVA between Travel experience and underlying factors of Passengers' purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	10.249	2	5.124	38.535	.000
	Within Groups	48.803	367	.133		
	Total	59.051	369			
BaggageService	Between Groups	11.303	2	5.652	34.428	.000
	Within Groups	60.246	367	.164		
	Total	71.549	369			
Brand	Between Groups	14.155	2	7.077	46.708	.000
	Within Groups	55.610	367	.152		
	Total	69.765	369			
Price	Between Groups	9.179	2	4.589	35.672	.000
	Within Groups	47.217	367	.129		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.977	2	.989	8.019	.000
	Within Groups	45.248	367	.123		
	Total	47.225	369			
SafetyRecord	Between Groups	8.183	2	4.092	55.236	.000
	Within Groups	27.186	367	.074		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.347	2	1.174	13.325	.000
	Within Groups	32.323	367	.088		
	Total	34.670	369			
PurchaseDecision	Between Groups	12.760	2	6.380	35.641	.000
	Within Groups	65.697	367	.179		
	Total	78.457	369			

**Source: Survey Data (2018)**

#### **4.4.5. Underlying Factors of Purchase decision Based on Educational background**

ANOVA result in table 4.11 shows that there is significant difference between the respondents educational level and the all factors which were consider to be important in influencing their purchase decision as there p value is <0.05. This is because educational background will induce the way information grabbed, cross check different brands in terms of cost, non-stop services, convenience, flight schedules, ....etc.

**Table 4.11 One Way ANOVA between Educational background and underlying factors of Passengers' purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	3.793	3	1.264	8.375	.000
	Within Groups	55.258	366	.151		
	Total	59.051	369			
BaggageService	Between Groups	9.137	3	3.046	17.860	.000
	Within Groups	62.412	366	.171		
	Total	71.549	369			
Brand	Between Groups	9.185	3	3.062	18.498	.000
	Within Groups	60.579	366	.166		
	Total	69.765	369			
Price	Between Groups	5.385	3	1.795	12.878	.000
	Within Groups	51.011	366	.139		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.943	3	.648	5.233	.002
	Within Groups	45.283	366	.124		
	Total	47.225	369			
SafetyRecord	Between Groups	1.558	3	.519	5.623	.001
	Within Groups	33.810	366	.092		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.170	3	.723	8.145	.000
	Within Groups	32.500	366	.089		
	Total	34.670	369			
PurchaseDecision	Between Groups	4.073	3	1.358	6.681	.000
	Within Groups	74.384	366	.203		
	Total	78.457	369			

**Source: Survey Data (2018)**

#### **4.4.6. Underlying Factors of Purchase decision Based on Purpose of Travel**

The purpose of trip determines passengers' purchase decision. Business travelers may require on time performance since it is critical for their business travelers and also they are less price sensitive whereas leisure travelers may have less concern for on-time performance and high price sensitive. The results indicate that the purpose of trip has significant difference on the passengers' purchase decision. In all the factors except on a ground and inflight service has statistically significant test of difference.

**Table 4.12 One Way ANOVA between Purpose of travel and underlying factors of Passengers' purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	1.170	3	.390	2.467	.062
	Within Groups	57.881	366	.158		
	Total	59.051	369			
BaggageService	Between Groups	13.709	3	4.570	28.917	.000
	Within Groups	57.839	366	.158		
	Total	71.549	369			
Brand	Between Groups	5.368	3	1.789	10.171	.000
	Within Groups	64.396	366	.176		
	Total	69.765	369			
Price	Between Groups	4.158	3	1.386	9.710	.000
	Within Groups	52.237	366	.143		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	2.001	3	.667	5.399	.001
	Within Groups	45.224	366	.124		
	Total	47.225	369			
SafetyRecord	Between Groups	1.717	3	.572	6.225	.000
	Within Groups	33.652	366	.092		
	Total	35.369	369			
LoyaltyProgram	Between Groups	1.208	3	.403	4.406	.005
	Within Groups	33.462	366	.091		
	Total	34.670	369			
PurchaseDecision	Between Groups	7.288	3	2.429	12.494	.000
	Within Groups	71.168	366	.194		
	Total	78.457	369			

**Source: Survey Data (2018)**

#### **4.4.7. Underlying factors of purchase decision Based on Marital Status**

The result of the analysis showed that there is a significant difference among respondents in the different marital status categories. All factors affect passengers in the respective categories to purchase from Ethiopian airlines. This is mainly related to their spending pattern and frequency will change after marriage and thereby affect their purchase decision and to select from among the available brands as indicated in a research conducted in Netherland by (Airth, 2006). Moreover, married people give high importance to family as compared to single people who give higher emphasis to friends as evident by the research conducted in India on the impact of marital status on

purchase behaviour and the results showed that, there is a relation between marital status and influence to buy products by (Dr. R. Srinivasan, Dr. R.K. Srivastava & Prof. Sandeep Bhanot, 2015).

**Table 4.13 One Way ANOVA between Marital Status and underlying factors of Passengers’ purchase decision**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	7.279	2	3.639	25.798	.000
	Within Groups	51.773	367	.141		
	Total	59.051	369			
BaggageService	Between Groups	9.555	2	4.778	28.283	.000
	Within Groups	61.994	367	.169		
	Total	71.549	369			
Brand	Between Groups	6.769	2	3.384	19.716	.000
	Within Groups	62.996	367	.172		
	Total	69.765	369			
Price	Between Groups	3.678	2	1.839	12.802	.000
	Within Groups	52.717	367	.144		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	6.780	2	3.390	30.760	.000
	Within Groups	40.445	367	.110		
	Total	47.225	369			
SafetyRecord	Between Groups	2.836	2	1.418	15.999	.000
	Within Groups	32.533	367	.089		
	Total	35.369	369			
LoyaltyProgram	Between Groups	1.991	2	.996	11.181	.000
	Within Groups	32.679	367	.089		
	Total	34.670	369			
PurchaseDecision	Between Groups	6.854	2	3.427	17.564	.000
	Within Groups	71.603	367	.195		
	Total	78.457	369			

**Source: Survey Data (2018)**

#### **4.5 Discussion of the Results**

The study was designed and carried out to find out the factors that affect individual customers of Ethiopian airlines in their purchase decision of international flight ticket requirements in Addis Ababa.

This paper has particularly tried to see seven factors that affect passengers' purchase decision as proposed by and adopted from the works of different research papers that have effects on individual customers of Ethiopian airlines in making purchase decision from Ethiopian airlines.

As per the findings of the research, three factors were found to significantly affect the individual customers purchase decision that is loyalty program, ground and inflight services and safety record. The study also resulted that the other four factors Brand, Price, Schedules and punctuality and Baggage services have no significant influence on the individual customers' choice for their international flight inquiries.

The negative beta coefficient is due to the fact that Ethiopian airlines has been operating for more than 70Years but till date the brand equity hasn't been established in monetary value.

The reserch's finding has similarity with that of another research conducted by (Lang lou and Tesou,2004) on Taiwanese airline in that safety record, inflight and ground services and flight repeat have significant effect on motivating customers to make purchase decision. The same result was also achived by Gilbert (2003) revealing that not stop direct flights, ground and inflight services, luggage delivery service, safety record and price are the most important factors affecting travelers expectation and airline services.

The findings of the study by (Faulhaber, 2009) have similarities and differences with that of the current study. It is similar in that it found out that safety and alliance membership has a significant effect on motivating passengers' purchase decision. It is different in that it claimed price, flight schedules, cabin shape are major factors motivating passengers' purchase decision while the current study showed that price and schedules and punctuality don't have significant effect on passengers' purchase decision.

YavariGohar (2014) on the other hand argued that safety is the most important factor, followed by flight management, flight times, flight frequency, on-board services, fares, and discounts, which were relatively important having one degree of difference in values.

The regression analysis of the current study also showed that there are other factors other than the ones found to be significant by this study. This is because the adjusted R-square comes out to be 62.2% implying that the rest 37.8% of purchase decision is to be determined by other factors (i.e.

other than the ones that come significant in the current study). This is true in that other researches on the area have come up with many other factors that influence passengers' purchase decision.

The hypotheses raised at the beginning of the study were also addressed in the analysis, so the null hypothesis was rejected and the alternate hypothesis was failed to be rejected for three factors loyalty program, ground and inflight services and safety record.

The findings of the T-test and ANOVA results also showed that the independent factors affecting passengers' purchase decision have differences among the different demographic profiles of the customers. The T-Test revealed that male and female respondents differ in the motivating factors in that brand, price, safety record and loyalty program came out to affect female customers' more than male customers. The ANOVA results revealed that customers in different age group are affected differently by the four significant factors. Customers in different marital status and those who have different travel experience on Ethiopian airlines have also showed different reaction to the purchase decision from Ethiopian airlines.

The above results were also noticed on the study of Airneth (2006). The study found out those demographic characteristics which include age, education, income, occupation, household size and life style, travel pattern and purpose of travel were found to be factors customers took in consideration while making a purchase decision. Similarly, (Wilfred I. Ukpere<sup>1</sup>, Mobolaji S. Stephens, Christopher C. Ikeogu , Callistus. C. Ibe and Edem O. P. Akpan, 2012) conducted a research in Nigeria on choice decision-making of the Nigerian domestic air transport and the results showed that sex, age, marital status, income, comfort, on-board services, frequency, crew behavior, fare and power of monopoly were significant variables and therefore influence the choice of airline by air travelers.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter aims to review the problem of the research and conclude the findings with regard to the objectives of the study. Conclusion, recommendations, limitations and direction for further related researches are also included in this chapter.

#### 5.1. Summary of Major Findings

Based on the different analysis undertaken by the researcher the following findings were found:

- From the correlation analysis, the factors (independent variables) five variables i.e. Loyalty program, ground and inflight service, price, schedules and punctuality and Safety record are positively related to the dependent variable (purchase decision).
- From the regression analysis, it's observed that three factors (i.e. loyalty program, ground and inflight services and safety record) out of the seven studied independent variables come out to significantly affect Ethiopian airlines customers air ticket purchase decisions.
- From the T-test it's observed that, female customers are more influenced by brand, price, safety record and loyalty program than male customers. But in case of the other variables, male customers are more influenced as compared to female customers.
- From the ANOVA analysis it's observed that, all the moderate variables have statistically significant effect on the passengers' purchase decision.

#### 5.2. Conclusion

This study was initiated to investigate the factors that are perceived to be important in influencing passengers' purchase decision for their international air ticket needs in Addis Ababa. More specifically, in this study seven factors (Price, brand, ground and inflight services, baggage services, safety record, schedules and punctuality and loyalty program) were assumed to be important factors in influencing Ethiopian airlines international travelers purchase decision.

The study tried to meet its objectives addressing the raised research questions by employing different analysis techniques. So as to address its first objective the research through analyzing different prior studies and theories come up with seven factors that are believed to affect passengers' purchase decision in the case of Ethiopian airlines. From the adopted seven factors, through regression analysis, loyalty program, ground and inflight services and safety record prevail to be significant in

affecting Ethiopian airlines passengers' purchase decision to purchase their international flight ticket from Ethiopian airlines in Addis Ababa.

The second objective was met through an analysis of regression. Before doing so a correlation analysis was made so as to check whether the studied independent variables have association with the dependent variable. The result showed that there is significant relation between them and safety record was the only variable with a positive correlation with the dependent variable. The correlation table also prevailed that there is a high correlation among the independent variables, showing that it's possible to undergo further analysis. Regression analysis was then made and it came to show that the most significant factors in affecting Ethiopian airlines customers to purchase are loyalty program, ground and inflight services and safety record. But brand, price and schedules and punctuality are dropped because they are statistically insignificant to affect the dependent variable. So, one can conclude that, loyalty program, ground and inflight services and safety record are the foremost factor that determines the purchase decision of individual customers and Ethiopian airlines shall must check if there is gap analysis in the respective variables and adjust and/or modify the services accordingly using benchmarking and taking latest industry practices and by taking a proactive measures instead of being reactive.

The third objective was met by employing one way independent T-test and ANOVA. Both results showed a significant variation between customers of different gender, age, marital status, income level, purpose of travel, educational background and travel experience are affected by the different factors differently. From this one can conclude that the purchase decision determinant factors studied on Ethiopian airlines international travelling individuals highly vary across different demographic profiles of customers. This means that segmentation is very important and targeting those will be very indispensable for the airline to address the needs, preferences and wants of its passengers.

### **5.3. Recommendations**

Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence Ethiopian airlines customers purchase decision. The recommendations given are the following:

- The airline must focus on the demographic differences of its customers so as to arrange a service offering that fits to the needs and requirements of these different segments of international travellers.



- Ethiopian should work more on its ground and inflight services efficiency by creating a world class and state of the art technologies, product development and way of gaining competitive advantage. Ex. First class service- with an inflight lounges and shower and other complimentary services.
- Ethiopian shall work more on its brand equity specially to penetrate the rest of the market besides the African market.
- Researches shall be conducted by a designated department, which ensures uniqueness of the airline and add different airline ancillaries or product developments and to become proactive in the industry instead of reactive.

## **5.4 Limitations**

Every research has certain limitations therefore it is necessary to acknowledge them before moving on to generalizations of the findings. There is limitation with regard to sample size and sampling technique used. This research is limited by the fact that a small sample of participants was selected compared with the very large customer base of Ethiopian airlines that get services in Addis Ababa.

While the study relates to the factors that customers of ET perceive to be important consideration when choosing among different airliners for their international air flight ticket, it has only focused on seven factors believed to influence purchase decision. As per different researches in different times, so many other factors can enhance purchase decision. Of these, the most influential factors include personal contacts, awareness, tangible cues, social influence, time saving etc.

## **5.5. Directions for Further Studies**

The research has more rooms for improvements. Further research could be conducted by comparing passengers' purchase decision among the different airliners.

Expanding the current study to a larger sample size or geographical area may also turn the result to reflect the actual considerations of customers in choosing among different airliners.

The other room is considering factors affecting corporate clients (Institutions or organizations) and/or group passengers purchase decision.

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Gathering the data by using different qualitative methods such as in- depth interview, or focus group discussion and string questionnaires might have also help to uncover other variables that might have an impact on the passengers' purchase decision.

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# APPENDIX I- QUESTIONNAIRE

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE  
POST GRADUATE PROGRAM

**Questionnaire on factors affecting passengers’ purchase decisions in an airline industry: The case of Ethiopian Airlines. This questionnaire will be filled by passengers only.**

**Greetings!!**

I am Henok Shegena and I am a graduate student at Addis Ababa University College of business and Economics, school of commerce. Currently, I am undertaking my thesis under the title “**factors affecting passengers’ purchase decisions in Ethiopian airlines.**”

The purpose of this questionnaire is to assess your thoughts and feelings about which factors affect your purchase decisions to buy a product or services from Ethiopian Airlines. The result of this study is believed to benefit the airline to employ better and quality products and services which are in favor of the needs and wants of its customers. Your exact reaction is vital for the realization of the study and it is only used for an academic research purpose only. Therefore, you are kindly requested to reply the maximum number of questions with sincerely and honesty and your answers are highly confidential and no personal identification information is required.

## **Instruction**

- There is no need to write your name.
- For all questions that are provided with alternative answer, make tick mark on the space provided.
- Many thanks and compliments for your cooperation.

## **PART I: General Information**

DEMOGRAPHIC VARIABLES	PLEASE MARK(✓) IN THE RIGHT PLACE	DEMOGRAPHIC VARIABLE	PLEASE MARK (✓ ) IN THE RIGHT PLACE
GENDER	Male <input type="checkbox"/>  Female <input type="checkbox"/>	AGE	18-30 <input type="checkbox"/> 31-40 <input type="checkbox"/> 41-50 <input type="checkbox"/> More than 50 <input type="checkbox"/>

			<b>MOST OF YOUR TRAVELS ARE FOR THE PURPOSE OF</b>	<b>Tourism</b> <input type="checkbox"/> <b>Business</b> <input type="checkbox"/> <b>Study</b> <input type="checkbox"/> <b>Others</b> <input type="checkbox"/>
<b>EDUCATION</b>	<b>Below Diploma</b> <input type="checkbox"/> <b>College diploma</b> <input type="checkbox"/> <b>BA/BSc Degree</b> <input type="checkbox"/> <b>Above BA/BSc degree</b> <input type="checkbox"/>		<b>MONTHLY AVERAGE NET INCOME</b>	<b>Up to birr 5000</b> <input type="checkbox"/> <b>Birr 5001-10,000</b> <input type="checkbox"/> <b>Birr 10,001-15,000</b> <input type="checkbox"/> <b>More than Birr 15,000</b> <input type="checkbox"/>
<b>TRAVEL EXPERIENCE WITH ETHIOPIAN AIRLINES IN YEARS</b>	<b>Less than 5 years</b> <input type="checkbox"/> <b>5-10 years</b> <input type="checkbox"/> <b>Above 10 years</b> <input type="checkbox"/>		<b>Marital status</b>	<b>Single</b> <input type="checkbox"/> <b>Married</b> <input type="checkbox"/> <b>Divorced</b> <input type="checkbox"/>

**PART II**

→ Please Mark (✓) In the Right Place after Closely Seeing the Note Below

**Note:** - SA= Strongly Agree A= Agree N=Neutral D= Disagree SD= Strongly Disagree

		SD(1)	D(2)	N(3)	A(4)	SA(5)
<b>IS</b>						
1	I purchase from ET because, all the customer service staffs are helpful					
2	I purchase from ET because, the in-flight entertainment (movie, music, drinks, meals, comfort-ability of the seat ) is superior					
3	I purchase from ET because, I get quick services at call center, ticket offices, check-in counter and at boarding gates					
4	I purchase from ET because, the staffs speaks different languages					
5	I purchase from ET because, the service has African touch and Ethiopian flavor					
<b>IE</b>						
6	I purchase from ET because, I never lost my luggage at arrival					
7	I purchase from ET because, the excess baggage charge is fair					

8	I Purchase from ET because, the baggage allowance is attractive					
9	I purchase from ET because, I get my luggage very quickly upon arrival.					
<b>IB</b>						
10	I purchase from ET because, its unique services came to my mind quickly					
11	I purchase from ET because, I am familiar with its services and products					
12	I purchase from ET because, I think it's the best airline brand					
<b>IP</b>						
13	I purchase from ET because, the price is affordable.					
14	I purchase from ET because, the price is fair					
15	I purchase from ET because, I get discounts as applicable					
<b>ID</b>						
16	I purchase from ET because, the flight schedule is convenient for me					
17	I purchase from ET because, there are availability of many flight options					
18	I purchase from ET because, the flights are usually punctual.					
<b>IR</b>						
19	I purchase from ET because of its reputation on safety record					
20	I purchase from ET because, ET flights are the most secured and meet standards of aviation safety requirements and regulations					
21	I purchase from ET because, I feel like I am safe and secured.					
22	I purchase from ET because, the aircraft age is below the industry average,					
<b>IY</b>						
23	I purchase from ET because, the FFP program offers me many desirable benefits					
24	I purchase from ET because, being a member helps me to be treated uniquely and I feel like I am special					
25	I purchase from ET because, the program is attractive					
26	I purchase from ET because, the program reduces cost of travel					
27	I purchase from ET because, the program is easy to redeem benefits earned.					
28	I purchase from ET because, I get discounts from partner hotels, restaurants, airlines, car rental companies, bars and the like					

PD						
29	I prefer buying air ticket from Ethiopian Airlines whenever I purchase an air flight tickets					
30	I choose Ethiopian airlines over the other competitors airlines to buy air tickets					
31	Ethiopian Airlines is my first choice whenever I purchase air tickets					

**ET-ETHIOPIAN AIRLINES**

**Please kindly write your email, if you need the soft copy of the final result of this thesis:**

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Thank you very much for your contribution.

**የአዲስ አበባ ዩኒቨርሲቲ የቢዝነስ እና ኢኮኖሚክስ ኮሌጅ  
የንግድ ሥራ ትምህርት ቤት**

**የድህረ ምረቃ ፕሮግራም**

በአየር መንገድ ኢንዱስትሪ ላይ የደንበኞች የግዢ ውሳኔ ላይ ጫና የሚያሳድሩ ነገሮች ላይ የቀረበ መጠይቅ፣ የኢትዮጵያ አየር መንገድ ጉዳይ፣ ይህ ቃለ መጠይቅ የሚሞላው በመንገደኞች ብቻ ይሆናል።

**ሠላም፤**

እኔ ሄኖክ ሸገና የተባልኩት በአዲስ አበባ ዩኒቨርሲቲ የቢዝነስ እና ኢኮኖሚክስ ኮሌጅ የንግድ ሥራ ትምህርት ቤት ተመራቂ ነኝ። በአሁኑ ሰዓት «የኢትዮጵያ አየር መንገድን ትኬት ለመግዛት መንገደኞች ላይ ተፅዕኖ የሚያሳድሩ ነገሮች» በሚል ርዕስ ጥናቴን እያካሄድኩ ነው።

የዚህ ቃለ መጠይቅ ዓላማ የእርስዎን ሀሳብና ስሜት በተመለከተ የኢትዮጵያ አየር መንገድ አገልግሎቶችን ወይም ምርቶችን ለመግዛት ውሳኔ ላይ ለመድረስ ተፅዕኖ የሚያሳድሩ ነጥቦች ምን እንደሆኑ ለማወቅ ነው። በዚህ ጥናት ውጤት መሰረትም አየር መንገዱ የደንበኞችን ፍላጎት ለማርካት የተሻለ እና ጥራት ያላቸውን ምርቶች እንዲሁም አገልግሎቶች ለማቅረብ እንዲያስችለው የታለመ ነው። በጥናቱ ላይ የእርስዎ ተሳትፎ ወሳኝና ይህም እንቅስቃሴ ለአካዳሚክስ ጥናት ዓላማ ብቻ ነው። ስለሆነም ከፍተኛውን ብዛት ያለውን ጥያቄዎች እንዲመልሱ እየጠየቅሁ የሚሰጡት መልስ በከፍተኛ ሁኔታ ሚስጥራዊ እና የእርስዎ የግለሰብ ዳታ አስፈላጊ አይሆንም።

**መመሪያ**

- ስምዎትን መፃፍ አያስፈልግዎትም
- ትክክለኛ መልስ ይሆናል ባሉት ባዶ ቦታ ላይ ምልክት ያድርጉ፤
- ላደረጉት ትብብር እና ተሳትፎ በጣም አመሰግናለሁ፤

**ክፍል I: ጠቅላላ መረጃ**

እርስዎን የበለጠ ይገልጻሉ የሚሉትን ማንነት ከጥያቄው ጎን በቀረበው ሳጥን ውስጥ “√ ያኑሩ

የሕዝብ መረጃ	እባክዎ በትክክለኛው ቦታ ላይ ( √ ) ያድርጉ	የሕዝብ መረጃ	እባክዎ በትክክለኛው ቦታ ላይ ( √ ) ያድርጉ
<b>የታ</b>	ወንድ <input type="checkbox"/>	<b>እድሜ</b>	18-30 <input type="checkbox"/>
	<b>ሴት</b> <input type="checkbox"/>		31-40 <input type="checkbox"/>
			41-50 <input type="checkbox"/>
			ከ 50 በላይ <input type="checkbox"/>

		<b>የአብዛኛዎቹ ጉዞዎችዎ ዓላማ</b>	<b>ቱሪዝም</b> <input type="checkbox"/> <b>ንግድ</b> <input type="checkbox"/> <b>ጥናት</b> <input type="checkbox"/> <b>ሌሎች</b> <input type="checkbox"/>
<b>ትምህርት</b>	ከዲፕሎማ በታች <input type="checkbox"/> የኮሌጅ ዲፕሎማ <input type="checkbox"/> ቢኤ/ቢኤስሲ ድግሪ <input type="checkbox"/> ቢኤ/ቢኤስሲ ዲግሪ በላይ <input type="checkbox"/>	<b>የወርሀዊ ገቢ</b>	<b>ከብር 5000 በላይ</b> <input type="checkbox"/> <b>ከብር 5001-10,000</b> <input type="checkbox"/> <b>ከብር 10,001-15,000</b> <input type="checkbox"/> <b>ከብር 15,000 በላይ</b> <input type="checkbox"/>
<b>ከኢትዮጵያ አየር መንገድ ጋር ጉዞ ያደረጉባቸው ዓመታት</b>	ከ 5 ዓመት በታች <input type="checkbox"/> ከ 5-10 ዓመት <input type="checkbox"/> ከ 10 ዓመት በላይ <input type="checkbox"/>	<b>የጋብቻ ሁኔታ</b>	<b>ያላገባ</b> <input type="checkbox"/> <b>ያገባ</b> <input type="checkbox"/> <b>የተፋታ</b> <input type="checkbox"/>

## ክፍል II

የደምበኛውን የመግዛት ፍሊጎት በዋናነት ተጽእኖ ለተደሳፊዎች የሚችሉ ምክንያቶች

እርስዎን የበለጠ ይገልጻሉ የሚሉትን ማንነት ከጥያቄው ጎን በቀረበው ሳጥን ውስጥ “√” ያኑሩ

1=በጣም አልሰማማም 2=አልሰማማም 3=ምንም የምሆነኝ የለም 4=እስማማለሁ 5= በጣም እስማማለሁ

		1	2	3	4	5
1	እኔ ከኢትዮጵያ አየር መንገድ ግዢ እፈጽማለሁ፤ ምክንያቱም ሁሉም የደንበኛ አገልግሎት ሰራተኞች ተባባሪ ናቸው።					
2	እኔ ከኢትዮጵያ አየር መንገድ ግዢ እፈጽማለሁ ምክንያቱም በበረራ ጊዜ ያለውን የመዝናኛ/ፊልም፣ ሙዚቃ፣ መጠጦች፣ ምግቦች፣ የመቀመጫዎቹ ምቹነት እጅግ በጣም ጥሩ ናቸው።					
3	እኔ ከኢትዮጵያ አየር መንገድ ግዢ እፈጽማለሁ ምክንያቱም ከጥሪ ማዕከሉ፣ ከቲኬት ቢሮዎቹ ከገንዘብ መቀበያዎቹ እና ከመሳፈሪያ ቢሮዎቹ ፈጣን አገልግሎት አገኛለሁ።					
4	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛው ሠራተኞቹ የተለያዩ ቋንቋ ስለሚናገሩ ነው					
5	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛው አገልግሎቱ አፍሪካዊ እና ኢትዮጵያዊ ጣዕም ስላለው ነው					
6	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት በመዳረሻ ላይ ሻንጣዬ ጠፍቶ ስለማያውቅ ነው።					
7	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ከክብደት በላይ የሚያስከፍለው ዋጋ መጠነኛ በመሆኑ ነው፤					
8	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ለሻንጣ የሚሰጠው አበል ሳቢ ስለሆነ ነው፤					
9	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት እንደደረሰኝ ወዲያውኑ ሻንጣዬን ማግኘት በመቻሌ ነው፤					
10	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ምንግዜም ልዩ አገልግሎቱ በአይምሮዩ ስለሚመጣ ነው፤					

11	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ከአገልግሎቱ እና ከምርቱ ጋር ቤተሰብ በመሆኔ ነው					
12	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት የተሻለ አየር መንገድ ነው ብዬ ስለማስብ ነው፤					
13	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ዋጋው ከሱን የማይጎዳ በመሆኑ ነው።					
14	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ዋጋው ተገቢ ስለሆነ ነው።					
15	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት በደንቡ መሰረት ቅናሽ ስለማገኝ ነው።					
16	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት የጉዞ ፕሮግራሙ ለኔ ስለተመቸኝ ነው።					
17	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ብዙ የበረራ አማራጮች ስላሉት ነው።					
18	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ጉዞው አስተማማኝ በመሆኑ ነው።					
19	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ባስመዘገበው የደህንነት ሪከርድ ነው።					
20	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ጉዞው የተጠበቀና በተለይም የኢቭዮሽን ደንብና መመሪያዎችን የተከተለ በመሆኑ ነው።					
21	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ደህንነትና ምቹት ስለሚሰማኝ ነው።					
22	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት የአየር መንገዱ ዕድሜ ከኢንዱስትሪው አማካይ ዕድሜ በታች ስለሆነ ነው።					
23	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት የበረራው ፕሮግራም ብዙ ጥቅማጥቅሞችን ስለሚሰጠኝ ነው።					
24	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት አባል እንደመሆኔ መጠን በልዩ ሁኔታ እንደሚንከባከበኝና እኔም ልዩ እንደሆንኩ ስለሚሰማኝ ነው።					
25	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ፕሮግራሙ የሚመቸኝ በመሆኑ ነው።					
26	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ፕሮግራሙ የጉዞ ወጪን ስለሚቀንስልኝ ነው።					
27	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ፕሮግራሙ ማግኘት የሚገባኝን ጥቅማጥቅም በቀላሉ ስለሚያመቻችልኝ ነው።					
28	እኔ ከኢትዮጵያ አየር መንገድ ትኬት የምገዛበት ምክንያት ከአጋር ሆቴሎች፣ ሬስቶራንቶች፣ አየር መንገዶች፣ መኪና አከራይ ኩባንያዎች፣ ባሮችና ከመሳሰሉት ቅናሽ ስለሚደረግልኝ ነው።					
29	በየትኛውም ጊዜ የኢትዮጵያ አየር መንገድ የአለም አቀፍ በረራ ትኬት ሲያስፈልገኝ ምርጫዬ ነው።					
30	ከሌላ አየር መንገዶች ሳይቆይ የኢትዮጵያ አየር መንገድን በረራ ትኬት ለመግዛት እመርጣለሁ።					
31	ኢትዮጵያ አየር መንገድ የአለም አቀፍ በረራ ትኬት ለመግዛት አንደኛ ምርጫዬ ነው።					

**ላደረጉት አስተዋጽኦ በጣም እናመሰግናለን።**

## APPENDIX II: REGRESSION

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793 <sup>a</sup>	.629	.622	.28340

a. Predictors: (Constant), LoyaltyProgram, BaggageService, ScheuleandPunctuality, Price, Brand, SafetyRecord, GroundandInflightService

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.383	8	7.055	87.838	.000 <sup>b</sup>
	Residual	29.074	362	.080		
	Total	78.457	370			

a. Dependent Variable: PurchaseDecision

b. Predictors: (Constant), LoyaltyProgram, BaggageService, ScheuleandPunctuality, Price, Brand, SafetyRecord, GroundandInflightService

**Coefficients<sup>a</sup>**



Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-.548	.310		-1.769	.078		
	GroundandInflightService	.415	.119	.360	3.497	.001	.096	9.370
	BaggageService	-.222	.053	-.212	-4.172	.000	.397	2.518
	Brand	-.029	.093	-.028	-.314	.753	.132	7.576
	Price	.007	.068	.006	.108	.914	.305	3.279
	ScheuleandPunctuality	.011	.073	.008	.144	.886	.316	3.163
	SafetyRecord	.374	.101	.251	3.704	.000	.223	4.491
	LoyaltyProgram	.556	.124	.369	4.473	.000	.150	6.663

a. Dependent Variable: PurchaseDecision

## APPENDIX III: INDEPENDENT SAMPLE T-TEST AND ANOVA

Appendix-3A: Independent sample t-test between gender and underlying factors of passengers purchase decision

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
GroundandInflightService	Equal variances assumed	4.976	.026	1.661	368	.097	.07975	.04800	-.01464	.17414
	Equal variances not assumed			1.581	143.736	.116	.07975	.05043	-.01993	.17943
BaggageService	Equal variances assumed	38.254	.000	4.746	368	.000	.24435	.05148	.14311	.34559

Brand	Equal				110.6		.2443	.067		.3777
	variances not			3.631	82	.000	5	30	.11098	2
	assumed									
Price	Equal	.692	.406	-4.578	368	.000	.2332	.050	-	.1330
	variances						1	94	.33338	5
	assumed									
ScheuleandPunctuality	Equal				153.0		-	.051	-	-
	variances not			-4.534	52	.000	.2332	44	.33484	.1315
	assumed						1			9
SafetyRecord	Equal	10.160	.002	-6.900	368	.000	.3057	.044	-	.2185
	variances						0	31	.39283	8
	assumed									
LoyaltyProgram	Equal				144.5		-	.046	-	-
	variances not			-6.593	74	.000	.3057	37	.39735	.2140
	assumed						0			5
Brand	Equal	55.936	.000	2.691	368	.007	.1148	.042	.03091	.1987
	variances						2	67		3
	assumed									
Price	Equal				311.6		.1148	.031	.05334	.1763
	variances not			3.675	41	.000	2	24		0
	assumed									
ScheuleandPunctuality	Equal	3.323	.069	-7.083	368	.000	.2477	.034	-	.1789
	variances						7	98	.31656	9
	assumed									
SafetyRecord	Equal				150.4		-	.035	-	-
	variances not			-6.941	62	.000	.2477	69	.31830	.1772
	assumed						7			4
LoyaltyProgram	Equal	24.268	.000	-3.853	368	.000	.1394	.036	-	.0682
	variances						6	20	.21064	9
	assumed									
Brand	Equal				126.6		-	.041	-	-
	variances not			-3.344	56	.001	.1394	71	.22200	.0569
	assumed						6			3

**Apendix-3B: One-way ANOVA (Underlying Factors of passengers' purchase decision based on Age)**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	2.376	3	.792	5.115	.002
	Within Groups	56.675	366	.155		
	Total	59.051	369			
BaggageService	Between Groups	.181	3	.060	.310	.818
	Within Groups	71.368	366	.195		
	Total	71.549	369			
Brand	Between Groups	6.971	3	2.324	13.543	.000
	Within Groups	62.794	366	.172		
	Total	69.765	369			
Price	Between Groups	11.430	3	3.810	31.010	.000
	Within Groups	44.966	366	.123		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.028	3	.343	2.714	.045
	Within Groups	46.197	366	.126		
	Total	47.225	369			
SafetyRecord	Between Groups	.792	3	.264	2.795	.040
	Within Groups	34.577	366	.094		
	Total	35.369	369			
LoyaltyProgram	Between Groups	3.817	3	1.272	15.092	.000
	Within Groups	30.854	366	.084		

Total	34.670	369			
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**Apendix-3C: One-way ANOVA (underlying factors of passengers purchase decision based on marital status)**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	7.279	2	3.639	25.798	.000
	Within Groups	51.773	367	.141		
	Total	59.051	369			
BaggageService	Between Groups	9.555	2	4.778	28.283	.000
	Within Groups	61.994	367	.169		
	Total	71.549	369			
Brand	Between Groups	6.769	2	3.384	19.716	.000
	Within Groups	62.996	367	.172		
	Total	69.765	369			
Price	Between Groups	3.678	2	1.839	12.802	.000
	Within Groups	52.717	367	.144		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	6.780	2	3.390	30.760	.000
	Within Groups	40.445	367	.110		
	Total	47.225	369			
SafetyRecord	Between Groups	2.836	2	1.418	15.999	.000
	Within Groups	32.533	367	.089		
	Total	35.369	369			
LoyaltyProgram	Between Groups	1.991	2	.996	11.181	.000
	Within Groups	32.679	367	.089		
	Total	34.670	369			

**Apendix-3D: One-way ANOVA (Underlying Factors of passengers' purchase decision based on Monthly average net income)**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	8.685	3	2.895	21.036	.000
	Within Groups	50.367	366	.138		
	Total	59.051	369			
BaggageService	Between Groups	4.640	3	1.547	8.460	.000
	Within Groups	66.909	366	.183		
	Total	71.549	369			
Brand	Between Groups	8.170	3	2.723	16.183	.000
	Within Groups	61.594	366	.168		
	Total	69.765	369			
Price	Between Groups	9.000	3	3.000	23.168	.000
	Within Groups	47.395	366	.129		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	2.585	3	.862	7.064	.000
	Within Groups	44.641	366	.122		
	Total	47.225	369			
SafetyRecord	Between Groups	3.722	3	1.241	14.350	.000
	Within Groups	31.647	366	.086		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.217	3	.739	8.336	.000
	Within Groups	32.453	366	.089		
	Total	34.670	369			

**Appendix-3E: One-way ANOVA (Underlying Factors of passengers purchase decision based on Education Level)**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	3.793	3	1.264	8.375	.000
	Within Groups	55.258	366	.151		
	Total	59.051	369			
BaggageService	Between Groups	9.137	3	3.046	17.860	.000
	Within Groups	62.412	366	.171		
	Total	71.549	369			
Brand	Between Groups	9.185	3	3.062	18.498	.000
	Within Groups	60.579	366	.166		
	Total	69.765	369			
Price	Between Groups	5.385	3	1.795	12.878	.000
	Within Groups	51.011	366	.139		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.943	3	.648	5.233	.002
	Within Groups	45.283	366	.124		
	Total	47.225	369			
SafetyRecord	Between Groups	1.558	3	.519	5.623	.001
	Within Groups	33.810	366	.092		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.170	3	.723	8.145	.000
	Within Groups	32.500	366	.089		
	Total	34.670	369			

**Apendix-3F: One-way ANOVA (Underlying Factors of passengers purchase decision based on Travel Experience with Ethiopian airlines)**

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	10.249	2	5.124	38.535	.000
	Within Groups	48.803	367	.133		
	Total	59.051	369			
BaggageService	Between Groups	11.303	2	5.652	34.428	.000
	Within Groups	60.246	367	.164		
	Total	71.549	369			
Brand	Between Groups	14.155	2	7.077	46.708	.000
	Within Groups	55.610	367	.152		
	Total	69.765	369			
Price	Between Groups	9.179	2	4.589	35.672	.000
	Within Groups	47.217	367	.129		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	1.977	2	.989	8.019	.000
	Within Groups	45.248	367	.123		
	Total	47.225	369			
SafetyRecord	Between Groups	8.183	2	4.092	55.236	.000
	Within Groups	27.186	367	.074		
	Total	35.369	369			
LoyaltyProgram	Between Groups	2.347	2	1.174	13.325	.000
	Within Groups	32.323	367	.088		
	Total	34.670	369			

**Apendix-3G: One-way ANOVA (Underlying Factors of passengers purchase decision based on purpose of Travel)**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
GroundandInflightService	Between Groups	1.170	3	.390	2.467	.062
	Within Groups	57.881	366	.158		
	Total	59.051	369			
BaggageService	Between Groups	13.709	3	4.570	28.917	.000
	Within Groups	57.839	366	.158		
	Total	71.549	369			
Brand	Between Groups	5.368	3	1.789	10.171	.000
	Within Groups	64.396	366	.176		
	Total	69.765	369			
Price	Between Groups	4.158	3	1.386	9.710	.000
	Within Groups	52.237	366	.143		
	Total	56.395	369			
ScheuleandPunctuality	Between Groups	2.001	3	.667	5.399	.001
	Within Groups	45.224	366	.124		
	Total	47.225	369			
SafetyRecord	Between Groups	1.717	3	.572	6.225	.000
	Within Groups	33.652	366	.092		
	Total	35.369	369			
LoyaltyProgram	Between Groups	1.208	3	.403	4.406	.005
	Within Groups	33.462	366	.091		
	Total	34.670	369			



# APPENDIX-IV RELIABILITY TEST

**Case Processing Summary**

		N	%
Cases	Valid	370	100.0
	Excluded <sup>a</sup>	0	.0
	Total	370	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.875	8

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Groundandinflightservices	26.1054	16.997	.730	.868
Brand	26.0674	17.055	.693	.871
Price	26.1629	17.114	.698	.871
Schedulesandpunctuality	26.2737	18.462	.670	.879
LoyaltyProgram	26.3160	13.378	.780	.867
SafetyRecord	26.0273	16.036	.507	.897
BaggageServices	26.0327	17.113	.763	.867

PurchaseDecision	26.1178	16.112	.755	.863
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### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
29.8719	21.252	4.60994	8

### Reliability Statistics

Cronbach's Alpha	N of Items
.917	31

### Item Statistics

	Mean	Std. Deviation	N
Ground and Inflight services 1	4.3189	.52154	370
Ground and Inflight services 2	4.1297	.59759	370
Ground and Inflight services 3	4.1919	.53944	370
Ground and Inflight services 4	4.0568	.56022	370
Ground and Inflight services 5	4.1784	.58949	370
Baggage services 1	4.1270	.96135	370
Baggage services 2	4.2811	.48491	370
Baggage services 3	4.0135	.55322	370
Baggage services 4	3.9541	.64648	370
Brand 1	4.3730	.48425	370
Brand 2	4.2946	.49081	370
Brand 3	4.0568	.56022	370
Price 1	4.3243	.50225	370
Price 2	4.1514	.40164	370
Price 3	4.3135	.49832	370
Schedules and punctuality 1	4.3189	.52154	370
Schedules and punctuality 2	4.1622	.58498	370
Schedules and punctuality 3	4.8973	.44202	370
SafetyRecord 1	4.2027	.40256	370
SafetyRecord 2	4.3676	.51538	370
SafetyRecord 3	4.1514	.40164	370
SafetyRecord 4	4.2946	.49081	370
Loyalty Program 1	4.4784	.50022	370
Loyalty Program 2	4.2027	.40256	370
Loyalty Program 3	4.1514	.40164	370
Loyalty Program 4	4.1054	.54819	370
Loyalty Program 5	4.1919	.53944	370
Loyalty Program 6	4.0568	.56022	370

Purchase Decision1	4.1378	.42283	370
Purchase Decision 2	4.1054	.54819	370
Purchase Decision 3	4.2243	.57590	370

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
Ground and Inflight services 1	126.4946	73.508	.512	.914
Ground and Inflight services 2	126.6838	74.369	.352	.916
Ground and Inflight services 3	126.6216	71.808	.685	.911
Ground and Inflight services 4	126.7568	70.136	.843	.909
Ground and Inflight services 5	126.6351	72.514	.547	.913
Baggage services 1	126.6865	79.126	-.099	.931
Baggage services 2	126.5324	72.407	.693	.911
Baggage services 3	126.8000	72.513	.588	.913
Baggage services 4	126.8595	76.034	.169	.920
Brand 1	126.4406	73.786	.521	.914
Brand 2	126.5189	72.185	.711	.911
Brand 3	126.7568	70.136	.843	.909
Price 1	126.4892	74.137	.459	.915
Price 2	126.6622	75.005	.459	.915
Price 3	126.5000	72.121	.708	.911
Schedules and punctuality 1	126.4946	73.508	.512	.914
Schedules and punctuality 2	126.6514	74.656	.332	.917
Schedules and punctuality 3	125.9162	78.126	.005	.920
SafetyRecord 1	126.6108	77.149	.148	.918
SafetyRecord 2	126.4460	72.345	.656	.912
SafetyRecord 3	126.6622	75.005	.459	.915
SafetyRecord 4	126.5189	72.185	.711	.911
Loyalty Program 1	126.3351	76.966	.130	.919
Loyalty Program 2	126.6108	77.149	.148	.918
Loyalty Program 3	126.6622	75.005	.459	.915
Loyalty Program 4	126.7081	70.934	.772	.910
Loyalty Program 5	126.6216	71.808	.685	.911
Loyalty Program 6	126.7568	70.136	.843	.909
Purchase Decision1	126.6757	73.916	.586	.913
Purchase Decision 2	126.7081	70.934	.772	.910
Purchase Decision 3	126.5892	71.625	.657	.912

**Reliability Statistics**

Cronbach's Alpha	N of Items
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.756	5
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**Reliability Statistics**

Cronbach's Alpha	N of Items
.824	4

**Reliability Statistics**

Cronbach's Alpha	N of Items
.804	3

**Reliability Statistics**

Cronbach's Alpha	N of Items
.778	3

**Reliability Statistics**

Cronbach's Alpha	N of Items
.746	3

**Reliability Statistics**

Cronbach's Alpha	N of Items
.712	4

**Reliability Statistics**

Cronbach's Alpha	N of Items
.775	6

**Reliability Statistics**

Cronbach's Alpha	N of Items

## APPENDIX-V NORMALITY TEST

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
GroundandInflightService	370	1.60	5.00	4.1751	.40004	.041	.127	4.676	.253
BaggageService	370	1.00	5.00	4.0939	.44034	-1.317	.127	7.210	.253
Brand	370	2.00	5.00	4.2414	.43481	.205	.127	.822	.253
Price	370	1.00	5.00	4.2631	.39094	-.942	.127	9.810	.253
ScheuleandPunctuality	370	2.33	5.00	4.4595	.35775	-1.050	.127	4.596	.253
SafetyRecord	370	1.75	5.00	4.2541	.30960	-.771	.127	9.664	.253
LoyaltyProgram	370	2.17	5.00	4.1977	.30652	-.169	.127	4.598	.253
Valid N (listwise)	370								