

天主教輔仁大學英國語文學系學士班畢業成果
ENGLISH DEPARTMENT, FU JEN CATHOLIC UNIVERSITY
GRADUATION PROJECT 2020

指導教授：劉紀雯老師

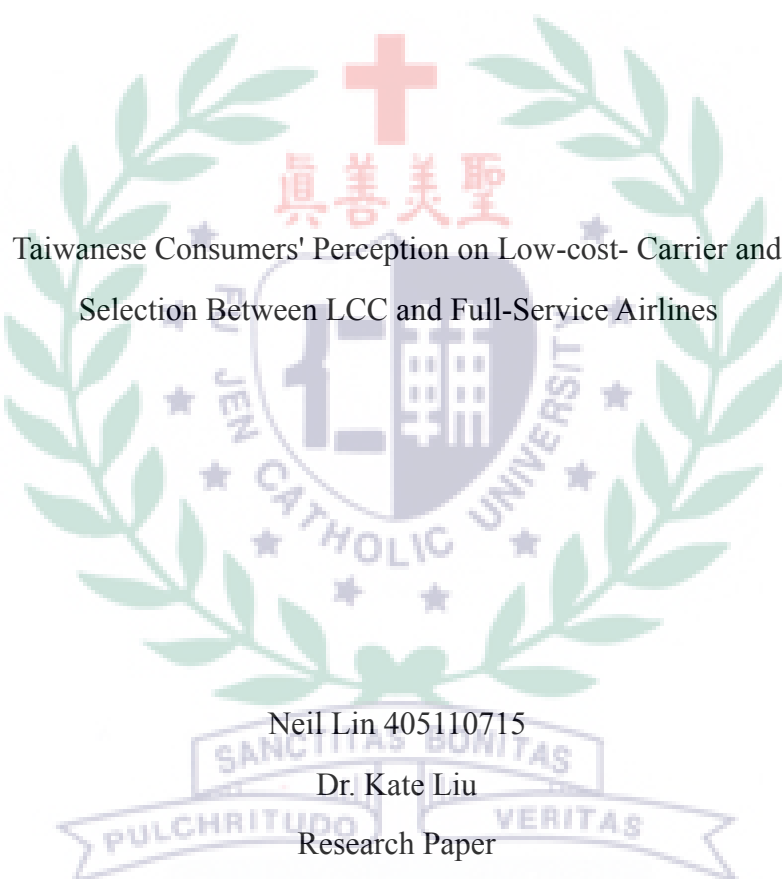
Dr. Kate Liu

**Taiwanese Consumers' Perception on Low-cost- Carrier and
Selection Between LCC and Full-Service Airlines**

學生：林宏穎 撰

Neil, Hong Ying Lin

Fu Jen Catholic University



Taiwanese Consumers' Perception on Low-cost- Carrier and
Selection Between LCC and Full-Service Airlines

Neil Lin 405110715

Dr. Kate Liu

Research Paper

1.1 Introduction

In recent years, outbound travel has become increasingly popular owing to the rise of low-cost carriers (LCC). CAA (Civil Aeronautics Administration) indicates that the growth of passengers using low-cost carriers in Taiwan has almost doubled, from 4.7 millions persons in 2015 to 9.02 millions persons in 2017 (FocusTaiwan); additionally, statistics from EuroControl also shows that the growth of LCCs has already caused the recession of the full-service airlines (FSAs). By Understanding differences between two models, consumers can both decrease their budget and purchase air ticket that meet their need. Accordingly, low-cost carriers have not only changed people's image of travel abroad but also slashed consumers' budgets.

However, low cost carriers have also become one of the most controversial issues in Taiwan's aviation industry, for their different fare structure and discreet fare/luggage policy. News concerning LCC indicated that Department of Legal Affairs have received the most consumer complaints about TigerAir Taiwan, the one and the only low-cost carrier in Taiwan. In response to the phenomenon, TigerAir claimed that the consumption pattern of budget airlines is relatively new to Taiwanese consumers, which may cause misunderstanding and controversy. Their response indicates that the current policies and restrictions of LCCs are not stated clearly through the purchasing process. On the other hand, as increasingly more LCC companies are participating Taiwan's competitive market, consumers might be faced with similar situation if they do not understand the concept of LCC completely. At the time TigerAir, which represents the development of Taiwan's LCC industry, moved from the introduction stage into the growth stage, it is possible that Taiwanese consumers are still holding different attitude and perception between these two models. By analyzing Taiwanese consumers' perceptions between LCC and FSA, not only can consumers make a better decision when purchasing airlines tickets, but companies can also recognize consumers' preferences when establishing marketing strategy.

1.2 Research Questions

Therefore, the research is conducted in order to answer the questions below:

1. What is the main factor for consumers to choose LCC, and FSA?
2. Is there a difference in passengers' perception between LCC and FSA?

2. Literature Review

Definition Low Cost Carriers (LCCs)

LCC (also known as budget airlines) and FSA (Full-Service Airlines, also called traditional airlines) are quite different both in terms of their market positioning and strategies. LCCs focus on convenience and decrease the overall cost so that they can provide consumers affordable prices. However, the lowered cost contributes to more restrictions on baggages and less free service in the cabin. According to

“Evaluating the Critical Factors of Passenger Choice of Low Cost Carrier,” Huang (2014) mentioned several major differences that apply to all LCC brands. For instance, less cabin crews in the aircrafts, landing in the secondary airports, and additional service fees for choosing seat, meals, and check-in luggages.

Table 1. Comparison between LCC and FSA
Source: O’Connell et al. (2005)

Type model	LCC	FSA
Brand image	One brand:low fare	Brand extensions:fare and service
Fares	Simplified: Structured fare (Seat+Service+Baggage)	Complex fare — depends on the class
Check-in	Electronic tickets	Electronic ticket and printed ticket
Airports	Secondary (mostly)	Primary
Connections	Point-to-point	Interlining, code share, global alliances
Class segmentation	One class (high density)	Three class (EC, BC,FC) (Lower density)
Inflight service	Need to pay extra fees for any service	Free
Aircraft utilization	Very high	Medium to high: union contracts
Turnaround time	25 min turnarounds	Low turnaround: congestion/labour
Product	One product: low fare	Multiple integrated products
Ancillary revenue	Advertising, on-board sales	Focus on the primary product
Aircraft	Single type (often new): commonality	Multiple types: scheduling complexities
Seating	Small pitch	Generous pitch

O’Connell et al. (2005) listed a detailed comparison between the two models (table 1). From the purchasing aspect, LCC fare is more simple. Consumers have only one class to choose from, and they can pay for any services in advanced on the internet. However, FSA has more than one class to choose from, which includes economy, business, and first class. Other features from “ancillary revenue ” to “seating,” are all based on the concept of cost reduction. First, LCC puts more emphasis on online advertisement instead of newspapers and magazine ads. Second, aircrafts operated by LCC are often new, and single

type. In other words, by using the relative new model, companies can reduce the repair cost. Third, in order to increase seat capacity, LCC tighten their seats pitch to carry more passengers in a single aircraft; therefore, some passengers may not feel as comfortable as taking FSA. Table 2 provides a simple comparison of seat pitch between LCC and FSA.

	Seat pitch (inch)	Aircraft type
TigerAir	28	A320
AirAsia	29	
Peach	29	
JetStar	28.5	
FSAs	31-33	A330 A350 A380 B737 B747 B777 B787

Table 2. Seat pitch
Source: Skyscanner and writer's experience

As for the connection, LCC uses point-to-point to improve their turnaround time and aircraft utilization. A point-to-point connection means every section of the flight is independent, and such aircraft is only responsible for that route. In other words, there is no transfer service for LCC, unless the transfer point is also in the same country with the final destination. For instance, given that a Hong Kong tourist is flying to Nagoya. If he takes TigerAir, he has to transfer to another aircraft after arriving Taipei, because aircraft B only responsible for the Hong Kong — Taipei route. On the other hand, if he takes Cathay Pacific, aircraft A is responsible for the entire journey; therefore, he can stay on the plane and wait for take-off. Among them, one of the most significant differences is that consumers who use LCC to transfer need to enter Taiwan, and check-in again to continue their itinerary. Consumers cannot transfer directly in the regulated zone, as point-to-point connections only assure passengers that single flight. All in all, although point-to-point method is inconvenient for passengers, it makes LCC companies more flexible to manage their utilization and turnaround time indeed. In this way, aircrafts can fly back to their original point in less than one hour; meanwhile, LCC can gather another group of passengers during the transfer point.


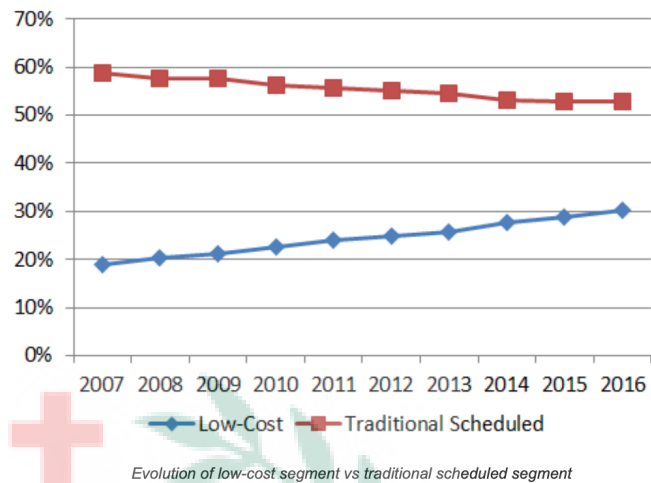
	HKG - TPE	TPE - NGO
Cathay Pacific	 Aircraft A	 Aircraft A
TigerAir	 Aircraft B	 Aircraft C

Table 3. The way point-to-point works.

As mentioned above, LCC's unique operating model becomes popular after Southwest Airlines created a groundbreaking success in domestic market of Europe. According to EuroControl (2017), through a decade, "low-cost flights grew by 61%, from 5,200 flights per day to 8,400 flights, whereas traditional scheduled flights were down 10%, from 16,300 flights per day to 14,700 flights." In fact, in United States, only Southwest and JetBlue Airlines gained profits in 2002, after 911 incident occurred (Chen, p.13).



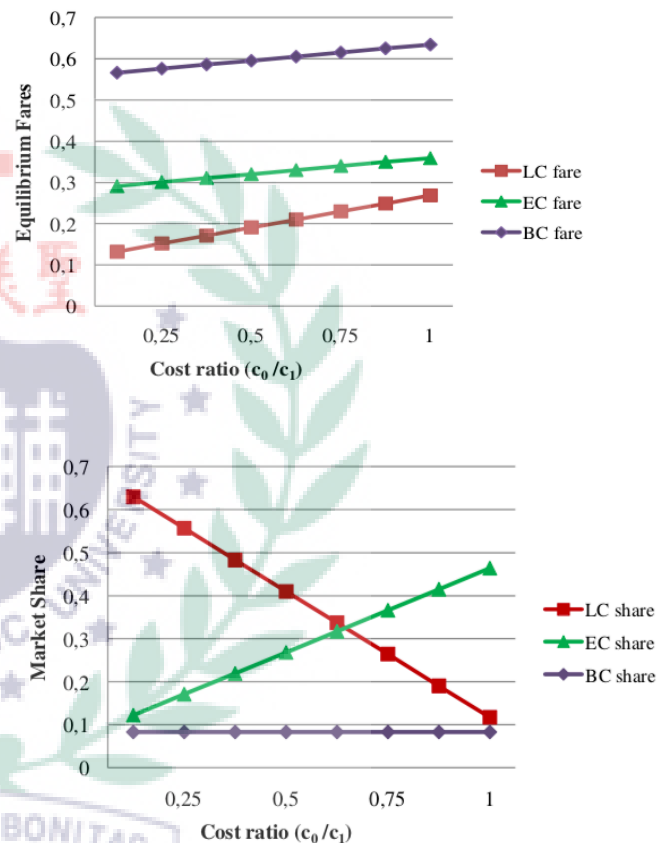
In Asia, on the other hand, the development of LCC is relatively slow, as Europe and America's operation model is difficult to replicate in Asia, whose countries lack secondary airports to decrease the cost of airport using fees and taxes. In addition, the distance between main cities are longer. O'Connell et al. (2005) stated that "Asian low cost carriers are in the initial growth phase of their development, while many of their American and European counterparts are approaching or have reached maturity." Even though LCCs are new to Asia, they have already developed very strong low fare brands through strong advertising and clever use of the media. For instance, AirAsia's slogan — now everyone can fly — has brought lower price image to consumers.



As for the progress in other countries in Asia, Qian Guo (2015) uses PLC model to examine LCCs in both China and Japan, and she concludes that Japan's LCC has reached growth stage, while China's counterpart is in introductory stage. Under the circumstances, she claims that "LCCs in Japan emphasize more the convenience of reservation. In contrast, LCCs in China have to be more concerned with convenience itself, while reservation appears to be less important in China than in Japan," showing that consumers in different regions may not have absolutely same factors when choosing LCC. On the other hand, Taiwan's LCC has reached growth staged in accordance with the gross profit of TigerAir, which shows a strong potential of Taiwanese market.

For the price aspect, Lawron (2002) explained that LCCs the average LCC fare is about 40–60% lower than a typical FSA fare. However, with the response of FSA, Morrell (2005) mentioned that some FSAs are lowering their fares to narrow the wide pricing gap, still others establish less-frills, lower cost subsidiaries to fight against LCC. In short, some FSAs are lowering their basic fare, while other FSAs are setting up new LCC sub-brands to combat other LCCs. For instance, All Nippon Airways, one prestigious FSA in Japan, set up two LCC subsidiaries, Peach Airlines, and Vanilla Air respectively in Kansai and Narita Airports, which are the top two largest airports in Japan. (ManagerToday).

Erkin's research further supports the idea that LCC "achieved 40–60% lower unit costs by relentless cost control and a stripped-down product offer compared to the traditional Full Service Airlines," (Erkin 2011, p.2) which motivates FSA to lower their fares to respond the penetration. The phenomenon also "leads to a dramatic increase in the share of public using air travel" (Erkin 2011, p.16). However, as figures shown below, he also argues that the narrowed price gap between FSA's economy class (EC) and LCC would diminish LCC's advantages (Erkin, 2005). Therefore, some customers can from LCC would choose EC of FSA instead.



(LC= LCC, EC= Economy Class,
BC = Business Class)

(Source: Erkin 2005, p.13)

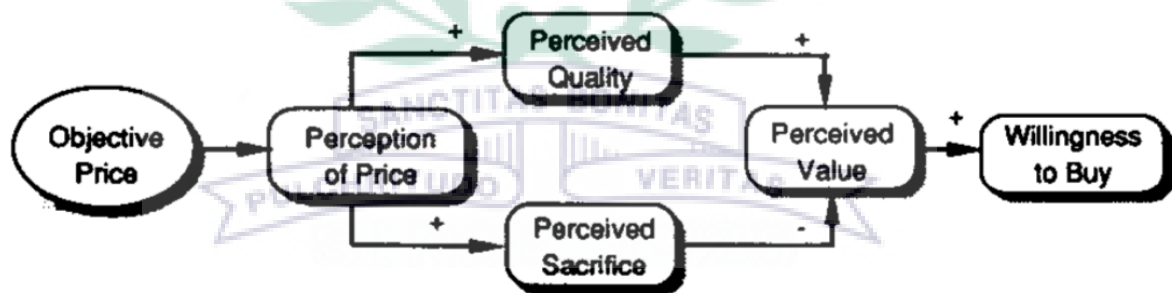
Perception and Consumers' Choosing Factors

According to Oxford, perception refers to the ability to see, hear, or become aware of something through the senses. As for consumers' perception, Lin (1997) stated that "perception can be a process to select, organize, interpret the stimulation and then create a meaningful image in mind." Therefore, it is a dynamic process. Consumers gather the data from the advertisement on the Internet, knowing the limited sale of the flight. They may interpret the promotion message as a cheap, and time-limited sale. Finally,

they would create an entire view in their mind, and purchase the ticket. Nelson (1974) argues that some companies would also spread certain information to interfere consumers' purchasing process; therefore, consumers should consider various kinds of factors, such as value, quality, brand, and risk, before completing their purchase.

As for consumers' demand, according to Understanding Airline and Passenger Choice in Multi-Airport Regions (2013), the author makes an overview the consumers' choosing process, which includes, air service availability, price, schedule, airport convenience, airline/airport quality, and membership programs. Only when consumers consider these factors will they complete the purchase. However, LCC lacks free baggage and in-cabin service, so consumers may have to put these additional service fees into consideration. These additional services have a negative impact on the price, as additional fees may raise the final purchasing fare. Therefore, price can be a very predominant factor.

In addition to consumers' demand, the perceived value (price), refers to "consumer's judgment about a product's overall excellence or superiority" (Zeithaml, 1988, p.3). In other words, consumers would know if it is a good deal from the process. Dodds et al. (1991) also provided the conceptual relationship of price effect (see the process below), by comparing perceived quality and perceived sacrifice, consumers' perceived value can be figured out ultimately, which triggers buying intention. If the perceived quality form a major part of perceived value, consumers may have a positive perceived value. In terms of LCC, most equipments and services are inferior to their counterparts of full-service airlines, and they often take advantage of using self check-in and boarding system. In this scenario, those who get used to exceptional service, such as large seats, in-cabin meal, and guest rooms, may feel shocked when using LCC, and thereby have a relatively unpleasant flying experience.



A. Conceptual Relationship of Price Effect

Hence, these considerations suggest the following hypotheses concerning factors of choosing LCC.

H1 - Price is the predominant factors for consumers when choosing LCC.

H2 - Consumers would choose FSA if the price gap is too narrow.

H3 - Consumers' needs have a positive effect on consumers' purchase willingness

H4 - Consumers' perceptions of LCC have a positive effect when purchasing

3. Methodology

Convenient Sampling

In order to answer the research questions and hypothesis above, the paper conduct a three-parts survey. By using convenient sampling, the survey collected 230 respondents either at FJCU or on the internet, in spring 2019.

The questionnaire is separate into three sections:

1. Consumers' selection criteria when purchasing airlines ticket

The variables model is adapted from Parrella's consumers' needs, which comes with four aspects, including flight safety, flight time, price, and reputation. However, since the paper focuses on the Taipei — Tokyo route, airports factors are not considered in this survey.

2. Consumers' perception on LCCs

Respondents will answer their first impression when it comes to LCCs, and under what circumstances will they use LCCs.

3. Consumers' perception on LCCs/FSAs when choosing a flight in Taiwan - Japan route

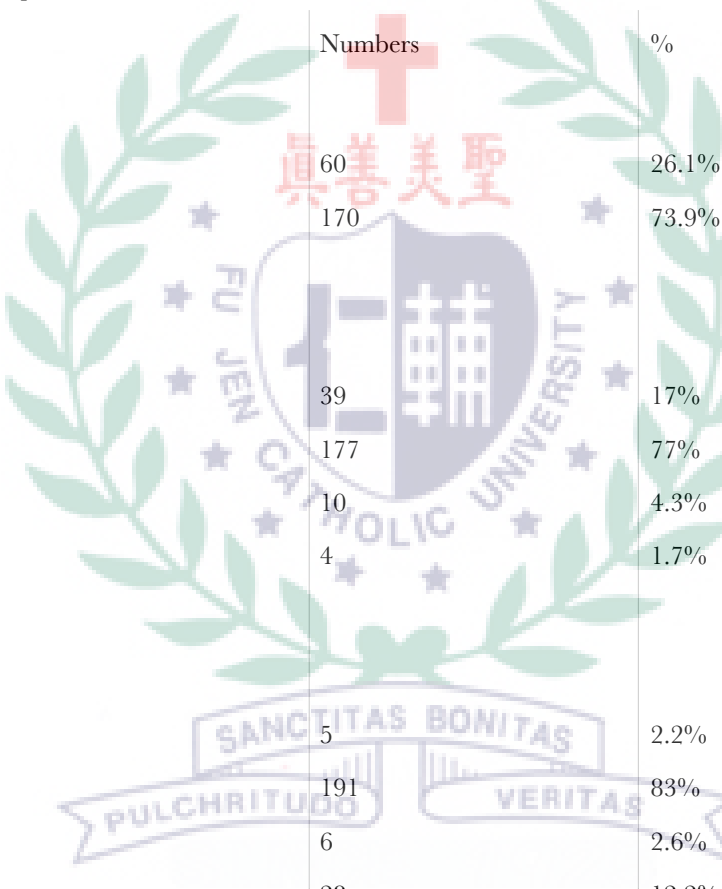
Respondents will answer a situational question, by compare and contrast the main features of FSAs and LCC. Also, they will select the main driver that makes them use LCCs/FSAs.

Interview

To make a more precise data interpretation, two interviewees are invited to share their comments and explanation in terms of the safety issues of LCC so that the interview may help explain some phenomenon in the data analysis.

4. Data Collection and Analysis

Table 4 Profile of respondents



	Numbers	%
Gender		
Male	60	26.1%
Female	170	73.9%
Age		
0-20	39	17%
21-30	177	77%
31-40	10	4.3%
41-50	4	1.7%
Education		
HighSchool	5	2.2%
College	191	83%
Vocational School	6	2.6%
Graduate school	28	12.2%

Through convenient sampling, the data is collected through online surveys in about a month from March 28th to April 26th, 2019. Approximately 232 participants completed the survey. To ensure the validity, the insufficient and invalid answers are deleted. Hence, only 230 samples are adequate to use for further analysis. Table 1 and 2 provide an overview of characteristic of the respondents, they are classified based on (1) gender . (2) age, (3) education, (4) occupation, and (5) monthly wages.

Table 5 Respondents' occupation and monthly wages

Occupation	Numbers	%	Salary	Numbers	%
Student	155	68	Below 30000	187	81.3
Trade industry	2	0.9	30001 - 50000	28	12.2
Service Industry	26	11.4	50001 - 80000	12	5.2
Manufacturing Industry	5	2.2	Above 80000	3	1.3
I.T. Industry	5	2.2			
Government employee	12	5.3			
Business	15	6.6			
Agricultural Industry	1	0.4			
Media Industry	1	0.4			
Medical Industry	1	0.4			
Travel Industry	1	0.4			
Construction Industry	1	0.4			
Freelance	1	0.4			

Table 6 Frequency of taking international flight per year

Frequency/year	1 and below*	2	3	4	5 and above
Persons (sum)	95 (50 taken LCC before)	74 (63)	31 (27)	10 (10)	20 (16)

%	41.3	32.2	13.5	4.3	8.7
-20	16 (41.02%)	13 (33%)	3 (7.6%)	1 (10%)	6 (15%)
21- 30	74 (41.8%)	57 (32%)	24 (13.5%)	8 (4%)	14 (8%)
31 - 40	4 (40%)	3 (30%)	3 (30%)	0	1 (10%)
41 - 50	1 (25%)	1 (25%)	1 (25%)	1 (25%)	0

As expected of social freshmen, the majority of the respondents (41.3%) take international flights 1 time per year or less, while the second largest group (32.2%), 2 times. Among those who travel abroad less than once, 50 of them (52%) have taken LCC before, which shows that the Taiwanese tourists this project reaches are putting travel abroad sweeping into generalization. On the other hand, a significant number fly internationally 4 times (4.3%) or 5 times and more (8.7%). From chart 1, the respondents top 2 concerns in choosing airlines are first, price, and then flight schedule, with scores much higher than that of their brand recognition or their concern with check-in luggage amount.

Chart 1. Consumer's concern when purchasing airlines tickets



Table 7	Consumer's concern when choosing airlines					
	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Average
Flight Schedule	0	3	13.9	42.2	40.9	4.21
Flight safety record	0.4	4.3	16.5	37	41.7	4.1
Punctuality	0.4	5.2	17.4	42.6	34.3	4.0
High amount check in luggage	0	5.2	29.1	37	28.7	3.89
Wide seat	0.4	5.7	23	46.1	24.8	3.8
High recommendation	0.9	7	34.8	40	17.4	3.66
Lowest Price	1.7	8.7	37	33.5	19.1	3.6
Consumers' Rating	2.2	5.7	34.3	41.7	16.1	3.6
Service Quality	1.7	7.8	37.8	40.4	12.2	3.5

In-cabin meal	3.5	15.7	32.2	32.6	16.1	3.4
Flexible Policy	9.1	15.7	28.7	35.7	10.9	3.2
Duty-free products	7.8	25.2	45.2	13.5	8.3	2.9

Chart (B)

Concern	Percentage
Safety	56%
Price	22%
Flight Schedule	10%
Rating	7%
Service Quality	2%
Direct	3%

The data, then, prove that brand loyalty or luggage amount are secondary in consumers' criteria: while different age groups with different travel purposes show their varying concerns with these two factors, most of them find price and schedule most important. However, when it comes to the choice among airlines, price may not be the top concerns; flight schedule and reliability (safety record and punctuality) are.

To combine the first two results, flight schedule, airlines reliability and price are consumers primary concerns when choosing airlines and purchasing tickets. Does LCC, then, meet consumers' expectations? The results of Part II of the survey show that the majority of consumer define LCC as low-price, with around 80% of respondents choosing "price" as their first perception, while top 2 and 3 are narrowed seat and additional fees for services.

Table 8. Consumers' perceptions on LCC.

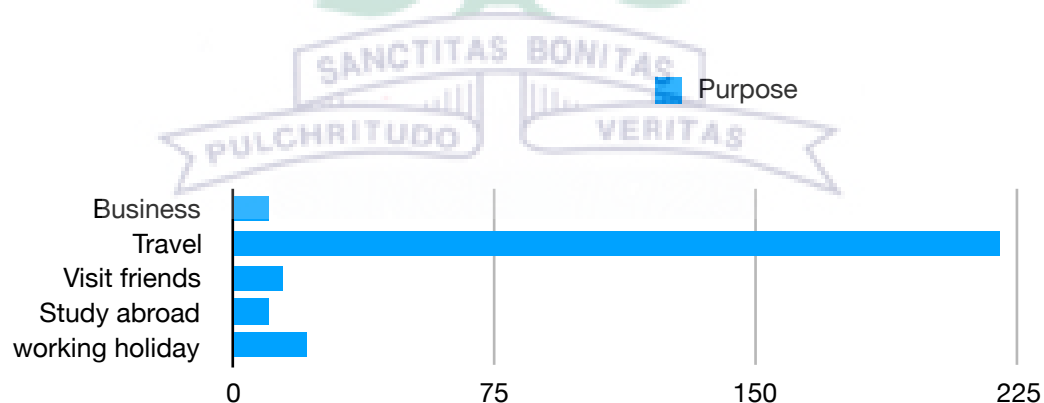
Cheap	183	79.6
Seats are narrow	142	61.8
Additional fee for other service	96	41.7
Strict luggages rule	68	29.6
Many promotions	57	24.8
Often delay	38	16.5
More responsibilities for consumers	34	14.8

Flexible	22	9.6
Not safe	21	9.1
Single-way available	18	7.8
Various kinds of tickets	12	5.2
Isolated terminal/airport	4	1.7
Website lags when promotion	3	1.3
Most are red-eyed flights	1	0.4
Not cancelable	1	0.4
Can be more expensive than FSA	1	0.4

Factors for Choosing LCC



Chart 2. Purpose of using LCC.



Instead, a majority of respondents who have taken LCC would take it again, while 23% respondents will try taking advantage on LCC although they have not experienced before. As for the purpose, a significantly high proportion of the respondents would take LCC to travel. Chart 3, then, shows the LCCs which consumers are familiar with. To ensure consumers are able to distinguish between LCC and FSA, some FSAs are put into the selections, which includes China Airlines, EvaAir, Japan Airlines, ANA, TransAsia, and Cathay Pacific. As TigerAir is the only Taiwanese LCC, the majority of respondents are familiar with

it. Other Japanese LCCs such as Vanilla, Peach, and JetStar are still popular. It is noteworthy that about 10% participants cannot distinguish LCC and FSA, since they chose some common seen FSA, such as

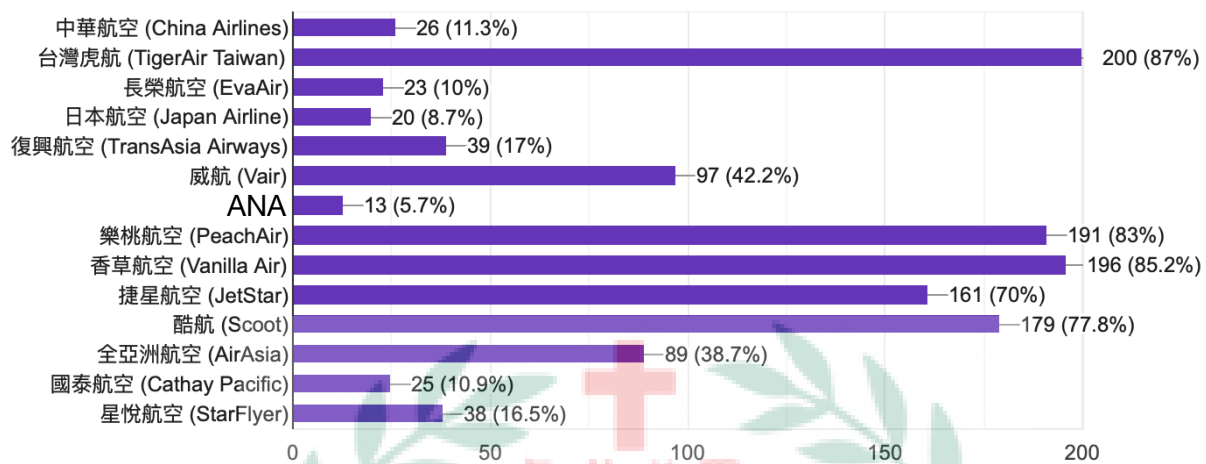


Chart 3. Choose the LCC you heard before.

China Airlines and EvaAir.

Table 9. The circumstances that affect consumers' attitude of using LCC ONLY.

	1	2	3	4	5	Average
LCC Promotion	3	5	25	114	83	4.15
FSA Promotion	22	49	69	64	26	3.1
Red-eyed flight only (23:00 - 06:00)	22	54	80	65	9	2.9
Airport/ terminal is farther	19	51	126	29	5	2.78
Need to transfer	56	61	68	38	7	2.47
Over 5 hours Flight	49	94	55	29	3	2.32

After ensuring respondents understanding of LCC, some situational questions are provided for respondents to evaluate their willingness to choose LCC only. These factors includes promotion, red-eyed

flight, transfer service. (Table 9) Most of them accepted to purchase LCC when promotion occurs. Yet, they stayed neutral when FSA is on sale, or only red-eyed flights available. Most respondents are not willing to take LCC when transfer is needed or long distance flight, which shows that perceived sacrifice overtakes perceived quality.

Table 10	Selection Between LCC / FSA, example of TPE - NRT flight	
	TPE - NRT round flight	
Airlines	A	B
Price	5000	8500
Flight Schedule	TPE - NRT 01:30 - 05:20 NRT - TPE 23:55 - 02:55	Multiple flights
Check-in	Self-checkin System	Ground Crew Service included
Seat selection	Yes, additional fee 300 - 500	Yes, no additional fee
Transit Service	NO	YES
Class	ONE CLASS ONLY	Economy/ Business
Allience	NO	One of the world alliance's partner
Free check-in luggage	900NTD/ 20KG ONE WAY	30kg maximum with no restriction
Hand-take baggage	7kg x1, less than 19 inches	No restriction
Entertainment System	no	Yes
Millage Point	NO	Yes

Flight Canceled unexpectedly	Consumers need to apply for refund by themselves	Airlines will be responsible for extended costs, and rearrange the flight.
------------------------------	--	--

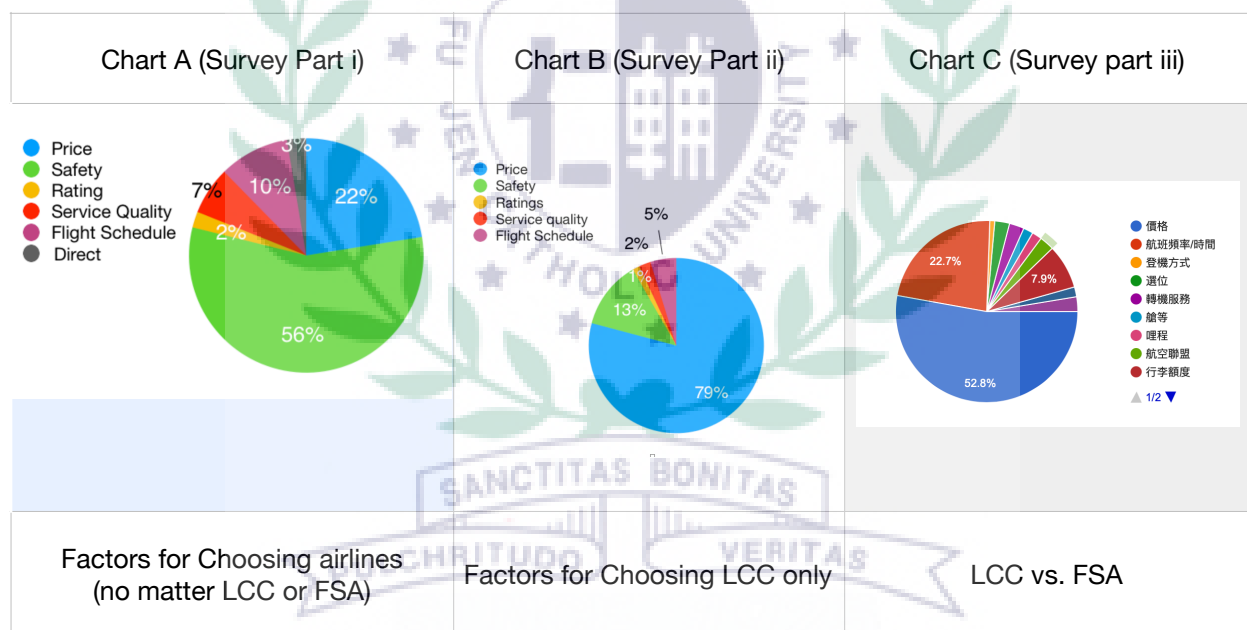
After the question about respondents' general understanding of LCC, a situational question is designed in order to simulate their decision process in a choice of flights for a specific route. This question is provided for making choices between LCC and FSA. The flight takes from an example of the route for Taipei to Tokyo, whose flight schedule is similar to the typical point-to-point operating LCC. The situation is provided in order to understand respondents' tendencies (measured by 1, 2, leaning towards LCC, and 3, 4, leaning towards FSA) matters more in this situation when they weigh all the factors (transit, luggage, ...) involved in the situation. Other differences are shown above, and anything that not listed in the table is considered the same as FSA. Fare prices are listed in accordance with the promotion fare of Vanilla Airlines, and China Airlines.

	Table 11 Result of the selection				
	A <- 1	2	3	4 -> B	Average
Persons	58	55	58	59	2.513
Reasons					
<i>Price</i>	55	52	11	3	
<i>Flight Schedule</i>	3	2	22	24	
<i>Check-in</i>	1	0	0	3	
<i>Seat selection</i>	0	0	3	3	
<i>Transit Service</i>	0	1	3	4	
<i>Class</i>	0	0	4	0	
<i>Allience</i>	0	0	4	3	
<i>Millage</i>	0	0	1	3	
<i>Free check-in luggage</i>	0	0	6	13	

<i>Hand-take baggage</i>	0	0	0	0	
<i>Entertainment System</i>	0	0	2	0	
<i>Flight Canceled unexpectedly</i>	0	0	2	3	

A significant result is shown in the chart above, as Lawron (2002) mentioned that LCC's fare would become competitive only when its fare is 40-60% lower than FSA. The result indeed corresponds to the hypothesis since 49% of respondents prefer A and 51% prefer B, which roughly maintain the equilibrium. In addition, most respondents choose 1 or 2, leaning toward LCCs, are because of price, while those choose 3 or 4, leaning to FSAs, are mainly because of flight schedule or check-in luggage. This also shows that consumers holding different perceptions to two models.

Cross-Section Comparison and Analysis



After general analysis on the variables, cross section analysis can further compare consumers' choosing factors in different scenario. As shown in table, chart A refers to consumers' top concern when choosing both airlines, while chart B and chart C focus on the specific situation. Chart B focuses on consumers' top concern when purchasing LCC only, and chart c is based on consumers' selection in a specific route. By comparing the choosing factor in these scenarios, strengths and weaknesses from two models can be figured out.

From chart (c), most respondents considered “price” as the predominant factor when make a selection out of the two specific flights in Taipei-Japan route (52.8%), while the second is flight schedule (22.7%), the amount of check-in luggage as third (7.9%).

To compare the pie chart (a) to chart (b) and (c), chart (a) is the key factor that motivates consumers to choose airlines companies in general. From the general perspective, consumers consider flight safety as the priority, while price and flight schedule come after. That is, in the survey, consumers’ perceived risk would outweigh perceived value, as safety is the basis of everything.

Chart (B), however, conveys a message that respondents regarded price as the key factor when choosing LCC, while their dependence on safety declined greatly. Combined with the result of consumers’ perception on LCC, most people agreed with LCC’s cheap fare, which may guide consumers to choose price as the main driver, instead of flight safety.

Therefore, the main factor for consumers to choose LCC and FSA are different. From the analysis, it is apparent to recognize that two models appeal to different consumers. When choosing airlines without considering the other factors, flight safety is considered the most critical factors. However, since flight safety is not considered in the last part of survey (Chart C), flight schedule become predominant for choosing FSA, while price is the most crucial key for consumers to choose LCC.

Table 10. Level of secure feeling when taking LCC/FSA

	1 Very Unse- cure	2 Unsecured	3 No comment	4 Secure	5 Very secure	Average
FSA	0	4	34	135	56	4.04
LCC	2	42	90	68	28	3.34

Even though respondents agreed “low price” is the main perception of LCC, their secure feeling vary when taking LCC and FSA. The result on table 9 shows that respondents have higher level of feeling when taking FSA, while their feeling of taking LCC is more neutral. By analyzing the relationship between table 10, LCCs that respondents’ familiar with, and respondents’ background (table 4), an interesting result is discovered. Those who take flights internationally less than once a year and have never taken LCC before reported having less sense of insecurity about LCC, and knowing (having heard of) FSA more. In figure out the reason, interviewer is chosen to explain the situation.

To further understand the relation between flight frequency and individual choices, I interviewed two persons, respectively with low and high flight frequency. Interviewee A is a female junior student who travels once a year, and she has never taken LCC before. While doing the survey, she answered “insecure” for LCC, and “secure” for FSA. Yet, she chose China Airlines as the LCC she is familiar with. In response to the questions, she claimed that China Airlines went through several accidents few years ago, which makes the fare price more affordable than other FSA and close to LCC’s price. In other words, interviewee

A thought cheap price means the airline belongs to LCC. She further pointed out that news often report negative image of LCC that makes audiences believe that LCC is inferior, so she choose “insecure.”

The responses of interviewee B was the exact opposite, seeing LCC as safe when taking P-to-P flight. Interviewee B is a 25 years old businessman who travels three times a year, he has taken LCC before. While doing the survey, he answered “secured” for both. He mentioned that before taking LCC, he considered LCC unsafe since the low price may contributes to lower quality. However, it feels as same as FSA while taking LCC, the only difference is lack of entertaining system and in-cabin meals. He also said that people may feel unsecured because of the higher risk of flight delay and cancelation. As there is only one aircraft operating single route (point-to-point), the delay may last for a long time if the aircraft needs to be repaired.

Discussion

To combine the analysis with consumers’ suggestions together when purchasing LCC tickets, it is apparent to discover that the most passengers are aware of the risk when taking LCC. From strict cancellation policies to delay problems, most participants suggest consumers scrutinize the fare structures and the flight record of the airlines. Most important of all, doing research about certain airlines can help consumers to make a better choices. On the other hand, participants recommend consumers to confirm their luggage policies, as different companies have different kinds of restrictions. For instance, TigerAir provides 20 kg maximum “luggages” for Tigersmart users, while PeachAir only provides single piece of luggage as check-in luggages (image 2). Also, the limitation of hand-take baggage for TigerAir is 10 kg, while Peach Air’s is 7 kg. Besides, the fare price may not contain taxes on the website (image 3). These subtle differences may cause inconvenience for passengers if they do not read the policies very carefully.



Image. 2 TigerAir/Peach Air’s fare policies

	為您節省金錢！ Simple Peach	基本套餐！ Value Peach	包括2件托運行李！ Prime Peach
手提行李	✓ 7.0公斤以內免費	✓ 7.0公斤以內免費	✓ 7.0公斤以內免費
託運行李	需額外付費	✓ 1件免費	✓ 2件免費
指定座位	需額外付費	✓ 樂享座位 標準座位	✓ 巧選座位 樂享座位 標準座位
更改航班（日期、時間）手續費	需額外付費	✓ 免費	✓ 免費
航延取消之退款*	✗ 不受理退款	✓ 將從已支付款項中扣除手續費 （標準108元，扣除後以 Peach 點數退還）	✓ 已支付的金額款項將以 Peach 點數退還。
訂購期限	至航班出發日2天前約23:59止 （以航班出發地時間為準）	至航班出發時間的1小時前為止	至航班出發時間的1小時前為止

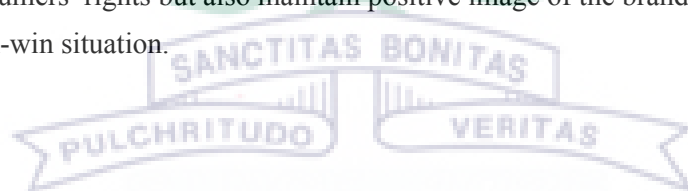


Image 3. AirAsia’s promotion

4. Conclusion

Based on the analysis of data collection, three main points can be concluded from the observation. First, consumers put flight safety record as the first place when choosing airlines regardless of their types (LCC or FSA). However, as is indicated by the responses to reasons for choosing LCC and choosing a flight in a specific route with all conditions laid out price is the predominant factor. After considering the two interviewees' interpretation of security, moreover, we find out that LCC does not necessarily mean lack of security. Although the survey result shows that the majority of consumers believe that the risk is lower when taking FSA, and an occasional flyer sees LCC as equivalent to lack of security, a frequent flyer's view is the exact opposite. This leaves room for both consumers to understand LCC better, and for airline companies to improve their brand images. Due to the analysis process, the majority of consumers view price as the top concern when purchasing LCC, rather than security. In other words, impulsive purchasing behavior may result in negative perceived value on LCC. Therefore, consumer should be aware of any details when purchasing LCC tickets, as any stated policies can bring impact to themselves.

Even though this paper consider respondents without flight experience and those flying once a year as same group of people, their perceptions can be different from one another's; therefore, it is suggested that researchers in the future classify these participants into different groups. On the other hand, this research suggests that companies should put more emphasis on their restrictions and responsibilities, to not only ensure consumers' rights but also maintain positive image of the brand. In that way, there a possibility to make win-win situation.



Reference

- Chang, Y. H., & Yeh, C. H. (2002). A Survey Analysis of Service Quality for Domestic Airlines. *European Journal of Operational Research*, 139, 166–177.
- Chen, Y.M. (2007) Study of Purchasing Behavior and Situation of Low-fare Carriers. (Master's theses). National Taiwan Ocean University
- Dinh T. N. (2017). The Study of Factors Affecting Customer Satisfaction and Customer Loyalty on Vietnam Low-fare Airlines.(Master's theses). College of Business Chinese Culture University
- Dodds, W. B., Monroe, K. B., and Grewal, D. (1991). "Effects of Price, Brand, and Store Information on Buyers' Product Evaluations. *Journal of Marketing Research*, 28 (3), 307–319.
- Erkin, C. "Analyzing Full Service Airline – Low Cost Carrier Competition in Liberalized Domestic Air Travel Markets."ResearchGate.
- Fees (2019). TigerAir Taiwan.
- Fees and Fares (2019). Peach.
- Guo, Q. (2015). Exploring the Impact Factors for Developing Low Cost Carriers: Cases of Japan and China. (Master's theses) Graduate School of Hokkai School of Commerce
- Janfry S., Tabby W. H., Arisetyanto. (2015)The Low Cost Airline Consumer Price Sensitivity. An Investigation on The Mediating Role of Promotion and Trust in Brand. *International Journal School of Business Studies*.
- Jiang, H. (2013), "Service quality of low-cost long-haul airlines - the case of Jetstar Airways and AirAsia X", *Journal of Air Transport Management*, Vol. 26, No. 1, pp. 20-24.
- Lin, C. H.(2019). Consumers Behavior. Taipei : Huatai Culture.

Nelson, P. (1974). Advertising as Information. *Journal of Political Economy*, Vol. 82, No. 4, pp. 729-754.

O'Connell, J.F. and Williams, G. (2005). Passengers' Perceptions of Low Cost Airlines and Full Service Carriers: A Case Study Involving Ryanair, Aer Lingus, Air Asia and Malaysia Air lines. *Journal of air transport management*, 11(4), pp. 259-272. DOI: 10.1016/j.jairtra man.2005.01.007

"Outbound Departures of Nationals of the Republic of China by Destination", (2019) Tourism Bureau M.O.T.C.

Parrella, Barney C. (2013) Understanding Airline and Passenger Choice in Multi-Airport Region, *Transportation Research Board*, pp.12-14

Promotion (2019). AirAsia

Wang, S.F.(2019) "Budget airline travel on the rise in Taiwan: CAA" Focus Taiwan.

Yu, X.T. (2013). Research on Development of Low Cost Carriers in Asia. (Master's theses). National Chiao Tung University.

沈佩瑤 (2018) “北市公布消費申訴排行 蝦皮、虎航爭議最多.” 自由時報 [Shen, Pei-Yiao (2008) “Beishi gongbu xiaofei shensu paihang Xiapi, Huhang zhengyi zweiduo. Liberty Times.]

“樂桃和香草航空的母公司是同一家！7張圖，解讀日本線廉價航空市場” (2016).

ManagerToday. [Letao he XiangCao hangkong de mugongsi shi tong yi jia! Qi zhang tu, jiedu riben lienjia hangkong shichang]

