L-Università ta' Malta
Faculty of Economics, Management & Accountancy

Consumer Decision-Making in Airline Bookings

The Role of Perceived Value and Price Sensitivity

Submitted in partial fulfilment
of the requirements of the
Degree of Master of Science in
Strategic Management and Digital Marketing

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November, 2024

Abstract

Purpose: This study explores the influence of price sensitivity and perceived value on airline purchase intentions, contrasting the appeal of low-cost carriers (LCCs) and full-service carriers (FSCs). To represent these models, consumer preferences for Ryanair and Turkish Airlines are analysed. While price sensitivity is well-researched in consumer behaviour, there is a limited understanding of how various dimensions of perceived value – quality, emotional response, monetary price, behavioural price, and reputation – mediate its impact on airline choice. By addressing this gap, the study offers a nuanced view of how these value dimensions shape consumers' price-driven selection processes across airline types.

Design/Methodology/Approach: Adopting a deductive, quantitative approach, data was gathered through an online survey targeting 235 leisure travellers who had recent booking experiences with either Ryanair or Turkish Airlines, responding based on their direct experience with the airline they chose. The research employed Partial Least Squares Structural Equation Modelling (PLS-SEM) to test the proposed relationships and to measure the mediating roles of perceived value dimensions. A multi-group analysis was conducted to reveal how these effects differ between Ryanair and Turkish Airlines.

Findings: Price sensitivity significantly influenced purchase intention, with a positive effect for Ryanair and a negative effect for Turkish Airlines. Monetary price emerged as the sole mediator between price sensitivity and purchase intention, underscoring fair pricing's role in consumer choices. Multi-Group Analysis revealed key distinctions: price sensitivity negatively impacted quality and reputation for Turkish Airlines but not for Ryanair. These findings highlight the differing roles of perceived value dimensions across airline types, shaping consumer decision-making in varied ways.

Theoretical and Practical Implications: This study provides a refined understanding of how perceived value dimensions mediate price sensitivity's effect on purchase intentions, revealing distinct consumer priorities. By clarifying how consumers align value differently these findings offer a nuanced basis for targeted, value-driven engagement that aligns more closely with consumers' expectations across airline models.

Acknowledgements

I would like to begin by extending my gratitude to my supervisor, Dr. Jirka Konietzny, for his invaluable support and guidance throughout this dissertation. His expertise and insight have been crucial, especially in navigating the complexities of data analysis.

I am also grateful to my family, friends, and my girlfriend Gabriella, whose unwavering encouragement and understanding have been a constant source of motivation.

Finally, I would like to acknowledge all the participants who took part in this research, as their contributions were essential in enabling the successful completion of this study.

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Chapter 1: Introduction

1.1 Introduction

The airline industry operates in a highly competitive, low-margin environment where consumer decision-making is strongly shaped by various factors such as price, perception of value, and brand reputation. With the rise of both low-cost carriers (LCCs) and full-service carriers (FSCs), understanding how consumers navigate these choices is increasingly critical. This study investigates the interplay between price sensitivity and perceived value in shaping purchase intentions, specifically contrasting consumer preferences between Ryanair, representing low-cost carriers, and Turkish Airlines, representing full-service carriers. By examining these dynamics, this research aims to shed light on the underlying factors that drive airline selection, offering valuable insights for industry stakeholders seeking to better align their strategies with consumer expectations.

1.2 Contextual Overview

The global airline industry has undergone significant transformations over the past few decades, marked by intensified competition, evolving business models, and shifts in consumer expectations (Sun et al. 2024). Since the deregulation of the airline industry in the late 20th century, which initially began in the U.S. and later spread to Europe and other regions, competition within the sector has grown, particularly with the rise of low-cost carriers (Graham 2013; Whyte & Randall 2014). This deregulation allowed LCCs to establish themselves by offering cost-efficient operations, often at the expense of traditional service elements that full-service carriers had long emphasised (Sampaio 2009). LCC's ability to attract price-sensitive consumers has reshaped the airline market, prompting FSCs to adapt their offerings in response to this new competitive landscape (Abdelhady et al. 2019).

In this study, Ryanair and Turkish Airlines serve as representative cases of the LCC and FSC models, respectively. Ryanair, an Irish-based airline, is one of Europe's largest low-cost carriers, operating extensively across over 40 countries (Malighetti et al. 2009). Turkish Airlines, the national carrier of Turkey, has developed a major international network centered

on its Istanbul hub, connecting numerous destinations across Europe, Asia, and the Middle East (Dursun et al. 2014).

Today, the airline industry faces a 'low-cost revolution', where consumers increasingly seek value for money, an approach which challenges the FSC model (Doganis 2010; Barbot et al., 2008). The two business models, LCC and FSC, have grown distinct in terms of their service approach and consumer bases: while LCCs prioritise low fares and streamlined services to minimise operating costs, FSCs aim to offer a comprehensive range of pre-flight and onboard services that appeal to consumers willing to pay a premium for enhanced service quality (Koklic et al. 2017). The divergence between these models has driven a shift in consumer expectations and perceptions, with customers often associating LCCs with affordability and simplicity, whereas FSCs are seen as providers of quality and reliability (O'Connell & Williams 2005). This competition has placed immense pressure on FSCs to balance service quality with cost-effective operations to retain market share in a rapidly evolving industry.

The growing competition has further highlighted the role of the marketing mix in influencing consumer choices. Elements of the marketing mix – specifically price, product (service quality), promotion, and distribution (place) – play a vital role in the strategic positioning of airlines and in shaping consumer behaviour (Abdelhady et al. 2019). Among these, price remains a crucial factor, especially for LCCs, as consumers increasingly equate value with affordability rather than additional services (Bennett 2010; Abdelhady et al. 2019). This dynamic is further intensified by the influence of digital platforms, which enable consumers to compare prices easily, increasing their sensitivity to price differences and fostering a more competitive market (Jung et al. 2014; Ronayne 2021). The ease with which consumers can access vast amounts of pricing information, set alerts for price changes, and read user-generated content has made them more proactive in seeking short-term price advantages and considering peer experiences as part of their decision-making process (Rahmani & Kordrostami 2023).

However, price alone does not wholly determine consumer behaviour; the perceived value derived from service quality, reputation, and other intangible factors also significantly impacts consumer loyalty and satisfaction (McDougall & Levesque 2000; Pura 2005). For instance, while LCCs may attract a broad consumer base initially, retaining these customers can be challenging without elements that enhance perceived value, such as consistent service quality or a positive brand reputation (Rajaguru 2016). This evolving preference structure highlights

the complex dynamics airlines must navigate as they attempt to maintain profitability in a high-stakes low-margin environment (Cassandra et al. 2014).

Although perceived value is widely acknowledged as a multidimensional construct in service contexts, much existing research has focused primarily on individual aspects, like service quality or customer satisfaction (Sultan & Simpson 2000; Rajaguru 2016), often overlooking other critical dimensions such as monetary price and reputation. This narrow focus creates a gap in understanding how these specific dimensions operate together to influence consumer decision-making, particularly between LCCs and FSCs. Moreover, the indirect role of perceived value dimensions as mediators in the relationship between price sensitivity and purchase intention is underexplored, especially within the airline industry context.

To address these gaps, this study adopts the SERV-PERVAL scale (Petrick 2002) to unpack perceived value into five distinct dimensions: quality, emotional response, monetary price, behavioural price, and reputation. By analysing these dimensions individually and in relation to price sensitivity, this study provides a more nuanced understanding of perceived value and positions itself to offer unique insights into consumer preferences.

The comparative approach between Ryanair, and Turkish Airlines, enriches the analysis by examining how price sensitivity and perceived value dimensions affect purchase intention across two contrasting airline models. This comparison is intended to yield insights that are practically relevant to industry stakeholders. Specifically, airlines and platform operators can leverage these findings, allowing them to tailor their offerings more effectively. Similarly, travel agencies and the hospitality sector may apply this knowledge to refine their marketing strategies and optimize product offerings to meet the evolving demands of travellers. Additionally, the academic research community may find value from this study's outcomes, as they contribute to theoretical discussions on consumer decision-making and inform future studies in the airline industry and beyond.

1.3 Research Objectives

The broader aim of this study is to address the key research gaps identified by examining how price sensitivity and perceived value shape purchase intentions across low-cost and full-service carriers. The specific objectives are as follows:

1. To understand the influence of price sensitivity on consumers' purchase intentions when selecting an airline.

2. To examine how perceived value dimensions – quality, emotional response, monetary price, behavioural price, and reputation – mediate the relationship between price sensitivity and purchase intention, providing a detailed view of these dimensions in airline selection.

3. To investigate the differences in how price sensitivity and perceived value dimensions impact purchase intention when comparing Ryanair (a LCC) and Turkish Airlines (a FSC).

1.4 Research Questions

Building on the study's objectives, the following research questions provide a structured approach to addressing the identified gaps.

RQ1: How does price sensitivity influence purchase intention when selecting an airline?

RQ2: Do the dimensions of perceived value (quality, emotional response, monetary price, behavioural price, and reputation) mediate the relationship between price sensitivity and purchase intention in airline selection?

RQ3: How do the effects of price sensitivity and perceived value dimensions on purchase intention vary between Ryanair and Turkish Airlines?

1.5 Outline of the Dissertation

The dissertation is organised into six chapters, each addressing distinct aspects of the research process and findings:

Chapter 1: This chapter presents the research context, background, and rationale for the study. It defines the research aims, objectives, and questions, highlighting the study's contribution to the literature.

Chapter 2: This chapter reviews relevant literature, comparing and contrasting prior research. It identifies gaps in the existing knowledge and provides a theoretical foundation, incorporating frameworks, such as the SERV-PERVAL scale to understand the study's key constructs.

Chapter 3: The Methodology chapter outlines the research design, data collection methods, and sampling approach. It also details the data analysis techniques employed, explaining how the research questions and hypotheses are examined through statistical methods.

Chapter 4: This chapter presents the analysis and findings, providing insights derived from the data collected. The findings from the comparative analysis of Ryanair and Turkish Airlines are highlighted.

Chapter 5: The Discussion chapter interprets the findings in relation to existing literature, drawing connections between the results and the study's objectives. It examines the implications for theory and practice, identifying key insights and contributions to the field of consumer behaviour in the airline industry.

Chapter 6: The Conclusion provides a summary of the study's key findings, highlighting the most noteworthy insights gained from the research.

Chapter 2: Literature Review

2.1 Introduction

This chapter examines the factors influencing consumer behaviour in airline bookings, focusing on the constructs of price sensitivity, perceived value, and purchase intention. It first outlines the differing operation strategies of Low-Cost Carriers (LCCs) and Full-Service Carriers (FSCs) and their impact on consumer expectations. Next, it examines purchase intention and key influences on this construct within the airline industry, followed by a discussion of price sensitivity and its drivers.

The chapter then introduces the multi-dimensional SERV-PERVAL model, covering the key aspects of perceived value. Finally, the chapter identifies gaps in current literature, positioning this study to clarify the mediating roles of perceived value dimensions between price sensitivity and purchase intention across LCC and FSC contexts.

2.2 Classifying the Airline Models: LCCs vs. FSCs

The airline industry features two dominant business models: full-service carriers and low-cost carriers, which differ significantly in their operational strategies and customer focus.

2.2.1 Characteristics of Low-Cost Carriers

LCCs focus on minimising operational costs to offer lower fares. This is achieved through several cost-saving measures, such as single-class seating, point-to-point route structures, and the use of secondary airports to reduce landing fees and operational expenses (Savchina 2024). The point-to-point network maximises aircraft utilisation, allowing LCCs to operate more efficiently, although this can sometimes result in longer travel times due to lack of connecting flights (Gil-Moltó & Piga 2008). The simplified service structure allows LCCs to cater primarily to price-sensitive travellers, especially in leisure markets, by eliminating premium services, such as in-flight meals and entertainment (Bachwich & Wittman 2017).

2.2.2 Characteristics of Full-Service Carriers

Conversely, FSCs operate on a hub-and-spoke model, providing multiple service classes and a range of amenities that enhance the overall passenger experience. This network strategy facilitates better connectivity for passengers, allowing them to travel across multiple destinations with ease (Loh et al. 2020). FSCs offer services like in-flight meals, entertainment, and loyalty programs, appealing to both leisure and business travellers which are seeking comfort and convenience over low prices (O'Connell & Williams 2005).

2.2.3 Consumer Expectations Across Airline Models

Consumer expectations vary widely between FSCs and LCCs, influenced by the differing service models. Passengers on FSCs tend to expect a higher level of service quality, comfort, and convenience, corresponding to the higher ticket prices. According to Yang et al. (2020), these consumers associate the cost of FSC tickets with superior services, such as attentive staff, comfortable seating and additional amenities. The perception that premium prices should deliver premium experiences drives higher expectations.

On the other hand, passengers using LCCs generally have lower expectations regarding service quality, given the emphasis on affordability. The no-frills approach of LCCs means that passengers are more accepting of the stripped-down service, viewing cost-effectiveness as a key benefit (Bachwich & Wittman 2017). As a result, the overall satisfaction of LCC passengers is often shaped by their perceived value for money rather than the quality of service (Mauliza et al. 2022).

Pricing strategies further shape consumer expectations. As discussed, LCCs typically adopt dynamic pricing models, offering lower base fares while charging additional fees for services such as baggage and seat selection (Tunç et al. 2021). This strategy reinforces the perception that LCCs provide good value, even if the overall cost increases with added services. In contrast, FSCs bundle most services into the ticket price, creating expectations of a more inclusive and premium service offering (Chow et al. 2022). This perceived value-for-money dynamic is crucial in shaping consumer decisions, as LCC passengers often prioritise price over quality, while FSC passengers expect higher service standards to justify the higher fare (Rajagaru 2016).

Additionally, customer satisfaction levels reflect these expectations. FSCs typically meet expectations more consistently, whereas LCC passengers may experience a greater gap between their expectations and the actual service, even when those expectations are relatively low (Koklič et al. 2017).

2.3 Purchase Intention

2.3.1 Conceptualising Purchase Intention

Purchase Intention is generally understood as the predisposition or likelihood of a consumer to buy a particular product or service. According to Belch and Belch (2004), it represents a person's motivation and conscious plan to exert effort toward making a purchase. This construct serves as a bridge between attitudes and actual purchasing behaviour, capturing the consumer's commitment to act in the future. Eagly and Chaiken (1993) describe it as a deliberate intention, closely tied to the consumer's internal planning, which signals a strong inclination towards the behaviour in question.

In marketing contexts, influencing purchase intention is a key goal, as it is often a direct precursor to actual buying behaviour (Ajzen 1985). Fishbein and Ajzen (1975) propose that purchase intention can effectively predict future actions, given its position as a reliable indicator of whether a consumer will follow through with a purchase. The significant body of literature surrounding purchase intention highlights its reliability as a predictor of consumer behaviour (Kalwani and Silk 1982; Pavlou 2003). Consequently, without purchase intention, there is little prospect for sales or revenue generation, underscoring its essential role in strategic marketing.

2.3.2 Factors Shaping Purchase Intentions

Tarkang et al. (2020) identify website quality, information-task-fit, and electronic word of mouth (eWOM) as key triggers of purchase intentions in the airline industry. They found that a user-friendly website enhances perceived quality, which significantly impacts the likelihood of purchase. This supports Chen et al. (2017), who emphasised the direct link between website quality and purchasing behaviour.

Additionally, information-task-fit – the alignment of website content with user needs – is crucial. When websites provide task-specific information, they increase consumer satisfaction and purchasing intent (Dedeke 2016). Furthermore, positive electronic word of mouth (eWOM), such as favourable reviews, bolsters purchase intentions by building consumer trust, while negative eWOM can deter potential buyers due to its widespread influence on perceptions (Park et al. 2011).

2.4 Price Sensitivity

2.4.1 Conceptualising Price Sensitivity

Price sensitivity broadly captures how consumers perceive and respond to the cost of a product or service. It can be defined as the extent to which changes in price affect consumers' willingness to make a purchase. This concept, examined extensively by researchers such as Kent B. Monroe, reveals that consumers' reactions to pricing are shaped by a complex interplay of psychological, economic, and social factors (Monroe 1973).

Traditionally, rational choice theory has suggested a direct relationship between price changes and consumer demand, where consumers aim to maximise utility by minimising costs. This theory, influenced by the works of Adam Smith (1776) and Alfred Marshall (1890), posits that consumers respond predictably to price fluctuations in their pursuit of value.

However, developments in behavioural economics have nuanced this perspective, suggesting that consumer decisions are also swayed by cognitive biases and emotional factors. Pioneers like Daniel Kahneman and Amos Tversky challenged the notion of the 'rational consumer' with their ground-breaking Prospect Theory (Kahneman & Tversky 1979). Additionally, Herbert Simon's concept of 'bounded rationality' (Simon 1957) highlight that consumers often deviate from the purely rational decision-making. These insights add depth to the understanding of how and why price sensitivity varies across different contexts.

Price sensitivity is pivotal in consumer decision-making, as it directly influences consumers' willingness to proceed with a purchase when price levels vary. In the case of flight bookings, this sensitivity can be especially pronounced. Consumers with high price sensitivity may respond strongly to even small increases in ticket prices by seeking alternatives or postponing

their plans. Conversely, when ticket prices decrease, these consumers are more inclined to book, as reduced cost enhances the perceived value of the purchase. Understanding this aspect of consumer behaviour is essential for anticipating how different pricing strategies might influence booking decisions in the airline industry.

2.4.2 Drivers of Price Sensitivity

Price sensitivity in airline consumers is influenced by a variety of factors including the purpose of travel, income levels, market competition, and seasonal demand variations. Understanding such factors that drive price sensitivity in airline consumers offers crucial insights into their decision-making processes.

2.4.2.1 Demographic Factors

Factors such as age, income level, and trip purpose significantly influence consumer price sensitivity (Nassar et al. 2021). Younger travellers, who often have less disposable income, are typically more responsive to fare fluctuations as they seek cost-effective travel options (Kah et al. 2022).

Income level also impacts how travellers approach price. Bernini and Cracolici (2015) argue that choices are guided by income as it represents a budget limitation that directly influences a person's potential for investment, and subsequently, their utility. Higher income levels, they claim, expand the likelihood of consumers choosing to travel, with a larger portion often spent on goods and services. Accordingly, higher-income travellers prioritise factors like schedules and service quality over price, while lower-income travellers may delay bookings to secure promotions, aiming to maximise value within their budget (Nassar et al. 2021).

Trip purpose further shapes price sensitivity. Leisure travellers, often on fixed budgets, are more price-sensitive and use platforms with strong price competition (Garrow et al. 2007). Business travellers prioritise flexibility and convenience due to tight schedules, resulting in less price sensitivity. Accordingly, leisure travellers tend to book in advance for lower fares, while business travellers accept higher costs for last-minute convenience (Becken & Schiff 2010).

2.4.2.2 Behavioural and Psychographic Factors

Digital platforms play a multi-faceted role in shaping consumer behaviour, as they enable easy price comparisons and provide tools such as alerts for price changes or special deals, which can intensify consumers' responsiveness to price fluctuations (Jung Cho et al. 2014; Ronayne, 2021). Additionally, the presence of user-generated content, including reviews and ratings, affect price sensitivity, as individuals often rely on peer opinions when evaluating the value proposition of different options (Rahmani & Kordrostami 2023).

In terms of psychographic factors, Uslu and Huseynli (2018) highlight that personality traits, such as the tendency for impulsive buying, can influence price sensitivity. Individuals with a higher propensity for impulsive purchases may be less sensitive to price changes, while those who are more analytical and budget-conscious might exhibit heightened sensitivity.

2.5 Perceived Value

2.5.1 Conceptualising Perceived Value

Perceived Value is defined as a consumer's overall assessment of a product or service, based on a comparison between what is received (benefits) and what is given (sacrifices). According to Zeithaml (1988), perceived value is inherently subjective, shaped by an individual's utility perceptions and encompassing both tangible and intangible elements. This concept is critical in consumer behaviour as it directly influences purchasing decisions, satisfaction, and loyalty (Gallarza & Saura 2006).

Consumers evaluate perceived value through a dynamic and personal lens, considering their unique expectations and past experiences. Studies have shown that perceived value can act as a strategic tool for businesses, allowing them to tailor offerings based on customer insights (Williams & Soutar 2000).

2.5.2 Multi-Dimensional Nature of Perceived Value

The importance of perceived value has been widely acknowledged, with early research, such as that by Kashyap and Bojanic (2000), often considering it a straightforward trade-off.

However, subsequent studies have emphasised a broader, multi-dimensional approach that recognised different value components, each playing a role in how consumers assess offerings (Sánchez-Fernández & Iniesta-Bonillo 2007; Roig et al. 2006).

One influential model is the PERVAL scale, developed by Sweeney and Soutar (2001), which categorises perceived value into four dimensions: quality, emotional response, monetary price (value for money), and social value. This scale has been extended in service contexts, as seen with the SERV-PERVAL model, which adds behavioural price and reputation to address the complexities of service experiences (Petrick 2002). SERV-PERVAL thus provides a comprehensive framework for understanding perceived value, especially in services like airline travel, where customer expectations of reputation and effort are particularly pronounced.

In the following subsections, each of these dimensions will be explored in detail, revealing how they shape consumer perceptions and influence purchase behaviour.

2.5.3 Quality

Quality encompasses both tangible elements, like the physical environment and appearance of staff, and intangible aspects, such as responsiveness, assurance, and empathy (Parasuraman et al. 1998). Quality, as defined by Zeithaml (1988 p. 3), is “a consumer's judgment about a product or service's overall excellence or superiority”. Research shows that superior quality enhances perceived value, driving higher customer satisfaction and loyalty across various sectors (Jahanzeb et al. 2013).

The SERVQUAL model, widely applied in measuring service quality, highlights the importance of dimensions like reliability and assurance in shaping consumer perceptions (McDougall & Levesque 2000). For instance, in the software industry, Razavi et al. (2012) found a strong positive correlation between service quality and perceived value. Similarly, in the hotel industry, Malik (2012) demonstrated that service quality mediates the relationship between customer satisfaction and loyalty.

In the airline sector, Chonsalasin et al. (2020) found that service quality significantly impacts consumer satisfaction and loyalty, with perceived value being a key factor in this relationship.

This emphasises the importance of focusing on both tangible service elements and emotional factors that shape customer perceptions of value.

2.5.4 Emotional Response

Emotional Response refers to the pleasure derived from a service experience and captures the feelings consumers have during and after their interactions with a service provider (Petrick 2002). In leisure services, emotional arousal – such as excitement and delight – is a significant determinant of perceived value, as consumers often expect a certain level of emotional engagement from these experiences (Wakefield & Blodgett 1994). Consequently, emotional response can be understood as the descriptive judgement of how well a service enable consumers to feel delighted and happy (Petrick 2002).

In airline travel, this dimension of perceived value is particularly relevant as positive emotional experiences directly influence overall assessments of value (Hernández & Lewis 2019). The SERV-PERVAL model highlights that emotions like satisfaction and enjoyment contribute significantly to perceived value, thus fostering customer loyalty and the intention to repurchase (Chen & Tsai 2008; Petrick 2002). Sweeney and Soutar (2001) further emphasise that the utility derived from these affective states is an essential part of perceived value, with a positive correlation between emotional response and value perceptions confirmed empirically.

For airline passengers, emotional responses are often shaped by the service quality and the atmosphere created by the staff, which can foster satisfaction and encourage positive behavioural intentions (Fatmawati et al. 2021). Conversely, negative emotions like frustration from delays or poor service can significantly diminish perceived value and lead to dissatisfaction (Roig et al. 2006). This highlights the importance for airlines to not only meet functional expectations but also create emotionally engaging experiences that enhance perceived value, encouraging repeat patronage and customer loyalty (Walls et al. 2011; Caruana et al. 2000).

2.5.5 Monetary Price

Petrick (2002), drawing on the work of Jacoby & Olson (1977) defines monetary price as “the price of a service as encoded by the customer”. It represents the fiscal cost that consumers must

sacrifice to obtain the benefits associated with a service (Tam 2004). This sacrifice includes all monetary costs perceived by consumers, which they assess in terms of fairness, economy, and reasonableness (Al-Sabbahy et al. 2004). Accordingly, monetary price is a cognitive construct that influences how consumers evaluate the trade-off between cost and benefits, directly impacting perceived value (Kashyap & Bojanic 2000).

Typically, one would expect monetary price to negatively correlate with perceived value, as higher costs may lower perceived value when consumers view the price as unfair (Ziethaml 1988). Petrick (2002) argues that perceived fairness in pricing can improve the consumer's overall assessment of value. Lai et al. (2020) further emphasise that perceived value, shaped by price fairness, plays a crucial role in driving intentions to revisit services, underscoring its impact on consumer behaviour.

In flight bookings, monetary price evaluations go beyond mere cost, as consumers also consider factors like refund options, baggage allowances, and service quality when assessing value (Fragnière et al. 2012). Suri and Monroe (2003) further argue that time constraints and perceived quality can alter consumers' price judgments, especially in time-sensitive decisions like flight bookings. This illustrates that while monetary price is a key determinant, consumers weigh it within a broader context of service attributes and experiential factors.

2.5.6 Behavioural Price (Effort)

Behavioural price, or non-monetary price, refers to the non-fiscal costs associated with obtaining a service, including the time, energy, and effort consumers expend during the process (Gallarza & Saura 2006; Petrick 2002). Within airline bookings, this involves not only navigating through options and booking platforms but also finalising reservations. A high behavioural price can lead to decision fatigue, especially in the airline industry where abundant options may overwhelm consumers, potentially resulting in frustration or abandonment of the booking process (Moreno & Wooders 2017).

The user experience on booking platforms also plays a crucial role. Complex or cumbersome interfaces can increase perceived effort, diminishing the consumer's overall satisfaction (Nyagaka 2024). Interestingly, Petrick (2002) approached behavioural price similarly to monetary price, measuring it in terms of ease of access. Consequently, high scores on

behavioural price reflect positive perceptions, where minimal effort enhances value perceptions related to convenience.

When finalising bookings, lengthy forms and unclear terms further elevate behavioural price, increasing the likelihood of consumers abandoning their transactions (Tuan 2024). Simplifying these processes by reducing steps and clarifying information can lower behavioural price, thus improving perceived value and customer satisfaction by creating a more seamless and convenient experience (Bigné et al. 2010).

2.5.7 Reputation

Reputation, as a dimension of perceived value, can be defined as the prestige and status consumers attribute to a service based on its brand image and recognition (Petrick, 2002). Within the airline industry, a strong reputation enhances perceived value by conveying high service quality and reliability. Consumers often associate reputable airlines with superior service standards, which positively influences their purchase decisions (Ziethaml 1988). Key aspects of airline reputation, such as safety, reliability, and trust, are particularly influential in shaping consumer preferences, as travellers prioritise airlines they perceive as dependable and reputable (Riorini & Widayati 2018).

The correlation between reputation and perceived value is further reinforced by the link between reputation and service quality. Airlines that cultivate a positive reputation often achieve higher customer loyalty, as consumers view reputable brands as more trustworthy and are therefore more inclined to remain loyal (Song et al. 2019). Additionally, research underscores that a favourable reputation can mitigate perceived risks in air travel, which is crucial in a sector where consumers are highly attuned to safety and reliability concerns (Tay et al. 2020).

Furthermore, online reviews and social media interactions also play a significant role in shaping airline reputation. Positive online feedback can enhance an airline’s perceived value by fostering consumer trust, while negative reviews can have a detrimental effect, underscoring the importance of managing digital presence to maintain a strong reputation (Barhorst et al. 2020).

2.6 Identification of Gaps

The researcher has identified notable gaps in the current body of literature regarding consumer behaviour in the airline industry. This study aims to concentrate on these areas to bridge these gaps. Despite significant research on price sensitivity and purchase intention, gaps remain in understanding how these factors interact with perceived value dimensions in the airline industry.

Firstly, although perceived value in service contexts is acknowledged as a multi-dimensional construct, much of the existing research focuses narrowly on service quality or customer satisfaction (Sultan & Simpson 2000; Rajaguru 2016) overlooking important dimensions like monetary price and reputation. There is a limited examination of how these specific dimensions operate in tandem. Studies emphasise the importance of considering both functional and affective dimensions (Sweeney & Soutar 2001; Zeithaml 1988), yet there is little examination of how these dimensions work together in airline contexts.

Secondly, price sensitivity is often analysed as a direct influence on purchase behaviour, with limited exploration of its indirect effects via perceived value dimensions. Research suggests that this mediating role of perceived value is underexplored, particularly in the airline industry (Ford et al. 2015).

By addressing these gaps and applying them to the comparison of LCCs and FSCs, this study attempts to provide valuable insights into how price sensitivity and perceived value dimensions interact, offering a clearer understanding of consumer decision-making across both airline types.

2.7 Hypotheses Development and Conceptual Framework

Building on the theoretical concepts discussed in the literature review, this section formalises the key relationships central to this study. The hypotheses are designed to test the impact of price sensitivity on purchase intention, the mediating role of perceived value dimensions, and the differences between low-cost and full-service models. To provide a practical context, this study uses Ryanair and Turkish Airlines as representatives of LCCs and FSCs, respectively.

This aims to allow for a more nuanced analysis of consumer behaviour within these airline models.

Furthermore, to visually encapsulate these hypothesised relationships, a conceptual model has been developed (Figure 1). This model illustrates how price sensitivity is proposed to influence purchase intention both directly and indirectly through perceived value dimensions.

2.7.1 Price Sensitivity and Purchase Intention

In the airline industry, particularly, price is often a decisive factor influencing consumer decisions. Price-sensitive travellers are more likely to prioritise lower fares over other aspects, making price sensitivity a critical determinant of purchase intention (Chua et al. 2015). This is especially true when comparing LCCs to FSCs, where price-sensitive consumers typically opt for the lower-cost option (Gillen & Lall 2004).

Additionally, studies highlight that price-sensitive consumers are highly responsive to airfare changes, reinforcing the idea that price sensitivity directly influences purchase decisions (Brons et al. 2002). Given these factors, this study proposes the following hypothesis:

H1: There is a significant relationship between price sensitivity and purchase intention.

2.7.2 Price Sensitivity as a Mediator

Studies indicate that, while heightened price sensitivity can discourage purchases in some contexts, perceived value can mitigate this effect by making the offering more attractive (Nisar et al. 2020; Wang 2023). For example, high perceived quality or reputation can increase perceived value, prompting consumers to proceed with a purchase despite price sensitivity (Chen et al. 2017).

Research across various sectors shows that consumers with high perceived value are more likely to overlook higher prices, as they consider other attributes such as quality, emotional satisfaction, or brand reputation (Mkedder et al. 2021; Ibrahim & Yatim 2020). By unpacking the dimensions of perceived value, this study proposes the following hypothesis:

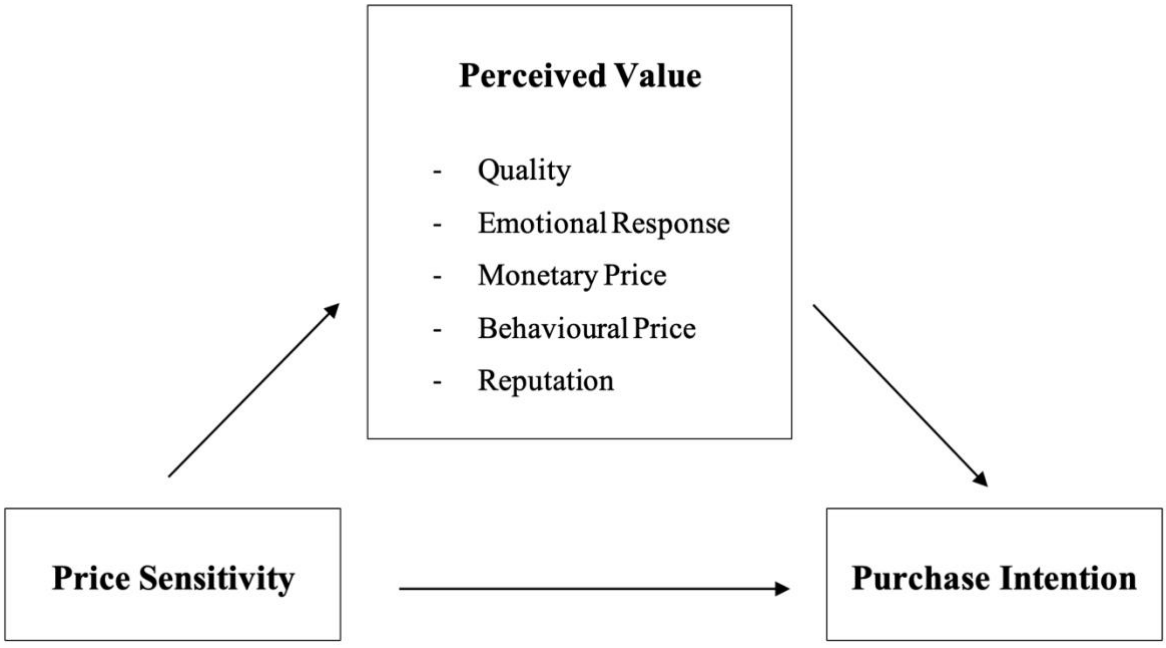
H2: The five dimensions of perceived value – quality, emotional response, monetary price, behavioural price, and reputation – mediate the relationship between price sensitivity and purchase intention.

2.7.3 Differences in Effects Between Ryanair and Turkish Airlines

Prior research suggests that the impact of price sensitivity and perceived value dimensions on purchase intention can vary between different airline types (Rajaguru 2016). LCCs like Ryanair and FSCs like Turkish Airlines operate under distinct business models, which can lead to varying consumer responses to pricing and value perceptions (Koklic et al. 2017). Given these operational differences, the following hypothesis is developed:

H3: The effects of price sensitivity and perceived value dimensions on purchase intention differ between Ryanair and Turkish Airlines.

Figure 1: Conceptual Model



2.8 Conclusion

This chapter examined price sensitivity, perceived value, and purchase intention in airline bookings, highlighting their differing interactions across LCCs and FSCs. The findings emphasise how aligning value dimensions with pricing strategies meet the diverse preferences of both price-sensitive and value-seeking consumers.

Furthermore, this chapter has explored the mediating role of perceived value in the relationship between price sensitivity and purchase intention, highlighting that consumers' choices are influenced by both rational and emotional factors. It was identified that perceived value dimensions uniquely shape consumer decision-making, varying with the type of airline model, thereby providing a foundation for investigating how these dynamics operate within the study's specific context.

Chapter 3: Methodology

3.1 Introduction

This section outlines the methodological approach taken to fulfil the research objectives. It begins with a succinct overview of the chosen research philosophy, followed by a thorough explanation of the research design. This includes a description of the research strategy, time horizon, questionnaire design, sampling techniques, data collection process, and data analysis methods. Additionally, ethical considerations and the limitations inherent to the methodology are discussed to provide a comprehensive understanding of the study's framework.

3.2 Research philosophy

Ontology and epistemology are foundational to the research philosophy, guiding how this study views knowledge and reality. Ontologically, this research acknowledges that perceived value, price sensitivity, and purchase intention are shaped by individual perceptions, allowing for some variation across different contexts. However, these constructs are still considered measurable, with the aim of identifying general patterns.

Epistemologically, this study adopts a post-positivist approach, which recognises that while objective knowledge can be pursued, complete objectivity is inherently limited (Saunders et al. 2019). This approach facilitates an understanding of consumer behaviours that is both reliable and adaptable, acknowledging that findings may be influenced by personal experiences and contextual factors.

3.3 Research Approach

This study employs a deductive research approach to investigate the relationships between perceived value, price sensitivity, and purchase intention. By grounding the research in established theories of consumer behaviour, hypotheses are developed to specify the expected relationships among these variables, such as the effect of perceived value on purchase intention. The study then uses suitable methods to test these hypotheses empirically, ensuring an objective assessment of the proposed relationships.

Following the testing phase, results are evaluated to verify or disprove the hypotheses. This evaluation involves a comparison with established literature, aiming to uncover patterns of agreement or divergence. If a hypothesis is not supported by data, it is revised accordingly, ensuring alignment with the observed evidence (Saunders et al. 2019; Dudovskiy 2018).

3.4 Research Design

Guided by a post-positivist approach, this research uses a structured method that supports reproducibility (Gill & Johnson 2010). A correlational research design is employed to examine the associations between perceived value, price sensitivity, and purchase intention. This design allows for the results to be generalised to a broader population, offering insights into consumer perceptions and trends.

3.4.1 Research Strategy

The study employs a quantitative survey strategy to facilitate easy comparisons and standardised data collection from a large sample (Saunders et al. 2019). By using a structured questionnaire, the survey method allows for the objective analysis of relationships between the key constructs. Both descriptive and inferential statistics are applied to analyse the data, consistent with the study's post-positivist approach. This strategy ensures that statistically significant insights can be drawn from the target population, contributing to a reliable understanding of consumer behaviours within the airline industry.

3.4.2 Time Horizon

Given the academic course's time constraints, this study adopts a cross-sectional design, collecting data at a single point in time to capture current consumer behaviours. This approach provides a snapshot of perceptions related to the key constructs, allowing for efficient analysis and insights into prevailing trends without requiring longitudinal tracking.

3.5 Questionnaire Design

The survey employed close-ended questions to maintain respondent focus and ensure accurate data collection relevant to the study's aims. Using a mix of Likert Scale and multiple-choice formats, the questionnaire captured data on perceived value, price sensitivity, and purchase intention.

The survey began with an introduction outlining the research topic, definition of the main constructs, objectives, and ethical considerations. Participants were informed that their responses were voluntary, would remain confidential, and that they could withdraw at any time without consequence. This introduction ensured respondents were comfortable and informed before proceeding.

To ensure the relevance of responses and avoid recency bias, a screening question confirmed that participants had booked a leisure flight within the past two years. This ensured that respondents had recent, applicable experience with airline bookings, improving the reliability of their feedback. Following this, demographic questions gathered data on age, gender, location, and travel frequency, providing essential context for analysing responses.

A 'Travel Habits' section followed, collecting data on participants' flight booking preferences and behaviours. Questions in this section explored how respondents typically book their flights (e.g., through airline websites, mobile apps, or travel agents), factors influencing their booking decisions (such as price, service quality, and airline reputation), and how far in advance they usually book their flights. This section provided valuable insights into the practical aspects of respondents' travel behaviours, also setting a meaningful context for the sample.

Next, respondents were asked to select their preferred airline, choosing between Ryanair, Turkish Airlines, or "Other". Participants who selected "Other" were further prompted to confirm whether they had experience with either Ryanair, Turkish Airlines, or neither. Those who selected "neither" were directed to the end of the survey, as their lack of familiarity or experience with the airlines in question limited their ability to provide informed responses.

Based on respondents' airline selection, subsequent questions on perceived value, price sensitivity, and purchase intention were customised to reflect their chosen airline, allowing for specific, relevant feedback. This choice of Ryanair and Turkish Airlines ensured respondents reflected on concrete experiences with these particular airlines, rather than thinking abstractly about LCCs and FSCs in general. This approach enabled a more focused and contextualised analysis of consumer attitudes towards the two distinct airline business models.

The core sections of the questionnaire addressed each key construct, with respondents answering Likert scale items on a seven-point scale, ranging from "Strongly Disagree" to "Strongly Agree", which facilitated consistent and nuanced responses.

The Perceived Value section consisted of 25 items across five dimensions: quality (4 items), emotional response (5 items), monetary price (6 items), behavioural price (5 items), and reputation (5 items). The items were adapted from the SERV-PERVAL scale (Petrick 2002), providing a comprehensive view of how respondents perceived value across different dimensions.

In the Price Sensitivity section, six items captured respondents' reaction to pricing. Items were adapted from Goldsmith et al. (2005), assessing the degree of price sensitivity among participants. This information was crucial for understanding how price impacts decision-making within the context of low-cost and full-service airlines.

The Purchase Intention section included three items that focused on respondents' likelihood of booking flights with their selected airline in the future. Items were adapted from Nuzula and Wahyudi (2022) to measure booking intentions.

By tailoring questions to the respondents' chosen airline and using validated scales with a set number of items, the survey ensured that answers were relevant to real consumer experiences. This structured questionnaire design facilitated reliable, detailed data collection, supporting the study's exploration of consumer behaviour within the airline industry.

3.6 Target population

The target population for this study consisted of leisure travellers over the age of 18 who had recently booked flights with Ryanair or Turkish Airlines. Leisure travellers were selected over business travellers because they often have greater flexibility in choosing airlines and are more likely to compare options based on perceived value and price sensitivity (Becken & Schiff 2010). By focusing on individuals with recent booking experience, the study targeted respondents whose feedback would be relevant and reflective of current consumer perceptions and behaviours within the airline industry.

3.7 Sampling Method

The study employed convenience sampling to recruit participants who met eligibility criteria. Given the vast nature of the potential population (air travellers worldwide), this approach was chosen for its practical advantages, allowing for efficient data collection within limited time and resource constraints. This method facilitated access to a relevant sample of individuals who had direct experience with Ryanair or Turkish Airlines, which was essential for exploring consumer behaviours specific to these airline models. While convenience sampling may limit the generalisability of the findings, it was well-suited for the study's exploratory nature, ensuring the rapid collection of insights from participants directly aligned with the study's focus.

3.8 Data Collection

3.8.1 Primary Data Collection

A quantitative approach enables systematic data collection and analysis, which is well-suited for hypothesis testing, as opposed to qualitative methods that prioritise exploring ideas and in-depth personal experiences (Saunders et al. 2019). By employing this approach, the researcher maintained control over the data gathered, addressing specific aspects of the literature gap and providing empirical insights into the study's focus areas (McCrocklin 2018).

3.8.2 Data Collection Method

The survey was created using Qualtrics, an advanced online platform known for its customisable survey features and robust data collection tools. Qualtrics allowed for sophisticated survey design, including branching logic and randomisation, which were essential for tailoring the survey based on respondents' airline choices and ensuring a balanced presentation of questions. Additionally, Qualtrics' user-friendly interface and cross-platform compatibility facilitated a smooth respondent experience, increasing participation rates. Its comprehensive suite of tools also helped ensure data integrity, which is vital when collecting data online (Palsson et al. 2020; Hanegraaf 2024).

To reach a wide audience, the survey was distributed online through social media platforms, including Facebook, Instagram, and LinkedIn. In addition, the researcher visited a local airport to recruit participants in person. Individuals were approached and invited to complete the survey, either using their own devices or with a tablet provided by the researcher. This in-person approach helped reach a broader audience, capturing responses from travellers actively engaged in air travel, enhancing the sample's relevance to the study's context.

3.8.3 Sample Size

To ensure adequate statistical power, sample size requirements were calculated for multiple regression, moderation analysis, two-group comparisons, and confirmatory factor analysis (CFA). Each analysis has specific sample size needs based on power level, effect size, and predictors. G*Power, a statistical power analysis software, was used to determine these sample sizes, providing accurate calculations tailored to the study's analyses.

For the multiple regression analysis of perceived value's effect on purchase intention, G*Power determined that 68 participants would be necessary. Parameters were set at a medium effect size of 0.15, significance level of 0.05, and power level of 0.80, with two predictors: perceived value and price sensitivity.

The moderation analysis aimed to test whether price sensitivity moderates the relationship between perceived value and purchase intention. Using similar parameters but adding the

interaction term, G*Power calculated a requirement of 77 participants to detect a medium effect with adequate power.

For the two-group comparison of Ryanair and Turkish Airlines, an independent samples t-test was used. With a medium effect size of 0.50, significance level of 0.05, and equal allocation between groups, G*Power indicated that 51 participants per group (totalling 103) were needed.

For CFA, the sample size was calculated based on the SERV-PERVAL scale's 25 items. Following the rule of thumb recommended by Hair et al. (2019), which suggests requiring 10 to 20 participants per item, a range of 250 to 500 participants was recommended. This range ensures model stability and robust estimation of the factor structure.

After data collection, 289 responses were obtained, however, 54 were deemed invalid due to incomplete data, resulting in a final sample of 235 valid responses. Of these, 129 respondents selected Ryanair and 106 selected Turkish Airlines, meeting the requirements for two-group comparisons. While slightly below the ideal range for CFA, this sample meets the minimum requirements for all analyses. The sample size is adequate for detecting medium effects, but CFA results should be interpreted with caution, as a larger sample would better support model stability.

3.9 Pilot Test

The purpose of the pilot test was to ensure that the survey would effectively collect the necessary data and provide meaningful results. This preliminary test allowed for verification that all questions were well-structured and elicited clear, relevant responses. Identifying and addressing any potential issues at this stage helps prevent misunderstandings that might affect participant responses (Van Teijlingen and Hundley 2002). Ten respondents participated in the pilot, and their feedback was instrumental in confirming that the questions were understood as intended. Following the test, it was determined that no further modifications to the survey were needed.

3.10 Data Pre-processing

The data-processing phase involved structuring the raw data to make it suitable for analysis, allowing for accurate statistical examination (Lawton 2021). This step included the identification and removal of outliers, handling missing values, and addressing any inconsistencies in the dataset (Mushtaq 2019). Initial data cleaning was done in Excel, where responses were checked for completeness. Demographic and categorical variables were recorded. Each survey question was assigned a variable name, facilitating streamlined analysis in the statistical software.

3.11 Data Analysis Method

This study applied various statistical techniques to examine the relationships between price sensitivity, perceived value, and purchase intention. The analysis began with descriptive statistics to profile the sample, detailing demographics, travel habits, and key decision factors in flight bookings. This initial analysis provided a foundation for understanding the broader characteristics of the respondents.

Reliability and validity testing followed, with Cronbach's alpha to confirm internal consistency across main constructs evaluated. Construct validity was assessed using Confirmatory Factor Analysis (CFA), examining convergent and discriminant validity to validate the measurement model.

Partial Least Squares Structural Equation Modelling (PLS-SEM) was conducted using SmartPLS, a versatile tool for analysing complex relationships and assessing both measurement and structural models (Homburg et al. 2022) to evaluate the hypothesised relationships and indirect effects among constructs. This approach suited the model's reflective constructs and enabled a nuanced exploration of mediation effects, specifically how the perceived value dimensions mediated the link between price sensitivity and purchase intention. Path coefficients and significance levels were analysed, focusing on p-values and t-values to assess each hypothesis.

A Multi-Group Analysis (MGA) compared Ryanair and Turkish Airlines to identify potential differences in consumer perceptions. The MGA evaluated paths between price sensitivity, perceived value dimensions, and purchase intention across the two groups, allowing for meaningful insights into how consumer behaviour may vary between airline models.

3.12 Ethical Issues

This study is conducted in alignment with ethical standards to protect participants' rights and privacy. Prior to data collection, the researcher submitted an ethics form outlining the study's methodology and potential risks, which received approval from the university's ethics board.

Informed consent was obtained from each participant before they began the survey. Participants were informed about the study's purpose, their voluntary participation, and their right to withdraw at any time without consequences. To maintain privacy, all data collected was anonymised, and no identifying information was requested.

The survey was designed with minimal risk in mind, focusing only on travel preferences and airline-related attitudes. Additionally, data was securely stored on a password-protected device, in compliance with GDPR guidelines to ensure confidentiality and data security throughout the study (Europe 2019).

3.13 Methodological Limitations

Despite employing a robust methodology approach, the researcher acknowledges its limitations. Data was collected both online and in-person at an airport to enhance sample diversity; however, convenience sampling may limit overall representativeness. The sample primarily included travellers with internet access or those available at the airport, potentially excluding other population segments and thereby limiting the broader applicability.

The study relies on self-reported data, which is inherently susceptible to biases such as social desirability and recall bias. Although anonymous, participants may consciously or unconsciously alter responses to present themselves in a favourable light or may inaccurately recall certain behaviours, both of which can affect data validity. Engagement bias also presents

a concern; as although survey content was identical, participants who chose to complete the survey – particularly at the airport setting – may inherently have a greater interest in or more favourable perceptions of air travel potentially skewing the results.

The study's focus on Ryanair and Turkish Airlines restricts generalisability to these specific airlines. While the insights are valuable for understanding perceptions of these two differing carriers, they may not extend to other airline brands or regions. Additionally, the cross-sectional design captures responses at a single point in time, which limits insights into potential shifts in consumer attitudes.

Chapter 4: Results

4.1 Introduction

This chapter presents the findings from the survey, starting with participant demographics and travel habits. Next, the measurement model is assessed for reliability and validity. The structural model is then analysed, focusing on the relationships between price sensitivity, perceived value dimensions, and purchase intention. A comparison of Ryanair and Turkish Airlines follows, including multi-group analysis (MGA). Finally, hypotheses are tested highlighting which were supported or rejected.

4.2 Demographics and Travel Habits

The demographic profile of the participants provides insights into the characteristics of the respondents, as shown in Table 1. A total of 235 participants completed the survey, with a majority identifying as female (60%). In terms of age, the average age was 38 years, with the largest representations in the sample being the 18-25 years (25.53%) and 36-45 years (22.98%) age groups. These age brackets reflect a diverse mix of younger and middle-aged leisure travellers, likely influencing different priorities in air travel preferences.

Income distribution was concentrated in the middle-income range, with 65.77% of respondents earning between €20,001 and €60,000 annually. Lower-income earners (€0-20,000) represented 20.89%. Geographically, most respondents were from Malta (67.66%), while the remainder came from various European countries.

In terms of travel frequency, nearly half of the participants reported flying 2-3 times a year for leisure (48.51%), while 63.40% typically used airline websites to book their flights. A notable proportion of respondents booked their flights more than 2 months in advance (33.19%), while 30.21% booked 3-4 weeks in advance.

Lastly, airline preferences were relatively balanced, with 54.89% choosing Ryanair and 45.11% opting for Turkish Airlines.

Table 1: Participants' demographic characteristics (n = 235)

Variable	Category	N	Valid %
Gender	Male	89	37.87
	Female	141	60.00
	Other	5	2.13
Age (average = 38 years)	18-25	60	25.53
	26-35	51	21.70
	36-45	54	22.98
	46-55	36	15.32
	56-65	28	11.91
	65 and above	6	2.55
Income	€0-20,000	47	20.89
	€20,001-40,000	75	33.33
	€40,001-60,000	73	32.44
	€60,001-80,000	26	11.56
	€80,001-100,000	2	0.89
	> €100,000	2	0.89
Country	Malta	159	67.66
	Italy	15	6.38
	Romania	8	3.40
	Turkey	6	2.55
	France	6	2.55
	Other	41	17.45
Travel Frequency	Less than once a year	18	7.66
	Once a year	80	34.04
	2-3 times a year	114	48.51
	4-6 times a year	18	7.66
	More than 6 times a year	5	2.13
Booking Methods	Airline Website	149	63.40
	Mobile App	42	17.87
	Travel Agent	30	12.77

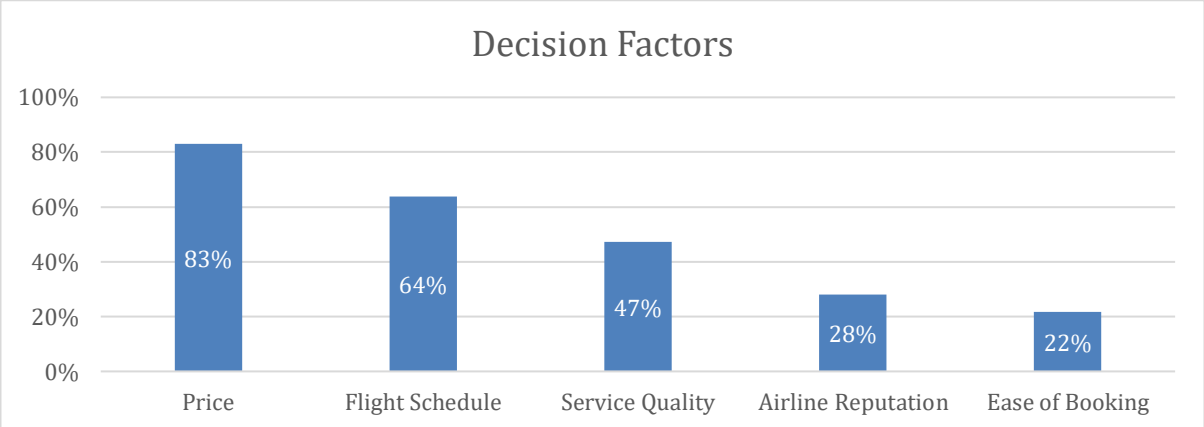
	Flight Comparison Website	14	5.96
Booking Timing	Less than 1 week	1	0.43
	1-2 weeks	38	16.17
	3-4 weeks	71	30.21
	1-2 months	47	20.00
	More than 2 months	78	33.19
Airline Selection	Ryanair	129	54.89
	Turkish Airlines	106	45.11

Participants were also asked to select the most important factors influencing their decision to book a flight, with multiple responses allowed. As depicted in Figure 1, price was the most influential factor, selected by 83% of respondents (n=195). This highlights the critical role of cost in flight booking decisions.

The second most important factor was flight schedule, chosen by around 64% of respondents (n=150), indicating that convenience and availability of flights significantly impact booking choices.

Service Quality was considered important by almost half the sample (47.23%), while airline reputation influences the decisions of 28.08% of respondents (n=66). Lastly, ease of booking was selected by 21.70% of respondents (n=51), showing that a notable portion of travellers also value a straightforward booking process in their decision-making.

Figure 2: Key Factors Influencing Flight Booking Decisions



4.3 Measurement Model

As shown in Table 2, the factor loadings for the constructs in the model were examined to ensure indicator reliability, with all values exceeding the recommended threshold of 0.708 (Hair et al. 2010), indicating a strong relationship between the latent constructs and their respective indicators. The internal consistency of each construct was further confirmed though Cronbach's alpha values all of which demonstrated satisfactory excellent levels of reliability, with values above the acceptable threshold of 0.70 (Nunnally & Bernstein 1994).

The quality construct had loadings between 0.87 and 0.91, with Q2 being the strongest, reflecting the importance of service reliability. Similarly, the emotional response construct showed high loadings (0.87 to 0.91), with ER2 contributing the most (0.91). Both constructs demonstrated strong reliability, with Cronbach's alpha values of 0.91 and 0.93, respectively.

For monetary price, loadings ranged from 0.77 to 0.87, with MP4 leading the group. The Cronbach's alpha of 0.90 confirmed the construct's robustness. Behavioural price exhibited slightly more variation, with MP2 loading at 0.60, though this still falls within acceptable limits for exploratory research (Hair et al. 2010). Despite this, the overall Cronbach's alpha of 0.85 indicated sufficient internal consistency.

The reputation construct displayed loadings between 0.84 and 0.94, with R2 being the most significant (0.94), further supported by a high Cronbach's alpha of 0.94. Similarly, price sensitivity showed loadings between 0.79 and 0.89, with PS4 contributing the highest. The Cronbach's alpha of 0.91 ensured the construct's internal consistency.

Finally, purchase intention had loadings from 0.79 to 0.84, with PI2 being the strongest (0.84), and the Cronbach's alpha of 0.76 was within acceptable reliability standards.

Table 2: Descriptive Statistics and Reliability of Key Constructs in the Study

	Constructs	Items	Indicators	Mean	S.D.	Loading	Cronbach's alpha
Perceived Value	Quality	Q1	The service provided by Ryanair/Turkish Airlines is outstanding in quality.	5.42	1.31	0.89	
		Q2	Ryanair/Turkish Airline's service is very reliable.	5.35	1.26	0.91	
		Q3	Ryanair/Turkish Airline's service is very dependable.	5.27	1.33	0.89	
		Q4	The service experience with Ryanair/Turkish Airlines is very consistent.	5.45	1.20	0.87	
							0.91
	Emotional Response	ER1	Using services from Ryanair/Turkish Airlines makes me feel good.	4.94	0.97	0.89	
		ER2	I experience pleasure when flying with Ryanair/Turkish Airlines.	4.94	1.00	0.91	
		ER3	Flying with Ryanair/Turkish Airlines gives me a sense of joy.	4.89	0.97	0.89	
		ER4	I feel delighted when using services from Ryanair/Turkish Airlines.	4.87	1.01	0.87	
		ER5	Using services from Ryanair/Turkish Airlines makes me feel happy.	4.87	1.01	0.89	
							0.93
	Monetary Price	MP1	Flying with Ryanair/Turkish Airlines is a good buy.	5.58	1.01	0.77	
		MP2	The price I pay for flights with Ryanair/Turkish Airlines is worth the money.	5.65	1.00	0.78	
		MP3	The pricing of flights with Ryanair/Turkish Airlines is fair.	5.35	1.06	0.85	
		MP4	I find the flights with Ryanair/Turkish Airlines to be reasonably priced.	5.33	1.05	0.87	
		MP5	Ryanair/Turkish Airline's flights are economical.	5.26	1.07	0.78	

		MP6	Flying with Ryanair/Turkish Airlines appears to be a good bargain.	5.23	1.12	0.86	0.90
	Behavioural Price	BP1	Booking and using services from Ryanair/Turkish Airlines is easy.	6.03	0.67	0.76	
		BP2	Navigating Ryanair/Turkish Airline's booking process requires little effort.	5.69	1.16	0.60	
		BP3	I find it easy to find and book flights with Ryanair/Turkish Airlines.	5.97	0.83	0.88	
		BP4	Completing a booking with Ryanair/Turkish Airlines is straightforward.	5.93	0.88	0.84	
		BP5	Booking flights with Ryanair/Turkish Airlines is a simple process.	5.91	0.86	0.83	0.85
	Reputation	R1	Ryanair/Turkish Airlines has a good reputation.	5.66	1.32	0.92	
		R2	Ryanair/Turkish Airlines is well respected in the airline industry.	5.7	1.28	0.94	
		R3	Ryanair/Turkish Airlines is well thought of among travellers.	5.78	1.34	0.84	
		R4	Ryanair/Turkish Airlines has high status.	5.41	1.62	0.90	
		R5	Ryanair/Turkish Airlines is reputable.	5.65	1.28	0.91	0.94
	Price Sensitivity	PS1	I don't mind paying more to try out a new airline service. (r)	3.47	1.62	0.85	
		PS2	I don't mind spending a lot of money to book a flight with a preferred airline. (r)	3.77	1.81	0.87	
		PS3	I am less willing to book a flight if I think that the price is high.	4.66	1.74	0.79	
		PS4	I know that booking with certain airlines is likely to be more expensive, but that doesn't matter to me. (r)	4	1.76	0.89	
		PS5	A really great flight service is worth paying a lot of money for. (r)	3.5	1.67	0.80	
		PS6	In general, the price or cost of booking flights is important to me.	4.94	1.80	0.81	

						0.91
Purchase Intention	PI1	I would consider booking a flight with Ryanair/Turkish Airlines.	6.01	0.82	0.82	
	PI2	I am inclined to choose Ryanair/Turkish Airlines for my next trip.	5.82	1.03	0.84	
	PI3	I intend to book my flights with Ryanair/Turkish Airlines whenever possible.	5.49	1.10	0.79	
						0.76

The Composite Reliability (CR) and Average Variance Extracted (AVE) for all constructs were calculated to assess internal consistency and convergent validity. As shown in Table 3, all constructs exceeded the recommended thresholds of 0.70 for CR and 0.50 for AVE.

The construct quality had a CR of 0.94, and an AVE of 0.795, indicating strong internal consistency and that indicators explain a significant portion of variance. Similarly, emotional response showed a CR of 0.95 and an AVE of 0.792, reflecting strong convergent validity.

Monetary price demonstrated a CR of 0.925 and an AVE of 0.672, while behavioural price had a CR of 0.89 and an AVE of 0.621. Both constructs exhibit adequate convergent validity, though the slightly lower AVE for Behavioural Price suggests some variability in responses.

The reputation construct had the highest values, with a CR of 0.956 and an AVE of 0.813. Price Sensitivity showed strong results with a CR of 0.933 and an AVE of 0.699, indicating reliable responses related to price considerations.

Finally, purchase intention displayed a CR of 0.86 and an AVE of 0.672, which, while slightly lower, still meets acceptable standards for internal consistency and convergent validity.

In terms of discriminant validity, the Fornell-Larcker method (Fornell & Larcker 1981) has been criticised for its limitations in effectively detecting discriminant validity. To address this, the Heterotrait-Monotrait ratio (HTMT) offers a more robust evaluation (Henseler et al. 2015). As shown in Table 4, all HTMT values are below the recommended threshold of 0.85, confirming strong discriminant validity across constructs.

Table 3: Convergent Validity and Discriminant Validity (HTMT) for Constructs

Variable	AVE	CR (ρc)	Quality	Emotional Response	Monetary Price	Behavioural Price	Reputation	Price Sensitivity
Quality	0.795	0.94						
Emotional Response	0.792	0.95	0.618					
Monetary Price	0.672	0.925	0.277	0.122				
Behavioural Price	0.621	0.89	0.248	0.070	0.387			
Reputation	0.813	0.956	0.759	0.501	0.248	0.218		
Price Sensitivity	0.699	0.933	0.589	0.579	0.194	0.107	0.573	
Purchase Intention	0.672	0.86	0.279	0.128	0.606	0.512	0.245	0.200

In addition to evaluating reliability and validity, it is important to ensure that multicollinearity is not present among the predictor constructs. To assess potential multicollinearity, the Variance Inflation Factor (VIF) was calculated. VIF values measure how much the variance of an estimated regression coefficient is inflated due to multicollinearity between predictor constructs. In this study, all VIF values for the constructs predicting purchase intention were all below the commonly accepted threshold of 5, indicating no significant multicollinearity among constructs. Specifically, the VIF values ranged from 1.208 to 2.624, further supporting the robustness of the model.

Table 4: Variance Inflation Factor (VIF) for Predictor and Dependent Constructs

Predictor Construct	Dependent Construct	VIF
Quality	Purchase Intention	2.624
Emotional Response	Purchase Intention	1.693
Monetary Price	Purchase Intention	1.349
Behavioural Price	Purchase Intention	1.208
Reputation	Purchase Intention	2.274
Price Sensitivity	Purchase Intention	2.013
Price Sensitivity	Quality	1
Price Sensitivity	Emotional Response	1
Price Sensitivity	Monetary Price	1
Price Sensitivity	Behavioural Price	1
Price Sensitivity	Reputation	1

4.4 Structural Model

The structural model was assessed to test the hypothesised relationships between price sensitivity, the dimensions of perceived value, and purchase intention. Both direct and indirect effects were examined, along with the model's explanatory power through R^2 values, to understand how well the independent constructs explain variations in purchase intention. The PLS algorithm was applied using default settings, except that in the bootstrapping procedure, five thousand samples were used instead of the default five hundred (Hair et al. 2011; Sarstedt et al. 2017).

As shown in Table 5, the model explains 36.4% of the variance in purchase intention (R2 = 0.364), indicating that price sensitivity and the perceived value dimensions account for a significant portion of the variability in purchase intention.

The explanatory power for other constructs indicated that price sensitivity explains about 29-30% of the variance in these constructs. However, the model explains far less variance in monetary price (R^2 = 0.029) and behavioural price (R^2 = 0.006), suggesting that these dimensions are less influenced by price sensitivity in this context.

Table 5: R^2 values for endogenous constructs

Dependent Construct	R^2
Quality	0.297
Emotional Response	0.288
Monetary Price	0.029
Behavioural Price	0.006
Reputation	0.292
Purchase Intention	0.364

4.5 Non-Discriminated Sample Results

4.5.1 Direct Effects (Non-Discriminated Sample)

The direct effects for the non-discriminated sample were assessed, revealing several key relationships between constructs. A summary of the results is presented in Figure 2 and Table 6.

The relationship between price sensitivity and purchase intention was found to be significant, with a path coefficient of 0.224 ($t = 2.997$, $p = 0.003$). This indicates that price sensitivity plays a notable role in influencing purchasing intention, though the effect is positive, contrary to what might typically be expected in certain contexts.

The paths from price sensitivity to other dimensions of perceived value showed mixed results. The relationships with quality ($\beta = -0.545$, $t = 11.802$, $p < 0.001$), emotional response ($\beta = -0.537$, $t = 13.983$, $p < 0.001$), and reputation ($\beta = -0.540$, $t = 11.67$, $p < 0.001$) were all significant, indicating that price sensitivity negatively impacts these dimensions. The relationship with monetary price was also significant ($\beta = 0.169$, $t = 2.666$, $p = 0.008$), though this was a positive association. However, price sensitivity did not significantly impact behavioural price ($\beta = 0.079$, $t = 1.212$, $p = 0.226$), showing that effort or ease of service access was not strongly influenced by sensitivity to price.

When examining the relationships between the perceived value dimensions and purchase intention, the results revealed that monetary price ($\beta = 0.329$, $t = 5.701$, $p < 0.001$) and behavioural price ($\beta = 0.239$, $t = 3.674$, $p < 0.001$) had significant positive effects on purchase intention. Conversely, quality ($\beta = 0.163$, $t = 1.831$, $p = 0.067$), emotional response ($\beta = -0.036$, $t = 0.472$, $p = 0.637$) and reputation ($\beta = 0.098$, $t = 1.203$, $p = 0.229$) did not have a statistically significant influence on purchase intention.

Figure 3: Structural Model for the Non-discriminated Sample

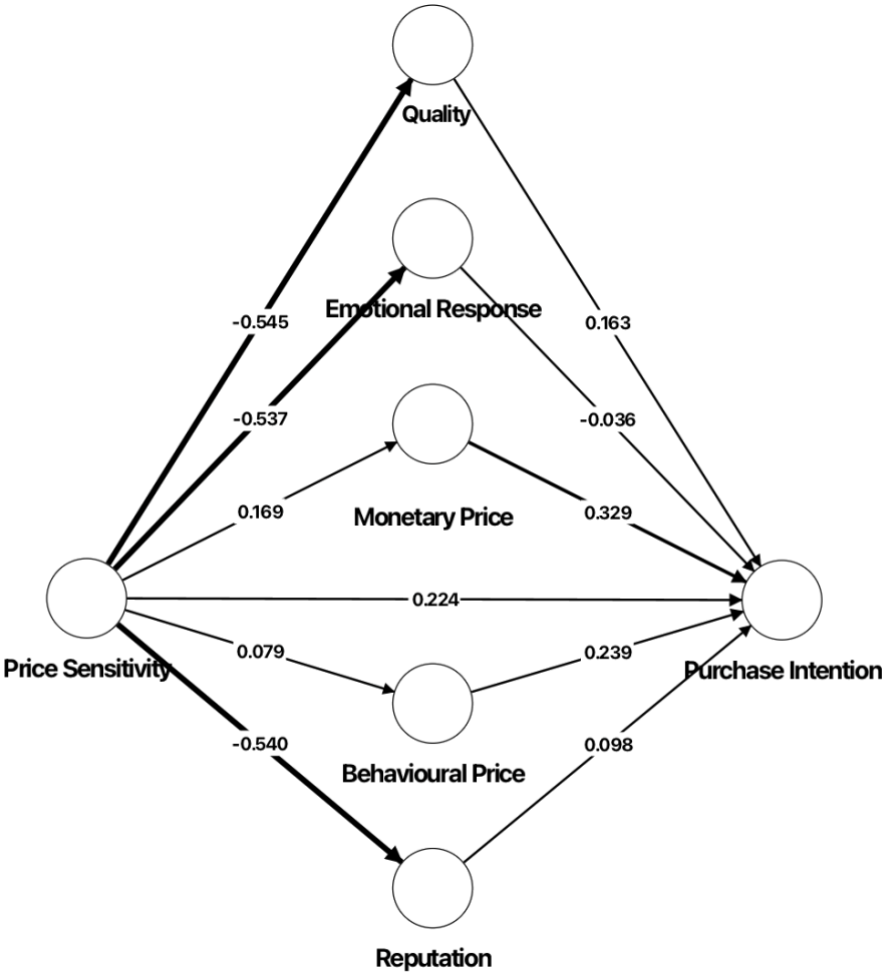


Table 6: Direct Effects Between Constructs – (Non-discriminated sample)

Path	Path Coefficient (β)	T-statistic	p/Sig.
Price Sensitivity -> Purchase Intention	0.224	2.997	0.003
Price Sensitivity -> Quality	-0.545	11.802	<0.001
Price Sensitivity -> Emotional Response	-0.537	13.983	<0.001
Price Sensitivity - Monetary Price	0.169	2.666	0.008
Price Sensitivity -> Behavioural Price	0.079	1.212	0.226
Price Sensitivity -> Reputation	-0.54	11.67	<0.001
Quality -> Purchase Intention	0.163	1.831	0.067
Emotional Response -> Purchase Intention	-0.036	0.472	0.637
Monetary Price -> Purchase Intention	0.329	5.701	<0.001
Behavioural Price -> Purchase Intention	0.239	3.674	<0.001
Reputation -> Purchase Intention	0.098	1.203	0.229

4.5.2 Indirect Effects (Non-Discriminated Sample)

The indirect effects of price sensitivity on purchase intention, mediated by the perceived value dimensions, were evaluated. As shown in Table 7, several indirect paths were tested for significance.

The indirect effect of price sensitivity on purchase intention through quality was not significant ($\beta = -0.089$, $t = 1.767$, $p = 0.077$), indicating that quality does not mediate the relationship.

In contrast, the indirect effect through monetary price was significant ($\beta = 0.056$, $t = 2.242$, $p = 0.025$), indicating that monetary price acts as a significant mediator between price sensitivity and purchase intention. This suggests that higher price sensitivity indirectly increases purchase intention through the perception that the monetary price is fair or reasonable.

The remaining indirect effects were not significant. The indirect path through emotional response ($\beta = 0.019$, $t = 0.467$, $p = 0.64$), behavioural price ($\beta = 0.019$, $t = 1.118$, $p = 0.264$), and reputation ($\beta = -0.053$, $t = 1.202$, $p = 0.229$) did not show significant mediation effects, indicating that these dimensions do not significantly mediate the relationship between price sensitivity and purchase intention.

Table 7: Indirect Effects Between Constructs – (Non-discriminated sample)

Path	Indirect Coefficient (β)	t-value	p-value
Price Sensitivity -> Quality -> Purchase Intention	-0.089	1.767	0.077
Price Sensitivity -> Emotional Response -> Purchase Intention	0.019	0.467	0.64
Price Sensitivity -> Monetary Price -> Purchase Intention	0.056	2.242	0.025
Price Sensitivity -> Behavioural Price -> Purchase Intention	0.019	1.118	0.264
Price Sensitivity -> Reputation -> Purchase Intention	-0.053	1.202	0.229

4.6 Group-Specific Results

To better understand how the structural relationships differ between the two airline groups, the model was analysed separately for Ryanair (LCC) and Turkish Airlines (FSC) customers. The results highlight variations in the predictors of purchase intention between the two airline types.

4.6.1 Direct Effects (Group-Specific)

As shown in Table 8, for Ryanair, price sensitivity has a strong and significant positive effect on purchase intention ($\beta = 0.349$, $t = 4.838$, $p < 0.001$). In contrast, for Turkish Airlines, the effect is negative and barely met the significance threshold ($\beta = -0.186$, $t = 1.963$, $p = 0.050$).

In terms of price sensitivity's impact on other dimensions, it significantly influences behavioural price for Ryanair ($\beta = 0.281$, $t = 3.357$, $p = 0.001$), whereas for Turkish Airlines, this relationship is not significant ($\beta = -0.253$, $t = 1.906$, $p = 0.057$). Additionally, price sensitivity negatively affects quality ($\beta = -0.356$, $t = 3.273$, $p = 0.001$) and reputation ($\beta = -0.462$, $t = 5.425$, $p < 0.001$) for Turkish Airlines, but not for Ryanair.

For Ryanair, monetary price ($\beta = 0.275$, $t = 3.452$, $p = 0.001$) was significant, but behavioural price did not have a significant effect on purchase intention ($\beta = 0.167$, $t = 1.955$, $p = 0.051$). In contrast, for Turkish Airlines, the significant predictors of purchase intention are quality ($\beta = 0.256$, $t = 2.360$, $p = 0.018$) and monetary price ($\beta = 0.287$, $t = 2.881$, $p = 0.004$).

These results highlight differences between the two airlines, where price sensitivity plays a stronger role in influencing purchase intention for Ryanair, while factors such as quality and reputation seem more important for Turkish Airlines.

Table 8: Direct Effects Between Constructs – (Ryanair and Turkish Airlines)

Path	Ryanair			Turkish Airlines		
	Path Coefficient (β)	t-value	p/Sig.	Path Coefficient (β)	t-value	p/Sig.
Price Sensitivity -> Purchase Intention	0.349	4.838	<0.001	-0.186	1.963	0.050
Price Sensitivity -> Quality	0.024	0.192	0.848	-0.356	3.273	0.001
Price Sensitivity -> Emotional Response	-0.035	0.248	0.804	0.187	1.259	0.208
Price Sensitivity - Monetary Price	0.206	2.214	0.027	-0.143	0.919	0.358
Price Sensitivity -> Behavioural Price	0.281	3.357	0.001	-0.253	1.906	0.057
Price Sensitivity -> Reputation	0.007	0.060	0.952	-0.462	5.425	<0.001
Quality -> Purchase Intention	0.116	1.362	0.173	0.256	2.36	0.018
Emotional Response -> Purchase Intention	-0.121	1.044	0.296	0.165	1.809	0.071
Monetary Price -> Purchase Intention	0.275	3.452	0.001	0.287	2.881	0.004
Behavioural Price -> Purchase Intention	0.167	1.955	0.051	0.048	0.488	0.626
Reputation -> Purchase Intention	0.078	0.935	0.35	0.152	1.309	0.190

Figure 4: Structural Model for Ryanair

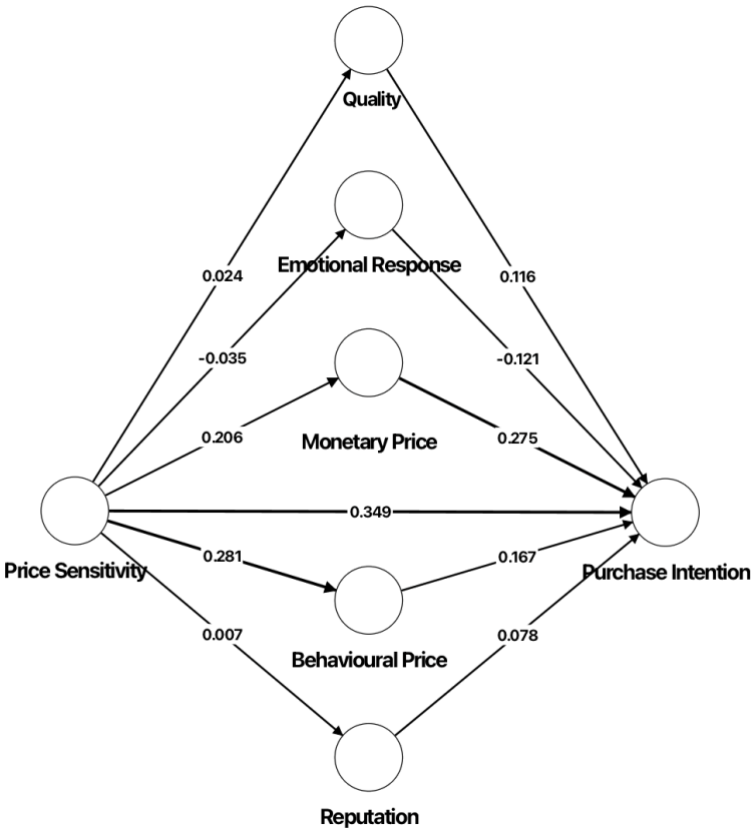
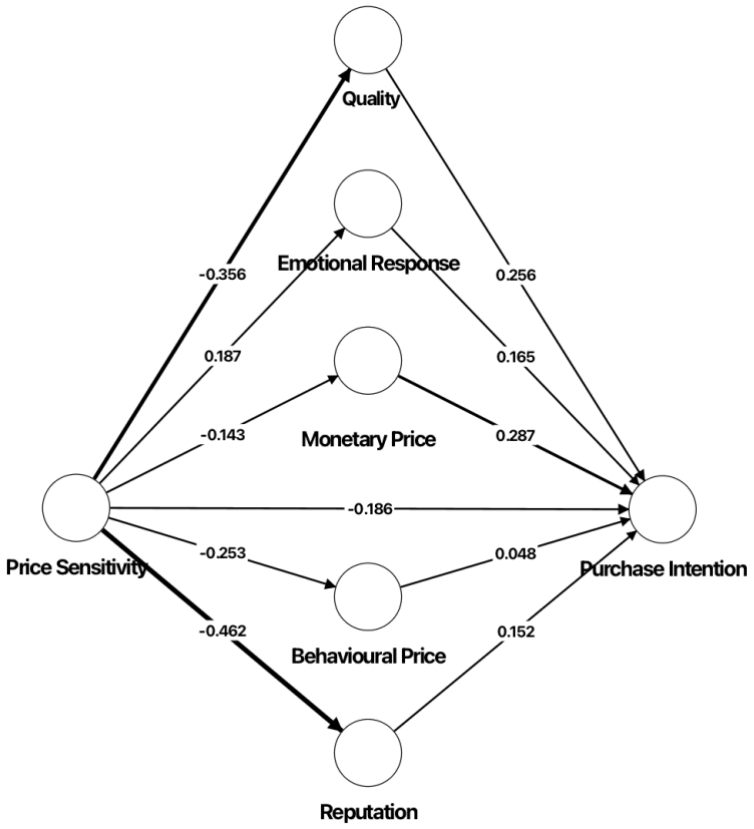


Figure 5: Structural Model for Turkish Airlines



4.6.2 Indirect Effects (Group-Specific)

In addition to the direct effects, the indirect (mediation) effects were examined to assess whether price sensitivity impacts purchase intention through the perceived value dimensions for Ryanair and Turkish Airlines.

As shown in Table 9, for Ryanair, none of the indirect effects reached significance. The mediation effect of quality on the relationship was negligible ($\beta = 0.003$, $t = 0.150$, $p = 0.880$), and while monetary price showed a marginal effect ($\beta = 0.057$, $t = 1.876$, $p = 0.060$), it did not meet the significance threshold.

For Turkish Airlines, the indirect effect of quality was not significant ($\beta = -0.091$, $t = 1.796$, $p = 0.073$), and no other dimensions demonstrated significant mediation.

Table 9: Indirect Effects Between Constructs – (Ryanair and Turkish Airlines)

Path	Ryanair			Turkish Airlines		
	Indirect Coefficient (β)	**t-value**	**p/Sig.**	**Indirect Coefficient (β)**	**t-value**	**p/Sig.**
Price Sensitivity -> Quality -> Purchase Intention	0.003	0.150	0.880	-0.091	1.796	0.073
Price Sensitivity -> Emotional Response -> Purchase Intention	0.004	0.218	0.830	0.031	0.983	0.326
Price Sensitivity -> Monetary Price -> Purchase Intention	0.057	1.876	0.060	-0.041	0.891	0.373
Price Sensitivity -> Behavioural Price -> Purchase Intention	0.047	1.515	0.130	0.031	0.983	0.326
Price Sensitivity -> Reputation -> Purchase Intention	0.001	0.045	0.960	-0.070	1.195	0.232

4.7 Multi-Group Analysis

The group-specific analysis results for Ryanair and Turkish Airlines (Section 4.4.3) revealed notable differences, and the following section elaborates on the significance of these observed differences. The Multi-Group Analysis (MGA) was performed to statistically assess these differences.

As shown in Table 10, the relationship between price sensitivity and purchase intention differs significantly between the two groups ($p < 0.001$). For Ryanair, price sensitivity positively influences purchase intention ($\beta = 0.349$), whereas for Turkish Airlines, the relationship is negative ($\beta = -0.186$). This suggests contrasting consumer behaviour, where Ryanair customers are more likely to act on price sensitivity, while Turkish Airlines customers may associate lower prices with reduced value. Similarly, the relationship between price sensitivity and quality shows a significant difference ($p = 0.037$). Price sensitivity has a strong negative effect on perceived quality for Turkish Airlines ($\beta = -0.356$), while for Ryanair, this relationship is minimal ($\beta = 0.024$), reflecting differing expectations.

Significant differences are also observed in the effect of price sensitivity on behavioural price ($p = 0.014$), with Ryanair customers perceiving higher convenience ($\beta = 0.281$), while Turkish Airlines customers perceive higher effort ($\beta = -0.253$) as price sensitivity increases. Likewise, the relationship between price sensitivity and reputation shows a significant difference ($p = 0.011$). For Turkish Airlines, price-sensitive customers perceive lower-priced offerings as negatively impacting the airline's reputation ($\beta = -0.462$), while for Ryanair, reputation is less affected ($\beta = 0.007$).

However, some paths did not differ significantly between the two groups, such as the relationship between price sensitivity and emotional response ($p = 0.288$) and the effect of monetary price on purchase intention ($p = 0.914$), suggesting similar behaviour across both airline types for these dimensions.

Table 10: Multi-Group Analysis (MGA) for Ryanair and Turkish Airlines

Path	Ryanair	Turkish Airlines	Difference	2-tailed p-value
	β	β		
Price Sensitivity -> Purchase Intention	0.349	-0.186	0.535	<0.001
Price Sensitivity -> Quality	0.024	-0.356	0.380	0.037
Price Sensitivity -> Emotional Response	-0.035	0.187	-0.222	0.288
Price Sensitivity - Monetary Price	0.206	-0.143	0.349	0.064
Price Sensitivity -> Behavioural Price	0.281	-0.253	0.534	0.014
Price Sensitivity -> Reputation	0.007	-0.462	0.469	0.011
Quality -> Purchase Intention	0.116	0.256	-0.140	0.308
Emotional Response -> Purchase Intention	-0.121	0.165	-0.286	0.072
Monetary Price -> Purchase Intention	0.275	0.287	-0.012	0.914
Behavioural Price -> Purchase Intention	0.167	0.048	0.119	0.359
Reputation -> Purchase Intention	0.078	0.152	-0.074	0.607

4.8 Hypotheses Outcome

This section presents the results of the hypotheses testing. The analysis includes both the non-discriminated sample and the individual group results for Ryanair and Turkish Airlines.

H1: There is a significant relationship between price sensitivity and purchase intention when selecting an airline.

In the non-discriminated sample, price sensitivity was found to have a significant influence on purchase intention ($\beta = 0.224$, $p = 0.003$). The group specific analysis revealed a positive effect for Ryanair ($\beta = 0.349$, $p < 0.001$) and a negative effect for Turkish Airlines ($\beta = -0.186$, $p = 0.050$). Therefore, H1 is supported.

H2: The five dimensions of perceived value, namely, quality, emotional response, monetary price, behavioural price, and reputation – mediate the relationship between price sensitivity and purchase intention.

Among the five dimensions, only monetary price significantly mediated the relationship in the non-discriminated sample ($\beta = 0.056$, $p = 0.025$). The remaining dimensions – quality, emotional response, behavioural price, and reputation – did not show significant mediation. Also, no significant mediation effects were found for either airline individually. Therefore, H2 is partially supported.

H3: The effects of price sensitivity and perceived value dimensions on purchase intention differ between Ryanair and Turkish Airlines.

The group-specific analysis confirmed that the influence of price sensitivity on purchase intention varies between the two airlines. For Ryanair, price sensitivity had a significant positive effect on purchase intention ($\beta = 0.349$, $p < 0.001$), while for Turkish Airlines, this relationship was significantly negative ($\beta = -0.186$, $p = 0.05$). Additional significant differences were observed in the perceived value dimensions: price sensitivity had a significant negative effect on quality ($\beta = -0.356$, $p = 0.001$) and reputation ($\beta = -0.462$, $p < 0.001$) for Turkish Airlines, but no significant effects on these dimensions for Ryanair. Price sensitivity also significantly influenced convenience (behavioural price) for Ryanair ($\beta = 0.281$, $p = 0.001$), while this relationship was non-significant for Turkish Airlines ($p = 0.057$). Therefore, H3 is supported.

Chapter 5: Discussion

5.1 Introduction

This section interprets the findings in relation to existing literature, discusses their implications, and provides recommendations for future research directions. The findings are structured to directly address the main research questions of the study, offering a systematic examination of each objective.

5.2 Discussion of Results

5.2.1 Price Sensitivity's Influence on Purchase Intention

RQ1: How does price sensitivity influence purchase intention when selecting an airline?

In addressing how price sensitivity influences purchase intention when selecting an airline (**RQ1**), results reveal a significant positive effect of price sensitivity on purchase intention in the non-discriminated sample, with a path coefficient of $\beta = 0.224$ and $p = 0.003$. While this finding diverges from the traditional expectations that often associate higher price sensitivity with reduced purchase intention, it can be aligned within the context of this study. Given that a slightly larger number of respondents selected Ryanair, a low-cost carrier, it is likely that price-sensitive consumers in this sample prioritise securing budget-friendly fares, thereby heightening their intention to purchase. The importance of affordability in such contexts suggests that the price-sensitive respondents are more likely to act on favourable pricing, which in turn enhances their purchasing intentions.

The analysis between Ryanair and Turkish Airlines further clarifies these dynamics. For Ryanair, price sensitivity was found to significantly boost purchase intention ($\beta = 0.349$), reflecting that customers of this LCC consider pricing as a crucial factor in decision-making. This finding corresponds with established literature on low-cost carriers, where affordability is often a dominant driver in consumer choice. Studies such as those by O'Connell and Williams (2005) support this perspective, noting that low fares are typically the most valued characteristic for LCC customers, whose primary motivation is budget-conscious travel. Similarly, Kuljanin & Kalić (2015) highlight that LCC passengers are often price-sensitive and

prioritise the economic aspects of their travel decisions over additional services or luxuries, reinforcing the idea that cost efficiency is paramount in their purchasing intentions. Lin & Huang (2015) further suggest that, for LCC customers, low ticket prices enhance purchase intention because they reflect the LCC model's ability to deliver basic service at minimal cost, satisfying the primary expectation of such consumers.

Conversely, Turkish Airlines demonstrates a negative influence of price sensitivity on purchase intention ($\beta = -0.186$), indicating that customers of FSCs may associate lower prices with potential compromises in quality or brand reputation. This response aligns with prior studies on FSC consumers, where higher prices are frequently perceived as indicators of superior service quality, reliability, and an enhanced overall experience. For instance, Lu (2017) highlights that FSC customers place greater value on non-price factors such as safety performance and service quality. When FSCs reduce their prices, they may inadvertently signal a reduction in these valued attributes which could explain why increased price sensitivity among Turkish Airlines passengers' results in a lower intention to purchase. Cassandra et al. (2014) also observe that FSC customers are typically drawn to carriers with known for their quality service, rather than those offering the lowest fares, further supporting the notion that FSC passengers tend to be quality-oriented and more inclined to choose higher fares as a reflection of premium service.

This differentiation between LCC and FSC contexts illustrates that price sensitivity has a dual effect on purchase intention. For budget-oriented consumers choosing Ryanair, price sensitivity enhances purchase intention as these passengers seek the most economical options and are less concerned by other factors. In contrast, for Turkish Airlines' customers, price sensitivity may detract from purchase intention, as a focus on low pricing might be at odds with their expectations of an FSC experience. This suggests that price sensitivity and consumer expectations are closely intertwined, shaping purchasing behaviour in ways that reflect the underlying value propositions of different airline business models. This study's results, therefore, align with the literature by reaffirming that price sensitivity is indeed an influential factor in purchase intention, although it operates differently depending on whether the consumer is selecting a LCC or FSC.

5.2.2 Mediation of Perceived Value Dimensions

RQ2: Do the dimensions of perceived value (quality, emotional response, monetary price, behavioural price, and reputation) mediate the relationship between price sensitivity and purchase intention in airline selection?

Following the discussion of price sensitivity's direct effect on purchase intention, the analysis extends to explore the mediating role of perceived value dimensions in this relationship (**RQ2**). Given that price sensitivity influences purchase intention, examining the mediation effects of perceived value dimensions can offer a more nuanced understanding of how consumers' underlying values further shape this relationship.

Findings indicate limited mediation effects across the dimensions examined, with monetary price emerging as the only significant mediator in the non-discriminated sample ($\beta = 0.056$, $p = 0.025$). This suggests that for price-sensitive respondents, a perception of fair and economical pricing positively reinforces purchase intentions, validating their decision to book with an airline, especially when affordability aligns with their budget priorities. However, in the group-specific samples (Ryanair and Turkish Airlines), monetary price showed no mediation effect, indicating that this mediating role applies generally to price-sensitive consumers rather than being tied directly to either airline's brand attributes.

The role of monetary price as a mediator is consistent with existing literature emphasising the importance of fair pricing in consumer decision-making, particularly among budget-conscious airline passengers. For instance, Atmaja and Yasa (2020) found that price fairness significantly impacts customer satisfaction, which, in turn, drives loyalty, highlighting the importance of perceived value in consumers' continued engagement with LCCs. This aligns with the current study's finding that, for price-sensitive consumers, a fair and reasonable price strengthens purchase intention by validating their need for cost-effective options. Similarly, Syahailatua et al. (2022) underscore that consumers in the LCC segment are particularly responsive to perceived price fairness, as it directly influences their purchase decisions by aligning with their financial priorities. This indicates that, for price-sensitive respondents, the perception of monetary value plays a crucial role in transforming initial price sensitivity into a stringer

purchase intention, as supported by the positive mediation effect of monetary price in the non-discriminated sample.

The remaining dimensions—quality, emotional response, behavioural price, and reputation—did not show significant mediation in this study. Importantly, this lack of mediation does not imply that these dimensions are unimportant for LCC or FSC customers. Rather, it suggests that while these factors may play a significant role in influencing purchase intention, they do not mediate the relationship between price sensitivity and purchase intention. For example, quality and reputation are particularly relevant for full-service carrier (FSC) consumers who prioritise service quality and reliability. This insight, along with the importance of these dimensions to specific consumer groups, will be further discussed in relation to RQ3, where their role as direct influences, rather than mediators, in shaping airline-specific purchase intentions is explored.

5.2.3 Variations Across Airline Types

RQ3: How do the effects of price sensitivity and perceived value dimensions on purchase intention vary between a Ryanair (a LCC) and a Turkish Airlines (a FSC)?

In addressing the third research question (**RQ3**), the findings underscore substantial differences in how price sensitivity and perceived value dimensions impact purchase intention for Ryanair compared to Turkish Airlines. As discussed previously, for Ryanair, price sensitivity exerts a strong positive influence on purchase intention, underscoring the alignment between low-cost service offerings and price-sensitive consumer preferences. In contrast, for Turkish Airlines, price sensitivity negatively influences purchase intention, suggesting that FSC customers may interpret lower pricing as indicative of diminished value or compromised service quality, as reflected in FSC literature.

The impact of price sensitivity on perceived quality differs further between the airlines. For Turkish Airlines, a significant negative relationship between price sensitivity and quality ($\beta = -0.356$, $p = 0.001$) indicates that customers may view lower prices as a signal of reduced service quality, potentially eroding confidence in the airline's premium positioning. This aligns with the price-quality heuristic, which posits that consumers use price as a cue for quality, especially when intrinsic quality is challenging to assess (Rao 2005). In comparison, this effect was not

significant for Ryanair ($p = 0.848$), likely reflecting its established position as a low-cost provider, where perceptions of quality are less influenced by price fluctuations.

Price sensitivity impacts behavioural price differently for the two airlines. For Ryanair, a significant positive effect ($\beta = 0.281$, $p = 0.001$) suggests that price-sensitive customers perceive its booking process as straightforward and low-effort, aligning with Ryanair's focus on cost-effective, easy-access services (O'Connell & Williams 2005). In contrast, this relationship was non-significant for Turkish Airlines ($p = 0.057$), implying that ease of access and convenience are expected consistently, regardless of price.

In terms of reputation, the analysis shows a significant negative relationship between price sensitivity and reputation for Turkish Airlines ($\beta = -0.462$, $p < 0.001$), indicating that price-sensitive customers may associate lower prices with a diminished reputation, which could detract from the brand's high-quality image (Benhardy et al. 2020). For Ryanair, however, no significant relationship was found between price sensitivity and reputation ($p = 0.952$). This outcome implies that Ryanair customers do not link pricing adjustments with shifts in brand reputation, likely due to Ryanair's established low-cost image, which remains consistent in customer perceptions regardless of price sensitivity.

An interesting finding is that emotional response was not significantly influenced by price sensitivity for either Ryanair ($p = 0.804$) or Turkish Airlines ($p = 0.208$). This suggests that emotions associated with the airline experience, such as feelings of joy or pleasure, remained stable despite changes in price sensitivity, indicating that emotional response played a limited role in how price impacted purchase intentions for both airlines.

Lastly, this study shows that monetary price positively relates to purchase intention for both Ryanair ($\beta = 0.275$, $p = 0.001$) and Turkish Airlines ($\beta = 0.287$, $p = 0.004$), further emphasising the universal role of fair or reasonable pricing in fostering purchase behaviour. This consistency across airline types reinforces the discussion in Section 5.2.2, where it is noted that perceived monetary value plays a crucial role in transforming initial price sensitivity into stronger purchase intentions, regardless of the differing service models and customer expectations.

5.3 Implications

This study contributes valuable insights for both theory and practice by clarifying the role of price sensitivity and perceived value in shaping airline purchase intentions.

5.3.1 Theoretical Implications

The findings suggest that price sensitivity's role in influencing purchase intention may be more nuanced than previously recognised, with context-specific responses shaped by consumer expectations tied to different airline models. In the LCC segment, price sensitivity appears to support purchase intentions, aligning with the idea that consumers may actively seek lower costs as a primary value proposition in their decision-making. This insight contributes to the growing understanding that price sensitivity can sometimes serve as a purchase driver, particularly when affordability forms a central brand promise. In this way, the study suggests that price sensitivity, traditionally viewed as a deterrent to purchase decisions, can have a positive effect when cost-efficiency defines the brand's value.

Furthermore, the study's exploration of perceived value dimensions highlights the role of monetary price as a central mediator between price sensitivity and purchase intention, especially within a general consumer sample. This insight strengthens theories of consumer behaviour that prioritise considerations in high-competition industries, suggesting that consumers may weigh monetary benefits more heavily than non-monetary values like quality or reputation in certain purchase contexts. The limited mediation effect of other dimensions of perceived value, such as quality and emotional response, supports the idea that economic factors may dominate in shaping purchase intentions, particularly where consumers expect a straightforward, budget-oriented service experience.

5.3.2 Practical Implications

For practitioners, especially within the airline industry, these findings underscore the need to craft pricing strategies that align with consumer expectations and perceived brand value. For LCCs like Ryanair, the positive influence of price sensitivity on purchase intention suggests that emphasising low-cost fares in marketing and brand communication can effectively meet consumer demand for cost-efficiency. LCCs may benefit from reinforcing their price-centered

value propositions by ensuring that services remain easy to access and transparent in terms of cost, as these align closely with the expectations of price-sensitive customers who prioritise economic value over service add-ons.

In contrast, for FSCs like Turkish Airlines, where price sensitivity may have a more complex impact, brand communication should focus on the quality and service benefits that justify higher prices. Marketing efforts for FSCs could involve highlighting the tangible and intangible values that come with the brand, such as comfort, safety, and customer care, which align with consumer expectations for quality and reliability in the FSC context. Ensuring that price promotions or discounts do not compromise the perception of high-quality service can help avoid unintended negative associations with lower pricing among price-sensitive FSC customers.

In sum, the implications of this study emphasise the importance of aligning pricing and perceived value communication with brand identity in the competitive airline market, ensuring that consumers' expectations are met within each service model's unique value framework.

5.4 Limitations and Future Research

This study acknowledges its limitations, which suggest several directions for future research. A primary limitation is the focus on only two airlines, Ryanair and Turkish Airlines, which may limit the generalisability of results to other airlines, as previously mentioned in Section 3.13. Future research could broaden the range of airline types studied, incorporating hybrid models and other full-service carriers to capture a more comprehensive view of consumer preferences across the industry.

Additionally, the study's sample considered predominantly of respondents based in Malta, which may not fully represent consumer behaviour in other cultural contexts. Cultural differences can significantly shape consumer perceptions (Ueltschy et al. 2004), and a more diverse sample could better capture variations in airline preferences across regions. Although the sample size met statistical requirements, a larger and more varied sample would enable deeper subgroup analyses and enhance the robustness of the findings.

The study also did not account for the length of flights (e.g., short haul vs. long haul), which may influence passenger expectations and the relative importance of value dimensions (Ramsay et al. 2013; Koklic et al. 2017). Future research could address this by controlling for flight length and including different traveller types, such as business travellers, to capture a fuller range of preferences across varied journey types.

Another limitation concerns the distinction between low-cost and full-service carriers, which is recently blurring. The convergence of these models, where LCCs adopt more FSC features and vice-versa, complicates the traditional binary classification (Lordan 2014; Dziedzic & Warnock-Smith 2016). Regular reassessment of these categories would help researchers and industry practitioners stay aligned with evolving consumer expectations in a hybridised market.

This study focused on five perceived value dimensions – quality, emotional response, monetary price, behavioural price, and reputation. While these factors are highly relevant, other dimensions, such as environmental sustainability and customer service, may play an increasingly important role in consumer decisions. Future studies could expand on these dimensions to better reflect the full spectrum of value drivers in airline selection, especially as sustainability concerns grow.

Future research could also benefit from experimental studies to isolate specific factors, such as price variations or service offerings, and examine their direct effects on consumer decisions. Incorporating additional moderating variables, such as travel purpose or demographic factors, could further clarify how personal characteristics shape consumer responses to price sensitivity and perceived value. Finally, qualitative methods, including interviews or focus groups, could offer richer insights into the motivations behind consumer priorities.

5.5 Conclusion

In conclusion, this study provides a nuanced understanding of how price sensitivity and perceived value influence airline selection across differing carrier models. Through the comparison of Ryanair and Turkish Airlines, it reveals that consumer expectations are closely tied to airline type, shaping how price and value perceptions impact purchase intentions. Ryanair customers prioritise low costs and ease of access, with minimal concern for quality or

reputation, while Turkish Airlines customers approach lower prices cautiously, often associating them with reduced quality and brand standing. Nevertheless, positive perceptions of fair pricing enhance purchase intentions across both airlines, reflecting a shared preference for value within both low-cost and full-service models. These insights underscore the importance of aligning pricing and brand messaging with consumer expectations within each service model, offering practical guidance for airline strategies. While the study acknowledges certain limitations, its findings contribute valuable theoretical and practical implications, setting a foundation for future research to explore additional dimensions and evolving market dynamics in this high-competition, low-margin industry.

Chapter 6: Conclusion

This chapter synthesises the key findings and implications, presenting a summary of the study as a consolidated reflection on the research conducted.

The study addressed a critical gap in understanding the nuanced role of price sensitivity and perceived value dimensions in shaping airline purchase intentions. With increased consumer choice between low-cost carriers and full-service carriers (Koklic et al. 2010), airlines face heightened competition to appeal to diverse consumer priorities (O'Connell & Williams 2005). While previous research has explored price sensitivity's influence on consumer behaviour, limited studies examine how various perceived value dimensions mediate this influence, particularly in the airline industry (Sultan & Simpson 2000). By focusing on Ryanair, a prominent LCC, and Turkish Airlines, a reputable FSC, this study aimed to clarify how these distinct service models shape consumers' airline selection processes through price and value considerations.

Drawing on theories of consumer behaviour and value perception, this research proposed a model where price sensitivity directly influences purchase intention and indirectly impacts it through five perceived value dimensions (Petrick 2002). These dimensions represent different aspects of consumer perception, from tangible elements like service quality to intangible factors like brand reputation (Parasuraman et al. 1998). Given that LCCs and FSCs serve varying consumer priorities (O'Connell & Williams 2005), this study hypothesised that the influence of price sensitivity and perceived value dimensions on purchase intention would differ between the two models. By investigating these differences, the study aimed to provide insights for more effective and targeted consumer engagement strategies for both airline types.

A deductive, quantitative approach was employed, using a structured online survey to gather data from 235 respondents who had recently booked leisure flights with either Ryanair or Turkish Airlines. Respondents were prompted to reflect on their experiences with their chosen airline, enabling an analysis grounded in actual consumer interactions rather than hypothetical scenarios. The study applied Partial Least Squares Structural Equation Modelling (PLS-SEM) to test relationships within the proposed model, assessing both direct and indirect effects.

Furthermore, a multi-group analysis compared the paths between price sensitivity, perceived value dimensions, and purchase intention across the two groups.

The findings indicate that price sensitivity significantly influences purchase intention, with the effect directionally positive for Ryanair but negative for Turkish Airlines, suggesting that price-sensitive consumers are more inclined to favour LCCs. The results also highlight that only the monetary price dimension served as a significant mediator in the overall sample, emphasising the importance of fair pricing in consumer decision-making across airline types. Interestingly, while perceived value dimensions like quality and reputation were significant in other contexts, these dimensions did not emerge as strong mediators in airline choice for the aggregated sample. This suggests that consumers may prioritise immediate cost considerations over certain value dimensions particularly when choosing between fundamentally different service models.

The study's results reinforce the idea that consumer expectations vary widely between LCCs and FSCs, with price-sensitive consumers in the LCC segment showing a stronger inclination toward purchase based on cost alone, whereas FSC consumers weigh other value dimensions more heavily.

These findings carry important theoretical and practical implications. Theoretically, the study contributes to the literature by delineating how perceived value dimensions interact with price sensitivity to shape consumer decisions within specific service models. This multi-dimensional approach adds granularity to the understanding of perceived value in the airline industry, underscoring that not all value components hold equal weight across consumer segments. Practically, the insights can guide airline managers in crafting price and service strategies that align with their respective customer bases.

In conclusion, this study provides a nuanced perspective on how price sensitivity and perceived value influence airline selection, highlighting the distinct consumer priorities associated with LCCs and FSC. These insights offer valuable guidance for both airline types to refine their approaches to pricing and customer engagement, ultimately helping them better meet consumer expectations in an increasingly competitive market.

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Appendix

Appendix 1 – Survey

My name is Darren Njoku, and I am pursuing a Master of Science in Strategic Management and Digital Marketing at the University of Malta. Under the supervision of Dr. Jirka Konietzny, I am conducting a research study as part of my dissertation. This study aims to examine how factors such as perceived value, price sensitivity, and purchase intention influence consumer decisions when booking airline tickets, with a focus on Ryanair (a low-cost carrier) and Turkish Airlines (a full-service carrier).

- **Perceived value** is your assessment of the benefits received from the airline compared to the price paid.
- **Price sensitivity** refers to how the price of a flight affects your decision to purchase.
- **Purchase intention** is your likelihood of booking a flight based on factors such as price, service quality, and overall value.

The survey will take approximately 10 minutes to complete. There are no anticipated risks associated with participating, and you may withdraw at any time. Your responses are completely anonymous, and individual respondents will not be identifiable at any stage. The research findings will be published based on the overall sample rather than on individual responses.

Participation in this study is entirely voluntary. If you have any questions or concerns, please feel free to contact me directly via email at darren.njoku.19@um.edu.mt. Thank you for taking the time to contribute to this research.

Consent Agreement

1. If you wish to participate, please click the "Agree" button, thereby giving consent for your data to be used anonymously in this study.
   Agree
   Disagree

Screening Question

2. This survey is for individuals who have experience booking leisure flights. Have you booked a leisure flight within the last 2 years?
   Yes
   No

Demographics

3. Gender
   Male
   Female
   Other
   Prefer not to say

4. Age
   (Free text response)

5. Location
   (Dropdown list of countries)

6. Income
   €0-20,000
   €20,001-40,000
   €40,001-60,000
   €60,001-80,000
   €80,001-100,000
   > €100,000
   Prefer not to answer

7. How often do you travel by air for leisure?
   Less than once a year

Once a year

2-3 times a year

4-6 times a year

More than 6 times a year

Travel Habits

8. How do you usually book your leisure flights?

   Airline website

   Mobile app

   Travel agent

   Flight comparison website

   Other (please specify) _____

9. What are the most important factors influencing your decision to book a flight? (Select all that apply)

   Price

   Airline reputation

   Service quality

   Ease of booking

   Flight schedules

   Other (please specify) _____

10. How far in advance do you typically book your flights?

    Less than 1 week

    weeks

    weeks

    months

    More than 2 months

Airline Selection

11. Which airline do you usually book flights with?

Ryanair

Turkish Airlines

Other (please specify) _____

12. Have you ever used the services of Ryanair or Turkish Airlines?

    Yes, I have used both Ryanair and Turkish Airlines.

    I have only used Ryanair.

    I have only used Turkish Airlines.

    No, I have not used either airline.

Perceived Value

(Quality)

Please rate your level of agreement with the following statements about the quality of the service provided by *Selected Airline*. *(1 strongly disagree to 7 strongly agree)*

13. The service provided by *Selected Airline* is outstanding in quality.
14. *Selected Airline*'s service is very reliable.
15. *Selected Airline*'s service is very dependable.
16. The service experience with *Selected Airline* is very consistent.

(Emotional Response)

Please rate your level of agreement with the following statements about how you feel when using services from *Selected Airline*. *(1 strongly disagree to 7 strongly agree)*

17. Using services from *Selected Airline* makes me feel good.
18. I experience pleasure when flying with Selected Airline.
19. Flying with Selected Airline gives me a sense of joy.
20. I feel delighted when using services from Selected Airline.
21. Using services from Selected Airline makes me feel happy.

(Monetary Price)

Please rate your level of agreement with the following statements regarding the monetary value and pricing of *Selected Airline*'s flights. *(1 strongly disagree to 7 strongly agree)*

22. Flying with *Selected Airline* is a good buy.
23. The price I pay for flights with *Selected Airline* is worth the money.
24. The pricing of flights with *Selected Airline* is fair.
25. I find the flights with *Selected Airline* to be reasonably priced.
26. *Selected Airline*'s flights are economical.
27. Flying with *Selected Airline* appears to be a good bargain.

(Behavioural Price)

Please rate your level of agreement with the following statements about the ease and effort involved in booking and using *Selected Airline*'s services. *(1 strongly disagree to 7 strongly agree)*

28. Booking and using services from *Selected Airline* is easy.
29. Navigating *Selected Airline*'s booking process requires little effort.
30. I find it easy to find and book flights with *Selected Airline*.
31. Completing a booking with *Selected Airline* is straightforward.
32. Booking flights with *Selected Airline* is a simple process.

(Reputation)

Please rate your level of agreement with the following statements about the reputation and perceived status of *Selected Airline*. *(1 strongly disagree to 7 strongly agree)*

33. *Selected Airline* has a good reputation.
34. *Selected Airline* is well respected in the airline industry.
35. *Selected Airline* is well thought of among travellers.
36. *Selected Airline* has high status.

37. *Selected Airline* is reputable.

Price Sensitivity

Please rate your level of agreement with the following statements about how the price of flights affects your decision to book. (1 strongly disagree to 7 strongly agree)

38. I don't mind paying more to try out a new airline service.
39. I don't mind spending a lot of money to book a flight with a preferred airline.
40. I am less willing to book a flight if I think that the price is high.
41. I know that booking with certain airlines is likely to be more expensive, but that doesn't matter to me.
42. A really great flight service is worth paying a lot of money for.

Purchase Intention

Please rate your level of agreement with the following statements about your intention to book flights with *Selected Airline* in the future. *(1 strongly disagree to 7 strongly agree)*

43. I would consider booking a flight with *Selected Airline*.
44. I am inclined to choose *Selected Airline* for my next trip.
45. I intend to book my flights with *Selected Airline* whenever possible.