

THE IMPORTANCE OF CUSTOMER LOYALTY PROGRAMS IN THE AIRLINE INDUSTRY

³MARK WEVER

University of Latvia; Aspazijas boulv. 5, Riga, Latvia
email: ³mark.wever@gmx.de

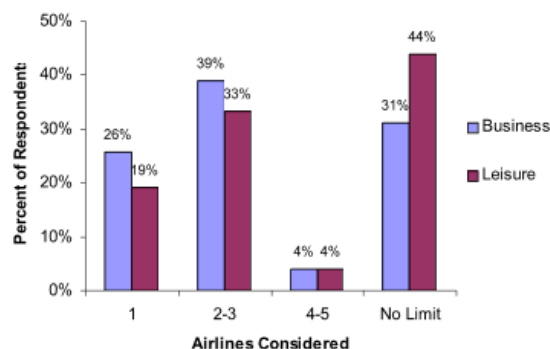
Abstract: Despite the market for airline industries seems to be borderless because they offer worldwide flights, it is a small one, caused in a highly comparative competition. On one hand airlines are faced with cost reduction to be competitive and on the other they have to build attractive offers for their customers. Therefore they created customer loyalty programs which should ensure a winning over the customers. This study deals with the topic of customers loyalty programs of the European airlines industry and their importance for airlines and customers.

Keywords: airlines, customer loyalty, importance, Europe.

1 INTRODUCTION

Many customer loyalty programs exist in the market so there is a great competition among airlines to build a successful package to satisfy customers. An American study revealed that only 25% of business travellers and 20% of leisure travellers limited their search to their preferred airline.¹ The consumer loyalty although rises when a frequent flyer program exist up to 80%.²

Figure 1. Airlines considered on last tickets purchased by survey respondents



Source: Wessels, D., "Consumer Loyalty in the Airline Industrie", University of Pennsylvania, Locust Walk. Online: <http://finance.wharton.upenn.edu/~wessels/courses/valuation/Sample%20Solution%20-%20Marketing.pdf> (last view: 10.04.2015), 2006, p. 6.

Other factors of choosing an Airline are the price, the professionalism of airline personnel, the ability to chance or cancel plans without paying a penalty and the efficiency of security checks. In addition, the airport location, the seat and legroom size on plane, the loyalty program, the ability to upgrade and the quality of meals are considered.³ This study deals with the topic of customers loyalty programs of the European airlines industry and their importance for airlines and customers. Customer retention such as client card systems increased sales up to 25% through payback-cards. According to Ranzinger, companies can achieve similar results with the customer retention measure, if it is correctly researched and positioned appropriate for the requirements of the market and strategically aligned.⁴ Customer retention or customer loyalty refers to the development of potential buyers or clients that neglect respective goods and services, and can only be hard won as good or regular customers. To achieve these goals several

measures exist, namely bonus programs, discount cards, customer cards, promotions using stickers, and couponing. Not all of these instruments are suitable for the image of a company and their target customer group or appropriate for the market developments in their line of business.⁵ Customer orientation mentioned as the silver bullet towards success and equally as a nostrum for all problems. However, customer loyalty is not the only key success factor. The path to the customer can also lead through cost or product optimization. In the case of a cost leader strategy, standardized goods and services are offered at competitive prices. The focuses of product leadership strategy are products and services that are positioned as leading innovation in the respective market segment. Another possibility is provided by customer partnerships, especially through achieving individually targeted satisfaction of customer needs. For this, markets are being partitioned and customers are approached in a one to one relationship. The maximum customer value is always strived for as a goal. Retaining regular customers have top priority in customer loyalty programme.⁶ This is achieved through two strategies: increase in customer satisfaction and construction of barriers to change or swap between systems. In the airline industry, the retention of the client for a particular product is not of first priority.⁷ However, winning the customer for the company is prioritised, which deals a lot with questions of emotional attachment, the economy, designing contracts as well as amenities.⁸ The barriers to change are arranged according to the different phases, as follows: In the acquisition phase, the provision of certain information for the customer creates change barriers in the short term, while in the customer retention phase measures such as subscriptions are suited to secure customer sales for a certain period. Furthermore, particular contract designs in the product policy ensure that there is no pay-off for the customer to exit. Emotional elements are also incorporated at this stage.⁹ Customer orientation means to give the customer the feeling of being taken seriously, to be important. The customer wants to be respected and that his satisfaction is top priority for the organisation. Creating customer ties as a standard way of dealing with clients is a typical attribute of successful business. Constant efforts striving for quality, reliability or focus on services is ultimately the best strategy to retain customers in the long end.¹⁰ Winning new customers requires much effort, however, customers that are already part of a company's customer base can be won for an intensified relationship and retained with less expenses involved. Each unsatisfied customer is essentially a gratuitous management consultant. It is pivotal to use the opportunity to find out the reasons why a particular customer has left an organisation. This enables to win the client back, potentially.¹¹ In the initial phase of each customer retention strategy, the choice of the right instruments is essential. However, it is necessary to research whether the offered product is suitable for the desired target customer group beforehand.

⁵ See Ranzinger, A., „Praxiswissen Kundenbindungsprogramme, Konzeption und operative Umsetzung“ 1. Edition, Wiesbaden, ISBN 978-3-8349-2156-7, 2011, p. 11-12.

⁶ See Kenzelmann, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4p, 2008, p. 85-86.

⁷ See Kenzelmann, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4p, 2008, p. 88.

⁸ See Kenzelmann, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4p, 2008, p. 24-26.

⁹ See Bruhn, M., Homburg, C., „Handbuch Kundenbindungsmanagement“, 5. Edition, Wiesbaden, ISBN 3-409-52269-7, 2005, p. 244.

¹⁰ See Peters, T./Waterman, R., „Auf der Suche nach Spitzenleistungen“ 7. Edition, Augsburg, ISBN 3-478-81101-5, 1998, p. 189-190.

¹¹ See Kenzelmann, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4p, 2008, p. 98-99.

¹ See Wessels, D., "Consumer Loyalty in the Airline Industrie", University of Pennsylvania, Locust Walk. Online: <http://finance.wharton.upenn.edu/~wessels/courses/valuation/Sample%20Solution%20-%20Marketing.pdf> (last view: 10.04.2015) 2006, p. 5.

² Ibid, p. 5.

³ See Wessels, D., "Consumer Loyalty in the Airline Industrie", University of Pennsylvania, Locust Walk. Online: <http://finance.wharton.upenn.edu/~wessels/courses/valuation/Sample%20Solution%20-%20Marketing.pdf> (last view: 10.04.2015) 2006, p. 10.

⁴ See Ranzinger, A., „Praxiswissen Kundenbindungsprogramme, Konzeption und operative Umsetzung“ 1. Edition, Wiesbaden, ISBN 978-3-8349-2156-7, 2011, p. 5-6.

2 RESEARCH OBJECTIVES

Table 1. Benefits of frequent flyer programmes for gold and silver status members, Star Alliance

| Airline | Frequent Flyer Programme | Star Alliance Gold & Star Alliance Silver | Priority | Priority Airport Standby | Priority Airport Check-in | Priority Baggage Handling | Extra Baggage Allowance | Priority Boarding | Airport Lounge Access |
|-----------------------|--------------------------|--|----------|--------------------------|---------------------------|---------------------------|-------------------------|-------------------|-----------------------|
| Adria Airways | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| Aegean Airlines | Miles & Bonus | Miles & Bonus Gold | | | | | | | |
| | | Miles & Bonus Blue | | | | | | | |
| Austrian | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| Avianca / Taca | LifeMiles | LifeMiles Diamond Elite & LifeMiles GoldElite | | | | | | | |
| | | LifeMiles SilverElite | | | | | | | |
| Brussels Airlines | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| Copa Airlines | Mileage Plus Premier | Premier 1Ka / Premier Platinum / Premier Gold, Global Services & Red Carpet Club | | | | | | | |
| | | Premier Silver | | | | | | | |
| Croatia Airlines | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| LOT Polish Airlines | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| Lufthansa | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| Scandinavian Airlines | EuroBonus | EuroBonus Pandion / EuroBonus Gold | | | | | | | |
| | | EuroBonus Silver | | | | | | | |
| SWISS | Miles & More | HON Circle / Senator | | | | | | | |
| | | Frequent Traveller | | | | | | | |
| TAM | Fidelidade | Fidelidade Black / Fidelidade Red | | | | | | | |
| | | Fidelidade Blue | | | | | | | |
| TAP Portugal | Victoria | Victoria Gold Winner | | | | | | | |
| | | Victoria Silver Winner | | | | | | | |

Source: Star Alliance, "Benefits of frequent flyer programmes for gold and silver status members", Online: <http://www.staralliance.com/assets/doc/en/benefits/frequent-flyer-programmes/pdf/FFP-table.pdf> (last view: 24.04.2015)

3 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Loyalty programmes are directly connected with broad scientific theories. McCaughey & Behrens asked critically if frequent flier programme status is a kind of paying for status.¹² They revealed in their study "that the mere existence of FFP leads to higher prices¹³ on an average airfare of 5-6%."¹⁴ "Prior literature relies

on publicly available data and the assumptions of exogenous factors (e.g. network effects) and specific market structures (competition/monopolistic)..."¹⁵ According to Ernst & Young, the economical sight of view is essential. The contract design has to be created, customers have to be identified and segmented, obligation of contract has to be fixed, and guarantees have been related to contracts. Moreover, it is to consider if the airline acts as main provider or in the status of an agency, transaction costs have to be analysed, impact of interests must be objected, valuable and non-valuable considerations and the costs of contract have also to be reflected.¹⁶

3.1 Loyalty program measurement models

As loyalty-programs tend to evolve over time, it is essential to reflect the program sponsor's goals and needs. PWC¹⁷ proposed the following examples of measurement:

Figure 2. Examples of loyalty measurement models

| | |
|-------------------------------|---|
| Additional earning options | <ul style="list-style-type: none"> Adding a new retailer partnership, e.g., dollars spent at restaurants that accrue to an airline loyalty program; Launching of a co-brand credit card; and Adding hotel properties from which the member can earn points. |
| Additional redemption options | <ul style="list-style-type: none"> Adding new airline partners to existing airline redemption options; Option to use points for "special events" tickets; Option to redeem points for gift cards; and Offering a "cash and point" or "cash and miles" option. |
| Bonuses and promotions | <ul style="list-style-type: none"> Offering bonus points to encourage spending on the underlying product; and Offering promotional redemption program where points have increased value to encourage redemption and build brand loyalty. |

Source: PWC, "Loyalty analytics exposed: What every program manager needs to know", Online: www.pwc.com/us/insurance (last view: 25.04.2015), 2013, p. 4

To increase the customer's activities is possible in many ways. As demonstrated in the illustration above, it can be fulfilled with additional earning options, e.g. with new retailer partnerships, launching co-brand credit card or adding hotel properties. In addition, it is possible to add redemption options these can be new airline partners, points for special event tickets, redeem points for gift cards and also cash and point or cash and miles options. Furthermore, there can be offered bonuses and promotions to encourage spending on the underlying product and with a redemption programme where points have increased value to encourage redemption and build brand loyalty.¹⁸

Figure 3. Calculating the program's liability – equation



Source: PWC, "Loyalty analytics exposed: What every program manager needs to know", Online: www.pwc.com/us/insurance (last view: 25.04.2015), 2013, p. 5

Similar to insurance company reserves the valuation of loyalty programs involves the projection of future contingent events, considering when or whether not members will redeem their points. Focusing the redemption cost per point can be estimated in different ways – at historical cost, the member's value, at "fair value" or at the accounting standards applicable. As a certain proportion of the total earned points will not be redeemed caused in point of expiration, point balances below the minimum reward level, and dormant or cancelled memberships the program's breakage rate can be considered.

¹² See McCaughey, N., Behrens, C., „Paying for Status? – The effect of frequent flier program member status on air fare choice“, Discussion paper 04/11, Monash University, Amsterdam, 2011, Online: <http://www.buseco.monash.edu.au/eco/research/papers/2011/0411payingmccaugheybehrens.pdf> (last view: 20.04.2015)

¹³ Ibid, p. 27

¹⁴ Ibid, p. 28

¹⁵ Ibid, pp. 27 - 28

¹⁶ See Ernst & Young, "Umsatzrealisierung bei Verträgen mit Kunden. Das Konvergenzprojekt von IASB und FASB: Was bedeuten die vorgeschlagenen Neuregelungen in der Praxis?" Ernst & Young, Wirtschaftsprüfungsgesellschaft, HBO 0111, 2011

¹⁷ PWC, "Loyalty analytics exposed: What every program manager needs to know", Online: www.pwc.com/us/insurance (last view: 25.04.2015)

¹⁸ Ibid, p. 4

Table 2. Literature review airlines industry

| Research | Authors |
|---|---|
| An Empirical Study of Cost Drivers in the U.S. Airline Industry | Banker & Johnston (1993) ¹⁹ |
| Dynamic oligopoly behaviour in the airline industry | Brander & Zhang (1993) ²⁰ |
| The econometrics of Airline Network Management | Grammig et al. (2000) ²¹ |
| Competition and Regulation in the Airline Industry | Gowrisankaran (2002) ²² |
| Maximising Revenue in the Airline Industry Under One-Way Pricing | Anjos et al. (2003) ²³ |
| Measuring Competition in the US Airline Industry using the Rosse-Panzar Test and Cross-Sectional Regression Analyses | Fischer & Kamerschen (2003) ²⁴ |
| eAirlines: Strategic and tactical use of ICTs in the Airline Industry | Buhalis (2003) ²⁵ |
| How does Marketing Strategy Change in a Service-based World? Implications and Directions for Research | Rust (2004) ²⁶ |
| Airline choice, switching costs and frequent flyer programs | Carlsson & Löfgren (2004) ²⁷ |
| Alliance Structure and Success in the Global Airline Industry: An Empirical Investigation | Sullivan & Coughlan (2004) ²⁸ |
| Competitive Advantage Through Innovative Pricing Strategies: The Case of the Airline Industry | Knorr & Zigova (2004) ²⁹ |
| Star Alliance, 2000 | Marchand (2004) ³⁰ |
| Does Price Matter? Price and Non-Price Competition in the Airline Industry | Gayle (2004) ³¹ |
| Flying through code/space: the real virtuality of air travel | Dodge & Kichin (2004) ³² |
| Future Scenarios for the European Airline Industry: A Marketing-Based Perspective | Jarach (2004) ³³ |
| Jet Fuel Hedging Strategies: Options Available for Airlines and a Survey of Industry Practices | Cobbs & Wolf (2004) ³⁴ |
| Final project: The Air transportation industry | Trozzi et al. (2005) ³⁵ |
| Disruption Management in the Airline Industry – Concepts, Models and Methods | Clausen et al. (2005) ³⁶ |
| Customer Orientation in the Airline Industry: A Comparison between Travelers and Airlines | Consuegra et al. (2006) ³⁷ |
| An Analysis of the Effects of Operating and Financial Leverage on the Major U.S. Air Carriers' Rates of Return: 1990-2003 | Gritta et al. (2006) ³⁸ |
| Risk Management practices in the Airline Industry | Fernando (2006) ³⁹ |
| Airline Business Models and Networks: Regulation, | Grillen (2006) ⁴⁰ |

¹⁹ See Banker, R., D., Johnston, H., H., "An Empirical Study of Cost Drivers in the U.S. Airline Industry", The Accounting Review, Vol. 68, No. 3, July, 1993, pp. 576-601

²⁰ See Brander, J.A., Zhang, A., "Dynamic oligopoly behaviour in the airline industry", International Journal of Industrial Organization, 11, 1993, pp. 407-435

²¹ See Grammig, J., Hujer, R., Scheidler, M., "The Econometrics of Airline Network Management", Goethe Universität, Frankfurt, 2000

²² See Gowrisankaran, G., "Competition and Regulation in the Airline Industry", FRBSF Economic Letter, No. 01, January 18, 2002

²³ See Anjos, M., F., Cheng, R., C., H., Currie, C., S., M., "Maximising Revenue in the Airline Industry Under One-Way Pricing", Operational Research Group, Faculty of Mathematical Studies, University of Southampton, UK, 2003

²⁴ See Fischer, T., Kamerschen, D.R., "Measuring Competition in the US Airline Industry using the Rosse-Panzar Test and Cross-Sectional Regression Analysis", Journal of Applied Economics, Vol VI(1), May 2003, pp. 73-93

²⁵ See Buhalis, D., "e-Airlines: Strategic and tactical use of ICTs in the Airline Industry", University of Surrey, Guildford, 2003

²⁶ See Rust, T., "How does Marketing Strategy Change in a Service-based World? Implications and Directions for Research", University of Maryland, Maryland, 2004

²⁷ See Carlsson, F., Löfgren, A., "Airline choice, switching costs and frequent flyer programs", Working Papers in Economics no. 123, January 2004, Gothenburg University, Gothenburg

²⁸ See Sullivan, U., Y., Coughlan, A., T., "Alliance Structure and Success in the Global Airline Industry: An Empirical Investigation", (2004)

²⁹ See Knorr, A., Zigova, S., "Competitive Advantage Through Innovative Pricing Strategies: The Case of the Airline Industry", Berichte aus dem Weltwirtschaftlichen Colloquium der Universität Bremen, Nr. 93, November 2004, ISSN 0948-3829

³⁰ See Marchand, S., "Star Alliance, 2000", Brandeis University, 246-001, Waltham, Mass, 2004.

³¹ See Gayle, G.P., "Does Price Matter? Price and Non-Price Competition in the Airline Industry", Kansas State University, Manhattan.

³² See Dodge, M., Kichin, R., "Flying through code/space: the real virtuality of fair travel", Environment and planning, Vol. 36, 2004, pp. 195-211

³³ See Jarach, D., "Future Scenarios for the European Airline Industry: A Marketing-Based Perspective", Journal of Air Transportation, Vol. 9(2), 2004

³⁴ See Cobbs, R., Wolf, A., "Jet Fuel Hedging Strategies: Options Available for Airlines and a Survey of Industry Practices", 2004, Online: https://www.kellogg.northwestern.edu/research/fimrc/papers/jet_fuel.pdf (last view: 24.04.2015)

³⁵ See Trozzi, A., Serna, B., Platero, D., C., Petrov, D., "Final project: The Air transportation industry", NYU Stern, New York University, New York, May 2, 2005

³⁶ See Clausen, J., Larsen, A., Larsen, J., "Disruption Management in the Airline Industry – Concepts, Models and Methods", Technical University of Denmark, Lyngby, 15th April 2005

³⁷ See Consuegra, M., D., Molina, A., Esteban, A., "Customer Orientation in the Airline Industry: A Comparison between Travelers and Airlines", e-Review of Tourism Research (eRTR), Vol. 4, No. 5, 2006 Online: <http://etr.tamu.edu> (last view: 20.04.2015)

³⁸ See Gritta, R., D., Adams, B., Adrangi, B., "An Analysis of the Effects of Operating and Financial Leverage on the Major U.S. Air Carriers' Rates of Return: 1990-2003", University of Portland, Portland, 2006

³⁹ See Fernando, S., "Risk Management practices in the Airline Industry", Master Thesis, Simon Fraser University, Summer 2006

| | |
|--|---|
| Competition and Evolution in Aviation Markets | |
| Wage Determination in the U.S. Airline Industry: Union Power under Product Market Constraints | Hirsch (2006) ⁴¹ |
| Measuring Service Quality in the Airlines Using SERVQUAL Model (Case of IAA) | Bozorgi (2007) ⁴² |
| On the factors that Affect Airline Flight Frequency and Aircraft Size | Pai (2007) ⁴³ |
| An Empirical Study of Revenue Management Practices in the Airline Industry | Cho et al. (2007) ⁴⁴ |
| Consumer choice behaviour and strategies of air transportation service providers | Van Eggermond (2007) ⁴⁵ |
| A Dynamic Oligopoly Game of the US Airline Industry: Estimation and Policy Experiments | Aguirregabiria & Ho (2007) ⁴⁶ |
| The Consequences of the growing European low-cost Airline Sector | European Parliament (2007) ⁴⁷ |
| The strategic response of full service airlines to the low cost carriers threat and the perception of passengers to each type of carrier | O' Connell (2007) ⁴⁸ |
| Evaluating Frequent Flyer Programs from the air passengers' perspective: prospects for market segmentation | Martin et al. (2008) ⁴⁹ |
| The financial performance of the Airline industry post-deregulation | Dempsey (2008) ⁵⁰ |
| Turbulence in the Airline Industry: Rethinking America's Foreign Ownership Restrictions | Cavinato (2008) ⁵¹ |
| Internet Penetration and Capacity Utilization in the US Airline Industry | Dana & Orlov (2008) ⁵² |
| Evaluating Service Marketing in Airline Industry and its Influence on Student Passengers' Purchasing Behaviour-using Taipei-London Route as an example | Chen et al. (2008) ⁵³ |
| Decision Support Systems for Tankering within the Airline Industry | McCollum et al. (2009) ⁵⁴ |
| Relationships, Layoffs, and Organizational Resilience. Airline Industry Responses to September 11 | Gittell et al. (2009) ⁵⁵ |
| Strategy and organization at Singapore Airlines: Achieving sustainable advantage through dual strategy | Heracleous & Wirtz (2009) ⁵⁶ |
| Improving Baggage Tracking, Security and Customer Services with RFID in the Airline industry | Mishra & Mishra (2010) ⁵⁷ |
| Bankruptcy and Product-Market Competition: Evidence from the Airline Industry | Ciliberto & Schenone (2010) ⁵⁸ |

⁴⁰ See Grillen, D., "Airline Business Models and Networks: Regulation, Competition and Evolution in Aviation Markets", Review of Network Economics, Vol. 5(4), December 2006

⁴¹ See Hirsch, B.T., "Wage Determination in the U.S. Airline Industry: Union Power under Product Market Constraints", Discussion Paper No. 2384, Institute for the Study of Labor, Trinity University and IZA Bonn, 2006

⁴² See Bozorgi, M.M., "Measuring Service Quality in the Airline. Using SERVQUAL Model (Case of IAA)", Master's Thesis, Lulea University of Technology, Lulea, 2006, ISSN: 1653-0187

⁴³ See Pai, V., "On the Factors that Affect Airline Flight Frequency and Aircraft Size", University of California, Irvine, November 5, 2007

⁴⁴ See Cho, M., Fan, M., Zhou, Y-P., "An Empirical Study of Revenue Management Practices in the Airline Industry", University of Washington, Seattle, WA 98195-3200, 2007

⁴⁵ See Van Eggermond, M.A.B., "Consumer choice behaviour and strategies of air transportation service providers. Master thesis, Delft University of Technology, Delft, 2007

⁴⁶ See Aguirregabiria, V., Ho, C.-Y., "A Dynamic Oligopoly Game of the US Airline Industry: Estimation and Policy Experiments", Preliminary and incomplete Version, November 19, 2007

⁴⁷ See European Parliament, "The Consequences of the growing European low-cost Airline sector", Study, Policy Department Structural and Cohesion Policies, 2007

⁴⁸ See O'Connell, J.F., "The strategic response of full service airlines to the low cost carriers threat and the perception of passengers to each type of carrier", PhD Thesis, Bedfordshire, Cranfield University, 2007

⁴⁹ See Martin, J.C., Roman, C., Espino, R., "Evaluating Frequent Flyer Programs from the air passengers' perspective: Prospects for market segmentation", Online: http://www.rcfea.org/papers/2008/Martin_Roman_Espino_FFP.pdf (last view: 26.06.2015)

⁵⁰ See Dempsey, P.S., "The Financial Performance of the Airline Post-Deregulation", Houston Law Review, Vol. 45(2), Symposium 2008

⁵¹ See Cavinato, J., "Turbulence in the Airline Industry: Rethinking America's Foreign Ownership Restrictions", Southern California Law Review, 2008

⁵² See Dana, J.D., Jr., Orlov, E., "Internet Penetration and Capacity Utilization in the US Airline Industry", Northeastern University, February 24, 2008

⁵³ See Chen, H., Peng, N., Hackley, C., "Evaluating Service Marketing in Airline Industry and its Influence on Student Passengers' Purchasing Behaviour-using Taipei-London Route as an example", Journal of Travel and Tourism Marketing, Vol. 25 (1), pp. 149-160 Online: <http://eprints.mdx.ac.uk/3248/> (last view: 25.04.2015)

⁵⁴ See McCollum, B., Kendal, G., McMullan, P., Goldrick, J., Mc., "Decision Support Systems for Tankering within the Airline Industry", Multidisciplinary International Conference on Scheduling: Theory and Applications (MISTA 2009), 10-12 August 2009, Dublin, Ireland, 2009

⁵⁵ See Gittell, J.H., Cameron, K., Lim, S., Rivas, V., "Relationships, Layoffs, and Organizational Resilience. Airline Industry Responses to September 11", Journal of Applied Behavioral Science, 42, 2006, Online: <http://jap.sagepub.com/cgi/content/abstract/42/3/300> (last view: 25.04.2015)

⁵⁶ See Heracleous, L., Wirtz, J., "Strategy and organization at Singapore Airlines: Achieving sustainable advantage through dual strategy", Journal of Air Transport Management, Vol.15, 2009, pp. 274-279

⁵⁷ See Mishra, D., Mishra, A., "Improving Baggage Tracking, Security and Customer Services with RFID in the Airline Industry", Acta Polytechnica Hungarica, Vol. 7(2), 2010

⁵⁸ See Ciliberto, F., Schenone, C., "Bankruptcy and Product-Market Competition: Evidence from the Airline Industry", MPRA Paper No 24914, posted 14. Sept. 2010, Online: <http://mpra.ub.uni-muenchen.de/24914/> (last view: 23.04.2015)

| | |
|---|---|
| Application of CSR Programs in the Airline Industry | Antilla & Kretschmar (2010) ⁵⁹ |
| Limited Access to Airport Facilities and Market Power in the Airline Industry | Ciliberto & Williams (2010) ⁶⁰ |
| Relevant Market in Commercial Aviation of the European Union | Kociubinski, J. (2011) ⁶¹ |
| Effects of promotion on relationship quality and customer loyalty in the airline industry: The relationship marketing approach | Pi & Huang (2011) ⁶² |
| Successful Crisis Management in the Airline Industry. A Quest for Legitimacy Through Communication? | Hansson et al. (2011) ⁶³ |
| Revenue Management for Strategic Alliances with Applications to the Airline Industry | Graf (2011) ⁶⁴ |
| Increasing the efficiency of multi-hub airline networks by means of flexible time-range tickets. An analysis of passenger acceptance, revenue potentials and implications on network design | Badura (2011) ⁶⁵ |
| Minimising fraud and maximising results in the aviation industry. How the Airlines can improve profitability by cutting the cost of fraud. | Gee et al. (2012) ⁶⁶ |
| Sustainability and Growth of Low Cost Airlines: An Industry Analysis in Global Perspective | Sarker et al. Al. (2012) ⁶⁷ |
| The Effect of the Internet on Product Quality in the Airline Industry | Ater & Orlov (2012) ⁶⁸ |
| Measuring Customer Expectations of Service Quality: case Airline Industry | Tolpa (2012) ⁶⁹ |
| A Study on Service Quality and Passenger Satisfaction on Indian Airlines | Archana & Subha (2012) ⁷⁰ |
| The Effect of Frequent Flyer Programs on Customer Loyalty | Colakoglu & Artugur (2013) ⁷¹ |
| Efficiency and productivity change in the European airlines industry in the post liberalization era | Duygun et al. (2013) ⁷² |
| Measurement of efficiency in the airline industry using data envelopment analysis | Rai (2013) ⁷³ |
| Key Success Factors in Airlines: Overcoming the Challenges | Riwo-Abudho et al. (2013) ⁷⁴ |
| Three essays on competition and productivity in the U.S. airline industry | Bold (2014) ⁷⁵ |
| Impact of Global Economic Crisis on Airline Industry | Goyal & Negi (2014) ⁷⁶ |
| Competitive Effects of Common Ownership: | Azar et al. (2014) ⁷⁷ |

| | |
|--|--|
| Evidence from the Airline Industry | |
| Loyalty programmes in civil aviation – an overview of the competition issues concerning frequent flyer programmes, corporate discount schemes and travel agent commissions | ECA European Competition Authorities (w.Y) ⁷⁸ |

Source: own representative

Table 3. Annual report of EU Airport Transport Market

| | World | Europe | Units | Source |
|---|--------------------------------|-----------------------------|---|---|
| Passengers | 2, 9 billion (+5,5%) | 0,8 billion | Passengers carried | ICAO for World Eurostat for Europa (EU 27) |
| Airline Demand (RPK) | + 5,3% | + 5,1 % | Revenue Passenger Kilometres | IATA |
| Airline Capacity | + 3,9% | + 2,9 % | Available Seat Kilometres | IATA |
| Commercial Air Transport Movements | 55,5 million (+ 0,8%) | 16,0 million (-1,5%) | Airport Movements | ACI |
| Cargo (FTK) | -1,5% | -2,9% | Freight Tonne Kilometres | IATA |
| GDP | +3,2% | -0,3% | GDP growth (Europe=EU27) | IMF |
| Airline Profitability | \$ 7,4 billion | \$ 0,4 billion | Net Profits | IATA |
| Busiest Airport (Passengers) | Atlanta, U.S. (95,5 million) | Heathrow, UK (70,0 million) | Passengers | ACI |
| Commercial Jet Aircraft fleet | 23.611 | 6.808 | Western and Russian-built Civil Airliner Jets | Flightglobal |
| Safety | 21 accidents 426 fatalities | 0 accident 0 fatalities | Commercial Airline (> 5.700 kg) Fatal Accidents & Fatalities | EASA |

3.2 Research questions and hypothesis

The current market situation in the airline-industry based on pressure of the competitors and the customer's expectations lead to the following research questions.

The central research question:

Do customers prefer loyalty programs or low-ticket prices?

The central research question leads to the following three sub-questions:

1. Focussing the customers' expectations and the airlines cost structures what can be realized.
2. What should be the benefits for loyalty programs for clients and for airlines?
3. Is it timely tying customers or to respect the free choice in our information era?

The central research question and the three sub-questions induce the research hypothesis:

What is more profitable for airlines to intend loyalty programs or to invest in marketing and p.r.?

In the following chapter, the way of research is presented.

4 RESEARCH METHODOLOGY

The research is divided into 4 chapters:

1. Introduction
2. Literature Review
3. Empirie
 - a. Online questionnaire
 - b. Key-words online-check
 - c. European bonus programmes revisited and compared
4. Acknowledgment

⁷⁸ See ECA European Competition Authorities, „Loyalty programmes in civil aviation – an overview of the competition issues concerning frequent flyer programmes, corporate discount schemes and travel agent commissions”, Online: http://www.bwb.gv.at/SiteCollectionDocuments/ECA_LoyaltyPaperCivilAviation.pdf (last view: 26.04.2015)

⁵⁹ See Antilla, T., Kretschmar, A., „Application of CSR Programs in the Airline Industry”, Bachelor's Thesis, Saimaa University of Applied Sciences, 2010

⁶⁰ See Ciliberto, F., Williams, J.W., „Limited Access to Airport Facilities and Market Power in the Airline Industry”, Journal of Law and Economics, Vol. 53 (August), 2010

⁶¹ See Kociubinski, J., „Relevant Market in Commercial Aviation of the European Union”, (2011)

⁶² See Pi, W-P., Huang, H-H., „Effects of promotion on relationship quality and customer loyalty in the airline industry: The relationship marketing approach”, African Journal of Business Management, Vol 5 (11), 4 June, 2011, pp. 4403-4414. Online: <http://www.academicjournals.org/AJBM> (last view: 20.04.2015)

⁶³ See Hansson, A., Vikstöröm, T., Waks, C., „Successful Crisis Management in the Airline Industry: A Quest for Legitimacy Through Communication?”, Uppsala University, Uppsala, 2011

⁶⁴ See Graf, M., „Revenue Management for Strategic Alliances with Applications to the Airline Industry”, Dissertation, Universität Duisburg-Essen, 02.02.2011

⁶⁵ See Badura, F., „Increasing the efficiency of multi-hub airline networks by means of flexible time-range tickets. An analysis of passenger acceptance, revenue potentials and implications on network design”, Dissertation, Vienna University of Economics and Business, 2011

⁶⁶ See Gee, J., Button, M., Whittaker, A., „Minimising fraud and maximising results in the aviation industry. How the Airlines can improve profit-ability by cutting the cost of fraud.” Forensic Services 2012, University of Portsmouth 2012

⁶⁷ See Sarker, R., A., Hossan, G., C., Zaman, L., „Sustainability and Growth of Low Cost Airlines: An Industry Analysis in Global Perspective”, American Journal of Business and Management, Vol. 1, No. 3, 2012, pp. 162-171

⁶⁸ See Ater, I., Orlov, E., „The Effect of the Internet on Product Quality in the Airline Industry”, Online: <http://innovation-regulation2.telecom-paristech.fr/wp-content/uploads/2012/10/Ater-The-effect-of-the-Internet-on-Product-Quality-Ater-June-2012.pdf> (last view: 20.04.2015)

⁶⁹ See Tolpa, E., „Measuring Customer Expectations of Service Quality: case Airline Industry”, Master's thesis, Aalto University, 2012

⁷⁰ See Archana, R., Subha, M.V., „A Study on Service Quality and Passenger Satisfaction on Indian Airlines”, International Journal of Multidisciplinary Research, Vol. 2(2), February 2012, ISSN 2231 5780

⁷¹ See Colakoglu, E., Artugur, S., „The Effect of Frequent Flyer Programs on Customer Loyalty”, The International Journal of Social Sciences, Vol. 12(1), 30th June 2013, ISSN 2305-4557

⁷² See Duygun, M., Shaban, M., Sickles, R.C., Weyman-Jones, T., „Efficiency and productivity change in the European airlines industry in the post liberalization era”, Online: <http://rsickles.blogs.rice.edu/files/2014/03/Dugan-et-al.-2013.pdf> (last view: 24.04.2015)

⁷³ See Rai, A., „Measurement of efficiency in the airline industry using data envelopment analysis”, Investment Management and Financial Innovations, Vol. 10(1), 2013

⁷⁴ See Riwo-Abudho, M., Njanja, W.L., Ochieng, I., „Key Success Factors in Airlines: Overcoming the Challenges”, European Journal of Business and Management, ISSN 222-1905, Vol. 5(30), 2013

⁷⁵ See Bold, T., „Three essays on competition and productivity in the U.S. airline industry”, Dissertation, Northeastern University, Online: <http://hdl.handle.net/2047/d20003378>, January 01, 2014

⁷⁶ See Goyal, R., Negi, D., „Impact of Global Economic Crisis on Airline Industry”, IRACST – International Journal of Commerce, Business and Management (IJCMB), ISSN: 2319-2828, Vol. 3, No. 2, April, 2014

⁷⁷ See Azar, J., Schmalz, M., C., Tecu, I., „Competitive Effects of Common Ownership: Evidence from the Airline Industry”, Working Paper No. 1235, Ross School of Business, University of Michigan, May 2014

4.1 Literature review

In scientific literature a plethora of studies on customer relationship management (CRM) are available. The first part of this study investigates analyses and assesses theoretical approach.⁷⁹ Emphasis is placed on particularly suited CRM instruments for airline companies such as miles & more. A consideration of different international airline companies follows, for example, they fly directly to Frankfurt (FFM) or Munich (MUC). Besides illustrating specific ideas about a particular market and a short presentation of the general options to communicate with customers, the art of customer retention is being investigated in detail behind the scene. The bottom line is winning regular customers, which can be primarily achieved through customer satisfaction and service quality. Cross selling for example has been identified by airline companies as an effective strategy for customer retention and is successfully utilised in their offering. Examples will be presented and discussed.⁸⁰

4.2 Independent online research

In independent research on internet, portals should ensure to get a general view. Additionally through messages, analyses and commentaries on different media and comments and accounts from customer's review sites will be embedded.

4.3 Survey using a survey portal

The portal <http://www.q-set.de> offers a fast and cost-saving option to achieve as valid as possible results. The results and analyses of the survey will show specifically and concretely how customer loyalty programs and their benefits to customers can be appraised. To ensure that the number of participants of the online survey is maximized, many different portals will be used to advertise it. Possibly Lufthansa itself will be directly interested in this survey and might hence be willing to provide technological assistance and organizational support. The first step in establishing contacts has already been taken. The results of the simulated conjoint analysis based on brainstorming will be compared with actual survey results. From this, further desires and preferences of customers can be deduced from which airline companies can benefit and profit. In this respect, this work is a composition of customer retention systems in the area of airline companies as well as a critical assessment of current CRM instruments with the emphasis on the miles & more programme of the German company Lufthansa.

4.4 Checking Google AdWords

Key words for customer's expectations and satisfaction will be researched at Google AdWords to get percentage and figures with consumer revelation. The planned content of this survey will be presented in the next chapter.

5 ACTUAL STATUS OF WORK – RESULTS

The actual scientific literature has been reviewed. The literature review relating to frequent flyer programmes consists of 59 studies, from 1993 till 2009. Actually the online-survey is prepared and the key-words for the independent online research, based on google adverbs, are researched.

Literature:

1. DEMPSEY, P.S., „The Financial Performance of the Airline Post-Deregulation“, *Houston Law Review*, Vol. 45(2), Symposium 2008
2. CAVINATO, J., „Turbulence in the Airline Industry: Rethinking America's Foreign Ownership Restrictions“, *Southern California Law Review*, 2008

3. CILIBERTO, F., WILLIAMS, J.W., „Limited Access to Airport Facilities and Market Power in the Airline Industry“, *Journal of Law and Economics*, Vol. 53 (August), 2010
- Main list
4. ANJOS, M., F., CHENG, R., C., H., CURRIE, C., S., M., „Maximising Revenue in the Airline Industry Under One-Way Pricing“, *Operational Research Group, Faculty of Mathematical Studies, University of Southampton, UK*, 2003
5. ANTTILA, T., KRETZSCHMAR, A., „Application of CSR Programs in the Airline Industry“, *Bachelor's Thesis, Saimaa University of Applied Sciences*, 2010
6. ARCHANA, R., SUBHA, M.V., „A Study on Service Quality and Passenger Satisfaction on Indian Airlines“, *International Journal of Multidisciplinary Research*, Vol. 2(2), February 2012, ISSN 2231 5780
7. AZAR, J., SCHMALZ, M., C., TECU, I., „Competitive Effects of Common Ownership: Evidence from the Airline Industry“, *Working Paper No. 1235, Ross School of Business, University of Michigan*, May 2014
8. BADURA, F., „Increasing the efficiency of multi-hub airline networks by means of flexible time-range tickets. An analysis of passenger acceptance, revenue potentials and implications on network design“, *Dissertation, Vienna University of Economics and Business*, 2011
9. BANKER, R., D., JOHNSTON, H., H., „An Empirical Study of Cost Drivers in the U.S. Airline Industry“, *The Accounting Review*, Vol. 68, No. 3, July, 1993, pp. 576-601
10. BOZORGI, M.M., „Measuring Service Quality in the Airline. Using SERVQUAL Model (Case of IAA)“, *Master's Thesis, Lulea University of Technology, Lulea*, 2006, ISSN: 1653-0187
11. BRANDER, J.A., ZHANG, A., „Dynamic oligopoly behaviour in the airline industry“, *International Journal of Industrial Organization*, 11, 1993, pp. 407-435
12. BRUHN, M., HOMBURG, C., „Handbuch Kundenbindungsmanagement“, 5. Edition, Wiesbaden, ISBN 3-409-52269-7, 2005
13. BUHALIS, D., „e-Airlines: Strategic and tactical use of ICTs in the Airline Industry“, *University of Surrey, Guildford*, 2003
14. CARLSSON, F., LÖFGREN, A., „Airline choice, switching costs and frequent flyer programs“, *Working Papers in Economics no. 123, January 2004, Gothenburg University, Gothenburg*
15. CHO, M., FAN, M., ZHOU, Y-P., „An Empirical Study of Revenue Management Practices in the Airline Industry“, *University of Washington, Seattle, WA 98195-3200*, 2007
16. CLAUSEN, J., LARSEN, A., LARSEN, J., „Disruption Management in the Airline Industry – Concepts, Models and Methods“, *Technical University of Denmark, Lyngby*, 15th April 2005
17. COLAKOGLU, E., ARTUGER, S., „The Effect of Frequent Flyer Programs on Customer Loyalty“, *The International Journal of Social Sciences*, Vol. 12(1), 30th June 2013, ISSN 2305-4557
18. DANA, J.D., JR., ORLOV, E., „Internet Penetration and Capacity Utilization in the US Airline Industry“, *North-eastern University*, February 24, 2008
19. DODGE, M., KITCHIN, R., „Flying through code/space: the real virtuality of air travel“, *Environment and planning*, Vol. 36, 2004, pp. 195-211
20. ERNST & YOUNG, „Umsatzrealisierung bei Verträgen mit Kunden. Das Konvergenzprojekt von IASB und FASB: Was bedeuten die vorgeschlagenen Neuregelungen in der Praxis? Ernst & Young, Wirtschaftsprüfungsgesellschaft, HBO 0111, 2011
21. EUROPEAN PARLIAMENT, „The Consequences of the growing European low-cost Airline sector“, *Study, Policy Department Structural and Cohesion Policies*, 2007
22. FERNANDO, S., „Risk Management practices in the Airline Industry“, *Master Thesis, Simon Fraser University*, Summer 2006
23. FISCHER, T., KAMERSCHEN, D.R., „Measuring Competition in the US Airline Industry using the Rosse-Panzar Test and Cross-Sectional Regression Analyses“, *Journal of Applied Economics*, Vol VI(1), May 2003, pp. 73-93

⁷⁹ See: bibliography in the attachment

⁸⁰ See Kenzelmann, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4p, 2008, p. 116.

24. GAYLE, G.P., „Does Price Matter? Price and Non-Price Competition in the Airline Industry“, Kansas State University, Manhattan.
25. GEE, J., BUTTON, M., WHITTAKER, A., „Minimising fraud and maximising results in the aviation industry. How the Airlines can improve profit-ability by cutting the cost of fraud.“ Forensic Services 2012, University of Portsmouth, 2012
26. GOWRISANKARAN, G., „Competition and Regulation in the Airline Industry“, FRBSF Economic Letter, No. 01, January 18, 2002
27. GOYAL, R., NEGI, D., „Impact of Global Economic Crisis on Airline Industry“, IRACST – International Journal of Commerce, Business and Management (IJCMB), ISSN: 2319-2828, Vol. 3, No. 2, April, 2014
28. GRAF, M., „Revenue Management for Strategic Alliances with Applications to the Airline Industry“, Dissertation, Universität Duisburg-Essen, 02.02.2011
29. GRAMMIG, J., HUJER, R., SCHEIDLER, M., „The Econometrics of Airline Network Management“, Goethe Universität, Frankfurt, 2000
30. GRILLEN, D., „Airline Business Models and Networks: Regulation, Competition and Evolution in Aviation Markets“, Review of Network Economics, Vol. 5(4), December 2006
31. GRITTA, R., D., ADAMS, B., ADRANGI, B., „An Analysis of the Effects of Operating and Financial Leverage on the Major U.S. Air Carriers' Rates of Return: 1990-2003“, University of Portland, Portland, 2006
32. HANSSON, A., VIKSTÖRM, T., WAKS, C., „Successful Crisis Management in the Airline Industry: A Quest for Legitimacy Through Communication?“, Uppsala University, Uppsala, 2011
33. HERACLEOUS, L., WIRTZ, J., „Strategy and organization at Singapore Airlines: Achieving sustainable advantage through dual strategy“, Journal of Air Transport Management, Vol 15, 2009, pp. 274-279
34. HIRSCH, B.T., „Wage Determination in the U.S. Airline Industry: Union Power under Product Market Constraints“, Discussion Paper No. 2384, Institute for the Study of Labor, Trinity University and IZA Bonn, 2006
35. JARACH, D., „Future Scenarios for the European Airline Industry: A Marketing-Based Perspective“, Journal of Air Transportation, Vol. 9(2), 2004
36. KENZELMANN, P., „Kundenbindung - Kunden begeistern und nachhaltig binden“, 3. Edition, Berlin, ISBN 978-3-589-23413-4, 2008
37. KNORR, A., ZIGOVA, S., „Competitive Advantage Through Innovative Pricing Strategies: The Case of the Airline Industry“, Berichte aus dem Weltwirtschaftlichen Colloquium der Universität Bremen, Nr. 93, November 2004, ISSN 0948-3829
38. KOCIUBINSKI, J., „Relevant Market in Commercial Aviation of the European Union“, (2011)
39. MARCHAND, S., „Star Alliance, 2000“, Brandeis University, 246-001, Waltham, Mass, 2004
40. MCCOLLUM, B., KENDAL, G., MCMULLAN, P., GOLDRICK, J., MC., „Decision Support Systems for Tankering within the Airline Industry“, Multi-disciplinary International Conference on Scheduling: Theory and Applications (MISTA 2009), 10-12 August 2009, Dublin, Ireland, 2009
41. MISHRA, D., MISHRA, A., „Improving Baggage Tracking, Security and Customer Services with RFID in the Airline Industry“, Acta Polytechnica Hungarica, Vol. 7(2), 2010
42. O'CONNELL, J.F., „The strategic response of full service airlines to the low cost carriers threat and the perception of passengers to each type of carrier“, PhD Thesis, Bedfordshire, Cranfield University, 2007
43. PAI, V., „On the Factors that Affect Airline Flight Frequency and Aircraft Size“, University of California, Irvine, November 5, 2007
44. PETERS, T./WATERMAN, R., „Auf der Suche nach Spitzenleistungen“, 7. Edition, Augsburg, ISBN 3-478-81101-5, 1988
45. RAI, A., „Measurement of efficiency in the airline industry using data envelopment analysis“, Investment Management and Financial Innovations, Vol. 10(1), 2013
46. RANZINGER, A., „Praxiswissen Kundenbindungsprogramme, Konzeption und operative Umsetzung“, 1. Edition, Wiesbaden, ISBN 978-3-8349-2156-7, 2011
47. RIWO-ABUDHO, M., NJANJA, W.L., OCHIENG, I., „Key Success Factors in Airlines: Overcoming the Challenges“, European Journal of Business and Management, ISSN 222-1905, Vol. 5(30), 2013
48. RUST, T., „How does Marketing Strategy Change in a Service-based World? Implications and Directions for Research“, University of Maryland, Maryland, 2004
49. SARKER, R., A., HOSSAN, G., C., ZAMAN, L., „Sustainability and Growth of Low Cost Airlines: An Industry Analysis in Global Perspective“, American Journal of Business and Management, Vol. 1, No. 3, 2012, pp. 162-171
50. STAR ALLIANCE, „Benefitis of frequent flyer programmes for gold and silver status members“, Online: <http://www.staralliance.com/assets/doc/en/benefits/frequent-flyer-programmes/pdf/FFP-table.pdf> (last view: 24.04.2015)
51. SULLIVAN, U., Y., COUGHLAN, A., T., „Alliance Structure and Success in the Global Airline Industry: An Empirical Investigation“, (2004)
52. TOLPA, E., „Measuring Customer Expectations of Service Quality: case Airline Industry“, Master's thesis, Aalto University, 2012
53. TROZZI, A., SERNA, B., PLATERO, D., C., PETROV, D., „Final project: The Air transportation industry“, NYU Stern, New York University, New York, May 2, 2005
54. VAN EGGEMOND, M.A.B., „Consumer choice behaviour and strategies of air transportation service providers“. Master thesis, Delft University of Technology, Delft, 2007
- Electronic sources
55. ATER, I., ORLOV, E., „The Effect of the Internet on Product Quality in the Airline Industry“, Online: <http://innovation-regulation2.telecom-paristech.fr/wp-content/uploads/2012/10/Ater-The-effect-of-the-Internet-on-Product-Quality-Ater-June-2012.pdf> (last view: 20.04.2015)
56. BOLD, T., „Three essays on competition and productivity in the U.S. airline industry“, Dissertation, Northeastern University, Online: <http://hdl.handle.net/2047/d20003378>, January 01, 2014
57. CHEN, H., PENG, N., HACKLEY, C., „Evaluating Service Marketing in Airline Industry and its Influence on Student Passengers' Purchasing Behaviour-using Taipei-London Route as an example“, Journal of Travel and Tourism Marketing, Vol. 25 (1), pp. 149-160 Online: <http://eprints.mdx.ac.uk/3248/> (last view: 25.04.2015)
58. CILIBERTO, F., SCHENONE, C., „Bankruptcy and Product-Market Competition: Evidence from the Airline Industry“, MPRA Paper No 24914, posted 14. Sept. 2010, Online: <http://mpa.ub.uni-muenchen.de/24914/> (last view: 23.04.2015)
59. COBBS, R., WOLF, A., „Jet Fuel Hedging Strategies: Options Available for Airlines and a Survey of Industry Practices“, 2004, Online: https://www.kellogg.northwestern.edu/research/fimrc/papers/jet_fuel.pdf (last view: 24.04.2015)
60. CONSUEGRA, M., D., MOLINA, A., ESTEBAN, A., „Customer Orientation in the Airline Industry: A Comparison between Travelers and Airlines“, e-Review of Tourism Research (eRTR), Vol. 4, No. 5, 2006 Online: <http://ertr.tamu.edu> (last view: 20.04.2015)
61. DUYGUN, M., SHABAN, M., SICKLES, R.C., WEYMAN-JONES, T., „Efficiency and productivity change in the European airlines industry in the post liberalization era“, Online: <http://rsickles.blogs.rice.edu/files/2014/03/Dugan-et-al.-2013.pdf> (last view: 24.04.2015)
62. ECA EUROPEAN COMPETITION AUTHORITIES, „Loyalty programmes in civil aviation – an overview of the competition issues concerning frequent flyer programmes, corporate discount schemes and travel agent commissions“, Online: http://www.bwb.gv.at/SiteCollectionDocuments/ECA_LoyaltyP aperCivilAviation.pdf (last view: 26.04.2015)
63. GITTELL, J.H., CAMERON, K., LIM, S., RIVAS, V., „Relationships, Layoffs, and Organizational Resilience. Airline Industry Responses to September 11“, Journal of Applied

- Behavioral Science, 42, 2006, Online: <http://jab.sagepub.com/cgi/content/abstract/42/3/300> (last view: 25.04.2015)
64. MCCAUGHEY, N., BEHRENS, C., „Paying for Status? – The effect of frequent flier program member status on air fare choice“, Discussion paper 04/11, Monash University, Amsterdam, 2011, Online: <http://www.buseco.monash.edu.au/eco/research/papers/2011/0411payingmccaugheybehrens.pdf> (last view: 20.04.2015)
65. MACDONALD, M., „Annual Analyses of the EU Air Transport Market 2012. Executive Summary“, Online: http://ec.europa.eu/transport/modes/air/internal_market/observatory_market/doc/annual-2012-summary.pdf, (last view 10.04.2015), 2013, p. 9.
66. MARTIN, J.C., ROMAN, C., ESPINO, R., „Evaluating Frequent Flyer Programs from the air passengers' perspective: Prospects for market segmentation“, Online: http://www.rcfea.org/papers/2008/Martin_Roman_Espino_FFP.pdf (last view: 26.06.215)
67. PI, W-P., HUANG, H-H., „Effects of promotion on relationship quality and customer loyalty in the airline industry: The relationship market-ing approach“, African Journal of Business Management, Vol 5 (11), 4th June, 2011, pp. 4403-4414. Online: <http://www.academicjournals.org/AJBM> (last view: 20.04.2015)
68. PWC, „Loyalty analytics exposed: What every program manager needs to know“, Online: www.pwc.com/us/insurance (last view: 25.04.2015)
69. Q-SET, „Fragen kostet nichts“ – „Online Umfragen kostenlos erstellen, durchführen und auswerten“, Online: <http://www.q-set.de/> (last view: 20.04.2015), 2015, n. pag.
70. WESSELS, D., „Consumer Loyalty in the Airline Industrie“, University of Pennsylvania, Locust Walk. Online: <http://finance.wharton.upenn.edu/~wessels/courses/valuation/Sample%20Solution%20-%20Marketing.pdf> (last view: 10.04.2015), 2006
71. AGUIRREGABIRIA, V., HO, C.-Y., „A Dynamic Oligopoly Game of the US Airline Industry: Estimation and Policy Experiments“, Preliminary and incomplete Version, November 19, 2007

Primary Paper Section: A

Secondary Paper Section: AH