

**IBN HALDUN UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
DEPARTMENT OF AIR TRANSPORT MANAGEMENT**

**MASTER THESIS**

**CRITICAL DETERMINANTS OF QUALITY  
PERCEPTION IN BUSINESS CLASS DEMANDS IN AIR  
TRANSPORTATION AND IMPLICATIONS FOR  
COVID-19 PERIOD  
THE CASE OF TURKISH AIRLINES**

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**THESIS SUPERVISOR  
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**ISTANBUL, 2022**

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by

**HÜSEYİN TAŞ**

**A thesis submitted to the School of Graduate Studies in partial  
fulfillment of the requirements for the degree of Master of Science in  
Air Transport Management**

**THESIS SUPERVISOR  
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**ISTANBUL, 2022**

APPROVAL PAGE

This is to certify that we have read this thesis and that, in our opinion, it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science in Air Transport Management.

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Opinion

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This is to confirm that this thesis complies with all the standards set by the Graduate School of Business Ibn Haldun University.

Date

Seal/Signature

## ACADEMIC HONESTY ATTESTATION

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name and Surname:

Signature:



ÖZ

HAVA TAŞIMACILIĞINDA BUSINESS SINIFI TALEPLERİNDE KALİTE  
ALGISININ KRİTİK BELİRLEYİCİLERİ VE COVID-19 DÖNEMİNİN  
ETKİLERİ  
TÜRK HAVA YOLLARI ÖRNEĞİ

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Bu araştırma, Türk Hava Yolları'nın sunduğu ürün ve hizmetlerin kalite algısının Covid-19 koşullarında business class talebine etkisini değerlendirmeyi amaçlamaktadır. Hava yolculuğu talebindeki dramatik düşüş, havayolu endüstrisini olumsuz etkiledi. Sonuç olarak, Türk Hava Yolları pandemi sürecinde kaçınılmaz olarak ikram ve hizmet kalitesi değişiklikleri yapmak zorunda kaldı. Bu nedenle son piyasa koşullarında hizmet kalitesi ve sıkı sağlık önlemleri ile business class yolcularının Covid-19 koşullarındaki yeni hizmet ve kalite algıları belirlenmeye çalışıldı. Bu çalışmada, Türk Hava Yolları ile seyahat eden 107 dış hat ve uzun mesafe business class yolcumuz ile İstanbul Havalimanı Business Lounge'da yüz yüze anket yapılmıştır. Bu çalışma, Türk Hava Yolları tarafından sunulan ürünlerin algılanan kalite düzeyinin business class taleplerine etkisinin belirlenmesine yardımcı olacaktır.

**Anahtar kelimeler:** Business Class, Hava Yolu Endüstrisi, Pandemi, Türk Hava Yolları

## ABSTRACT

# CRITICAL DETERMINANTS OF QUALITY PERCEPTION IN BUSINESS CLASS DEMANDS IN AIR TRANSPORTATION AND IMPLICATIONS FOR COVID-19 PERIOD THE CASE OF TURKISH AIRLINES

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The aim of this research is to evaluate the impact of the quality perception of the products and services offered by Turkish Airlines on the business class demand in the Covid-19 conditions. The dramatic decline in the demand for air travel has adversely affected the airline industry. As a result, Turkish Airlines inevitably had to make some changes in catering and service quality during the pandemic. Therefore, we tried to determine business class passengers' perception of the new services and their quality under the conditions of Covid-19 with the alterations in service quality and strict health measures in the latest market circumstances. In this research, a face-to-face survey was conducted at the Istanbul Airport Business Lounge with 107 international and long-haul business class passengers travelling with Turkish Airlines. This study will help determine the effect of the perceived quality level of products offered by Turkish Airlines on business class demands.

**Keywords:** Airline Industry, Business Class, Pandemic, Turkish Airlines

## DEDICATION

It is dedicated to the global airline industry and my country as it grapples with unprecedented economic and political challenges during the Covid-19 pandemic and to my wife, son, and parents, who have always supported me with their prayers and encouragement to succeed.



## ACKNOWLEDGEMENT

First, I would like to thank almighty Allah for granting me health and knowledge and enabling me to complete this study.

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Special thanks to the General Directorate of Turkish Airlines, the Governor of Istanbul, Mr. Ali Yerlikaya, and the Turkish Airlines VIP-CIP manager, Mr. Erol Faki, for permitting me to conduct my master's thesis survey at the Turkish Airlines Business Lounge at Istanbul Airport.

To my dear wife Elma Naz, my son, my parents, my sisters, and my dear friend Emin Aslan I thank all of you for your patience and valuable support during my studies.

HÜSEYİN TAŐ

ISTANBUL, 2022

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## LIST OF SYMBOLS AND ABBREVIATIONS

ASK	Available Seat Kilometre
AVML	Asian Vegetarian Meal
CARES	Coronavirus Aid and Relief and Economic Security Act
COVID-19	Coronavirus Disease 2019
DBML	Diabetic Meal
EU	European Union
FAA	Federal Aviation Administration
FSC	Full-Service Carrier
GDP	Gross Domestic Product
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IFE	In-Flight Entertainment System
IMF	International Monetary Fund
IST	Istanbul Airport
OECD	Organisation for Economic Co-operation and Development
PLF	Passenger Load Factor
Q2	Second Quarter
RPK	Revenue Passenger Kilometre
THY/TK	Turkish Airlines
UN	United Nations
US/USA	United States/United States of America
VGML	Vegetarian Meal
WHO	World Health Organisation

# CHAPTER I

## INTRODUCTION

The airline industry is one of the most developing and changing sectors globally. Unfortunately, it is also one of the most important businesses that environmental factors can impact adversely and quickly. The significance of the airline industry in the economic development of a country is indubitable. According to ICAO, the contribution of the world aviation industry to the global economy in 2019 is approximately \$ 2.7 trillion (Ulaşan ve Erişen Türkiye, 2020). Airlines bring people together by transporting them from one place to another for any reason and contribute to trade development between countries by ensuring the transportation of products (Shah, Syed, Imam, & Raza, 2020). Thanks to the excellent geographical position of Turkey, almost 1.5 billion people living in Europe, Asia, and Africa are reachable within a maximum of 4 hours flight. This superb position makes the country a natural transit hub between Europe and Asia (Ulaşan ve Erişen Türkiye, 2020). Turkish Airlines, the world's 10th largest airline with 350 aircraft, has a vast flight network in 126 countries and 321 destinations, which as a result is the airline that flies to the most countries in the world today (TK Annual Report, 2019).

Due to the strict health measures taken by countries, Turkish Airlines had to stop its flights to seventy-two destinations in 2020. However, at the end of 2020, the company continued to fly to 324 destinations in 127 countries with 363 aircraft (TK Annual Report, 2020). Before the Covid-19 pandemic, the number of aircraft was expected to be doubled in the airline industry by 2029 (Airbus Global Market Forecast: 2010-2029, 2009). However, the Covid-19 outbreak, which is the new global risk of today, has disrupted the entire global economy, especially the airline industry. The airline industry was one of the first industries affected by the pandemic negatively, as the disease easily transmitted among humans resulted in the cease of all flights everywhere in the world. Although several vaccines have been developed against the disease,

insufficient information about its side effects and the rapid spread of the virus still pose a significant risk for all humanity. Therefore, air travel is restricted, or borders are still closed in many countries worldwide. As a result, the revenue and profitability of the global airline industry have been decreasing steadily since the pandemic began (Maneenop & Kotcharin, 2020). The demand for air travel is still stagnant globally due to loss of jobs, economic uncertainty, low-income level, fear of contamination on board, closure of borders, and different quarantine measures of the countries (Graham, Kremarik, & Kruse, 2020). Revenue passenger kilometre (RPK), an indicator of air passenger demand in the airline industry, dropped by 66.3%, and the passenger load factor (PLF) remained at 65.5% in 2020 (IATA Annual Review, 2020). Most airlines had to take emergency relief from governments to survive the long-term impact of air travel restrictions and lack of liquidity (IATA Annual Review, 2020). International, regional, and local travel bans and lockdown restrictions heavily impacted national and global economies. The stagnation in air travel demand due to travel restrictions in the first three months of 2021 caused a -63% decrease in revenue passenger kilometres compared to 2019 (Airline Financial Monitor March-April, 2021).

Considering these global economic facts and the Covid-19 pandemic, the aviation rules and passenger demands will change the air travel industry. To maintain profitability and sustainable growth for Turkish Airlines in this competitive sector with uncertainties, business class passenger demands, and providing healthy travel plays a key role. Passenger loyalty must be regained by giving the confidence to be more competitive. Thus, the airline, which has managed to regain the trust of its passengers, will be more successful in the market with the constant preference of its loyal customers (Dolnicar, Grabler, Grün, & Kulnig, 2011). Because of the Covid-19 pandemic, healthy travel opportunities will play an essential role in gaining passenger loyalty and trust. Therefore, this study is aimed at understanding the critical determinants of quality perception in business class demands in Turkish Airlines during and after the Covid-19 outbreak.

This study consists of seven chapters. Chapter one examines the economic impact and outlook of the Covid-19 pandemic on the global airline industry. For this reason, the difficulties that airlines may experience after the pandemic and the possible importance of business class travel is tried to be explained. In the second chapter, the

literature review on what could affect the demands of business class passengers is thoroughly investigated. In the third chapter, the innovative changes, and achievements of Turkish Airline's business class service strategy in parallel with the growth of Turkish Airlines in the last 16 years is explored. The methodology of the study and the hypotheses are included in the fourth chapter. In the fifth chapter, the analysis of survey results conducted with Turkish Airlines business class passengers is explained. Finally, in the sixth chapter, the limitation of the study is presented, and the conclusions and suggestions about the thesis are included in the seventh chapter.



## **CHAPTER II**

# **OUTLOOK OF AIR TRANSPORT INDUSTRY AFTER COVID-19 PANDEMIC AND THE IMPORTANCE OF BUSINESS CLASS TRAVELS**

This chapter aims to explain the effects of the Covid-19 pandemic on the global airline industry and the importance of business class travel for less contamination risk. The Covid-19 pandemic that profoundly affected the airline industry in 2020 resulted in the most significant economic crisis in history. Section 1.1. tries to explain the impact of the pandemic on the global airline industry and the measures taken. Section 1.2. explains the importance of business class travelling in the condition of reduced air travel demand due to the pandemic. There is less transmission risk in business class even if it is more expensive since the number of passengers traveling in business class is less than that of the economy class. Section 1.3 forecasts the new era that awaits the global airline industry and its passengers after the pandemic. It is pointed out that the implementation of digital travel control systems such as health passports and the One ID digital platform for boarding can be essential for air travel. Finally, it is argued that the global airline industry will face a challenging post-pandemic period in terms of finances and new health regulations.

### **2.1. Covid-19 Pandemic and Global Airline Industry Outlook**

The first Covid-19 case was declared on December 31, 2019, in Wuhan city, People's Republic of China (World Health Organization (WHO), 2020). And the first Covid-19 case outside of China was seen in Thailand on January 13, 2020. Eventually, the outbreak moved to the European continent. Italy was the first European country affected by coronavirus on February 21, 2020 (Maneenop & Kotcharin, 2020). The World Health Organisation declared the Covid-19 outbreak a pandemic when the virus was rapidly spread in Europe. After this declaration, the government of the United States and the FAA decided to ban international flights to 26 European countries

(Maneenop & Kotcharin, 2020). The first Covid-19 case was seen in Turkey at Istanbul airport in March 2020 and was spread to the whole country. Domestic and international flights were stopped immediately at all airports. Curfew was declared, and lockdown restrictions were initiated in all cities by the Turkish Ministry of Internal Affairs (OECD Economic Outlook Turkey, 2020). The global transmission rate increased every day because the rules such as wearing a mask, maintaining social distance, and hygiene were not strictly followed. As of December 23, 2021, the worldwide number of cases reached 277.2 million, 248.4 million people recovered, and a total of 5.3 million people died (Worldometers, 2021).

First, the world passenger traffic suddenly fell by -52.9% in March 2020, when the entire world imposed a ban on travel due to the Covid-19 pandemic. This unforeseen collapse was much greater than the decline after the 9/11 attack in 2001 and the 2008 global economic crisis (ECONOMIC DEVELOPMENT MAY 2020: Air Transport Monthly Monitor, 2020). International air travel demand declined enormously due to new health measures taken and travel restrictions implemented by governments to stop the transmission. The decrease in world passenger traffic directly impacted the passenger load factor (PLF), and it fell to -60.6% in March 2020 (ECONOMIC DEVELOPMENT MAY 2020: Air Transport Monthly Monitor, 2020). This outbreak also impacted Turkish Airlines negatively in terms of revenue passenger kilometre (RPK) among fifteen world airlines, and the company went down from the rank of 4th to 15th in March 2020 (ECONOMIC DEVELOPMENT MAY 2020: Air Transport Monthly Monitor, 2020).

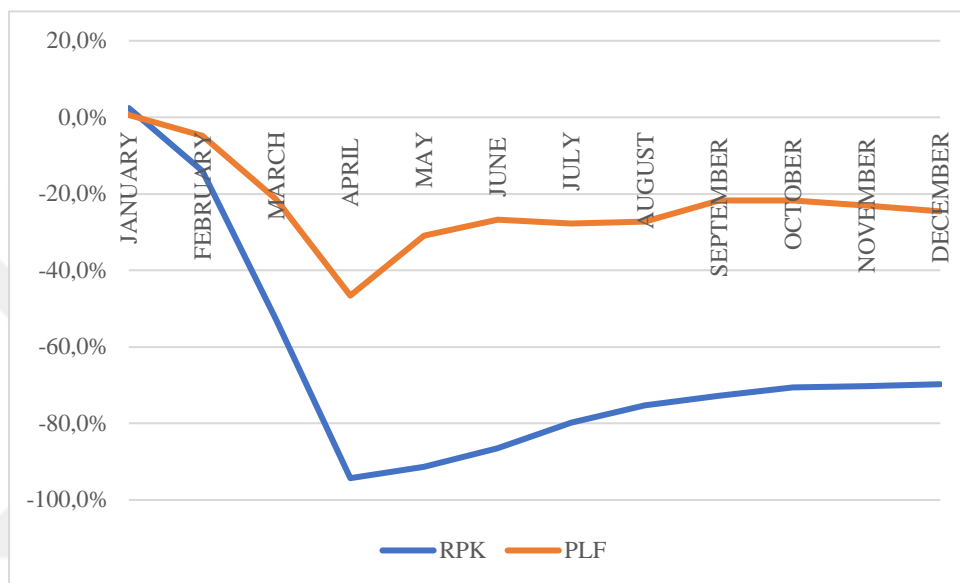
The airline industry has been heavily impacted by outbreaks economically with global travel restrictions, stringent health measures, and closed country borders. As a result of travel restrictions, all flights were stopped in April 2020, and most of the passenger fleet was grounded. In the summer of 2020, most countries' borders remained closed to air travel, and temporary downscale of lockdown restrictions for air travel could not revive the demand. As a result, passenger demand decreased by -79.8% in July 2020 compared to the previous year (IATA Economic's Chart of the Week August, 2020). In addition to closed borders and travel restrictions, the second pandemic wave peaked in the autumn of 2020, particularly in European countries and the USA, negatively affected passengers' confidence in air travel demand.

Consequently, revenue passenger kilometres (RPK's) fell by 72.8% in September 2020 compared to last year's level (Airline Financial Monitor september-october 2020, 2020). Another reason for the weak demand for air travel was that no effective vaccine could be invented against Covid-19 in 2020. Although the Covid-19 vaccine studies in the USA-Germany, China, and Russia yielded positive results in 2021, the lack of information about which vaccine was more effective and unknown potential side effects caused people to be unable to rely on vaccinations.

The pandemic resulted in a massive cash burn for the airline industry in 2020, which was already weak in liquidity. The second quarter of 2020 was the most challenging period for the airline industry, as the entire passenger fleet grounded at the end of March, followed by April, and May. Consequently, the industry experienced an approximately -80% loss of revenue compared to the same period of the previous year (IATA Economics' Chart of the Week October, 2020). During this period, airlines strived to minimise labour and maintenance costs by reducing their employees' wages and inducing them to take unpaid leave. Despite some efforts to mitigate the costs, the airline industry had to burn nearly \$ 50 billion in cash in the second quarter (Q2) of 2020 (IATA Economics' Chart of the Week October, 2020). As of October 2020, although the second wave of the virus peaked in Europe and North America, the passenger load factor level reached 60.2% due to growing demand in Brazil, Russia, Japan, and China's domestic and Latin American international markets. However, revenue passenger kilometres (RPK's) fell by -70.6% in total compared to the same period of last year (Air Passenger Market Analysis October, 2020).

According to IATA, in this economic atmosphere of uncertainty and travel restrictions due to stringent health measures, most airlines had 8.5 months of liquidity left in October 2020. Thus, airlines required extra financial support from the governments to survive (IATA Economics' Chart of the Week October, 2020). The governments in France and the Netherlands provided €10 billion of rescue liquidity to Air France/KLM airline companies. German federal government supplied €9 billion of cash to save Lufthansa. The US government's most remarkable financial support, the coronavirus aid and relief and economic security act (CARES) package, contains \$25 billion to rescue American airline companies (IATA Annual Review, 2020).

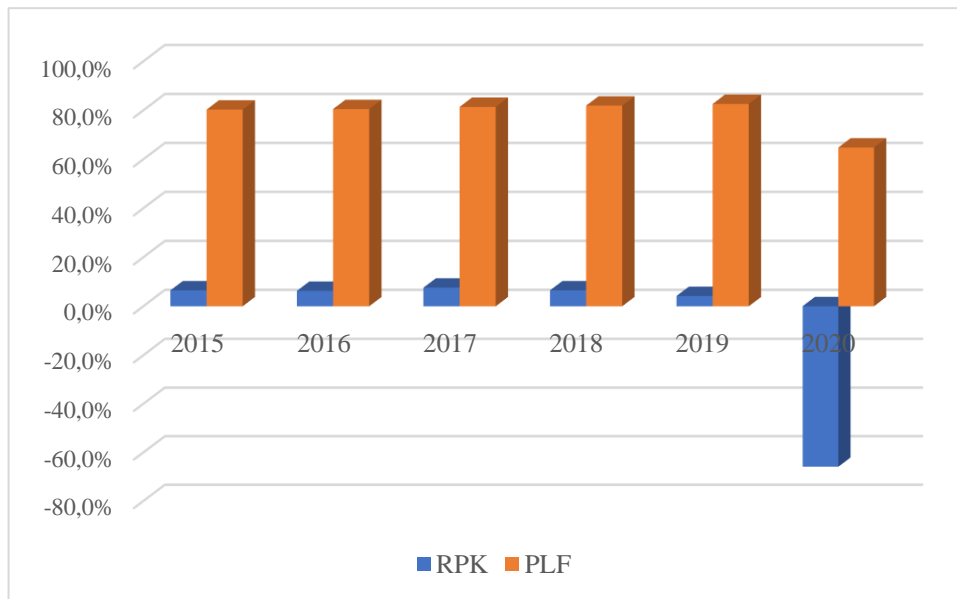
Nevertheless, the decline in airline revenues continued in November 2020, revenue passenger kilometres (RPK's) fell by -70.3%, and passenger load factor (PLF) became 58% due to low demand compared to the previous year (IATA Passenger Market Analysis November, 2020). The fewer the demand for air travel, the lower the load factor and revenue become. The chart below shows the actual revenue passenger kilometre (RPK) and passenger load factor (PLF) ratios of the global airline industry in 2020.



**Figure 2.1. The Overview of Global Air Passenger Demand During Covid-19 Pandemic in 2020\***

Source: IATA Air Passenger Market Analysis 2020

In Figure 2.1., Passenger demand is measured by a monthly change in Revenue Passenger Kilometre (RPK) and Passenger Load Factor (PLF) (%). Passenger Load Factor (PLF) and Revenue Passenger Kilometre (RPK) fell dramatically in 2020 compared to 2019, in line with the adverse effect of the Covid-19 pandemic on global air passenger demand.



**Figure 2.2. The Overview of Global Air Passenger Demand Between 2015-2020**

Source: IATA Economics

In Figure 2.2., Passenger demand is measured by a yearly change in Revenue Passenger Kilometre (RPK) and Passenger Load Factor (PLF) (%). Passenger Load Factor (PLF) is about 80%, and Revenue Passenger Kilometre (RPK) has been between 4% and 7% in the last five years. However, Passenger Load Factor (PLF) - 17.8% and Revenue Passenger Kilometre (RPK) fell drastically by 65.9% compared to 2019 due to the Covid-19 pandemic.

Additionally, with the increasing number of Covid-19 cases and mortality rate, the governments' strict travelling restrictions to stop the spread of the pandemic in countries also affected the aggregate demand and revenue in the global airline industry. Parallel with the vaccination development progress against the pandemic in China and Russia, the recovery of the domestic air travel market has continued since the end of the summer of 2020 (IATA Annual Review, 2020). However, the global economic stagnation in the markets, the expectation of the third and fourth wave of the outbreak, lack of information about the vaccines, and the countries' different quarantine measures reduce willingness to travel. Even if vaccines have been developed against the disease and the governments provided airlines with the financial aid, there are still uncertainties about airlines' fiscal and monetary policies due to the sharp decline in international air travel demand (IATA Air Passenger Market Analysis September,

2020). Most airlines reduced passenger fleet capacity plans, postponed new aircraft delivery, and converted some passenger planes into freighters or carried cargo even in the passenger cabin. Companies tried to compensate for their losses with cargo flights in this process. Albeit cargo flights rose only 8% in September 2020, much lower than last year (IATA Annual Review, 2020).

Finally, looking at 2020 with the reality of the pandemic, the estimated airline industry net loss is \$118.5 billion, and the passenger load factor (PLF) remained at about 65.5%. Airlines had to receive emergency relief of \$ 173 billion from their governments to survive during the pandemic (IATA Annual Review, 2020). According to ICAO, air traffic fell dramatically by -60% in 2020, down to 2003. As a result of the Covid-19 outbreak, the airline industry lost 2.7 billion passengers by reducing its capacity by 50% in 2020, and the total economic loss reached 370 billion dollars (Uniting Aviation, 2021).

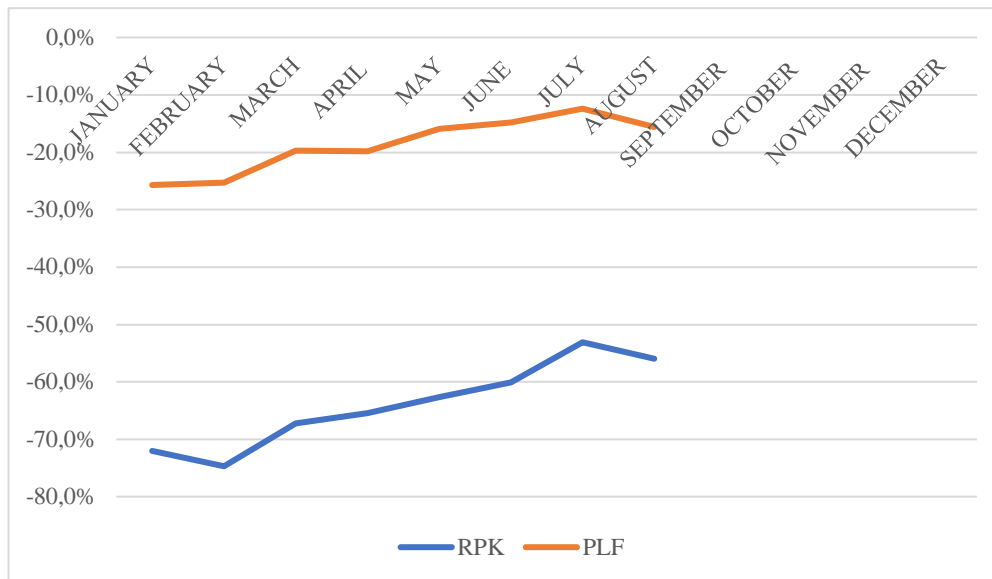
### **2.1.1. Air Travel Demand and Operational Outlook in the Airline Industry in 2021**

In the first four months of 2021, the decline in revenue passenger kilometres continued to decrease compared to 2019. Although the number of Covid-19 cases started to decline worldwide in February 2021, the slow vaccination progress has caused many countries to maintain travel restrictions (Air Passenger Market Analysis February, 2021). In March 2021, there was a recovery in global air passenger demand in domestic travel in America, China, Russia, Australia, and Japan, depending on vaccination rates (Air Passenger Market Analysis March, 2021). But the emergence of new virus types, especially in India, caused countries to continue travel bans on international flights (Air Passenger Market Analysis March, 2021). As a result, in April 2021, global revenue passenger kilometres decreased by -65.4% compared to the pre-pandemic period due to the continuing international travel restrictions (Air Passenger Market Analysis April, 2021).

On the other hand, the increase in the number of people vaccinated with the approach of the summer season led to advancements in early bookings for international travel (Air Passenger Market Analysis April, 2021). And the acceleration of the global

vaccination rate and the support of governments to boost tourism helped travellers regain their confidence in air transport (Air Passenger Market Analysis May, 2021). With the recovery in air passenger demand in the domestic market in Russia, China, Brazil and the USA, the domestic market reached almost the pre-pandemic level in May 2021 (Air Passenger Market Analysis May, 2021). Furthermore, thanks to the successful vaccination programs, life started to return to normal in June, and the passenger traffic reached approximately to the rate of 85% in the domestic markets of America and Brazil (Air Passenger Market Analysis June, 2021). However, the decline in international air travel demand continued due to the strict quarantine measures implemented in the Asia-Pacific and African regions (Air Passenger Market Analysis June, 2021).

Furthermore, the temporary closing of schools in the mid of June and the desire to travel for the summer vacations caused European airlines to increase their capacities by 26% (Air Passenger Market Analysis July, 2021). With this capacity growth, international revenue passenger kilometres increased by 8.4% in July compared to the previous month (Air Passenger Market Analysis July, 2021). Although the increase in the global domestic demand positively affected airline revenues in August, this increase was short-lived due to the delta variant of the pandemic. With the effect of the Delta variant, this decrease in revenues in August 2021 meant a -56% fall in the global airline industry compared to pre-pandemic August 2019 (Air Passenger Market Analysis August, 2021). However, the rise in passenger load factors and increasing vaccination rates in all regions are positive signs of the expectation of a financial recovery in the airline industry in the following months (Air Passenger Market Analysis August, 2021). Furthermore, as of November 2021, lifting the travel ban for vaccinated passengers who will travel between America and Europe is expected to impact air travel demands positively (IATA Economics' Chart of the Week October, 2021).



**Figure 2.3. The Overview of Global Air Passenger Demand During Covid-19 Pandemic in 2021\***

Source: IATA Air Passenger Market Analysis 2021

In Figure 2.3., Passenger demand is measured by a monthly change in Revenue Passenger Kilometre (RPK) and Passenger Load Factor (PLF) (%). Passenger Load Factor (PLF) and Revenue Passenger Kilometre (RPK) continued falling in 2021 compared to 2019, in line with the negative impact of the Covid-19 pandemic on global air passenger demand.

## 2.2. Importance of Business Class Travel and Pandemic

The previous section focused on how the Covid-19 pandemic impacted the global airline industry in terms of loss of revenue, lack of demand, and finance. We tried to point out how the Covid-19 pandemic affected the behaviour of air travellers in business class in this context. Consumer behaviour is a science focusing on supply and demand relations; time, health, political and economic conditions that emerge according to the competition in the market, and psychological, sociological, and economic conditions (Huang, 2010). Customers try to make their brand choices in a competitive market. They search for information about the brand's credibility according to their demand, budget, and time. It shows that consumers evaluate and eliminate brands until fewer and the most reasonable options remain (Chernatony ,

McDonald, & Wallace, 2011). Especially during the pandemic, airlines must present themselves as a safe brand by taking necessary health measures, and passengers need to have the confidence and a sufficient budget to fly (Graham, Kremarik, & Kruse, 2020).

Today, there has been a radical change in air travel regulations and passenger habits. Thus, a healthy travel concept by air has become a necessity for countries, aviation authorities, and passengers. The global airline industry, which has suffered most financially during the outbreak, is trying to regain customer confidence by changing service concepts and regulations related to air travel health measures despite the countries' stringent travelling restrictions. Moreover, air travel demand declined due to border closures, new strict health measures, and economic factors, such as loss of jobs, uncertainty, and health concerns (Graham, Kremarik, & Kruse, 2020). Passenger behaviours and choices are influenced by several factors such as their budgets, disposable income, ticket fares, health risks, and constantly changing air travel rules with government restrictions (Lee & Chen, 2011).

Covid-19 transmission is a significant risk in the aircraft and heavily impacts travelling demand. Therefore, cabin disinfection before and after the flight, wearing a mask on board, reducing unmasked time while eating, washing hands frequently, maintaining social distance while boarding and deboarding, and providing airflow onboard mitigate the risk of contamination (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). These rules are mandatory for all passengers and crew at all airlines and are strictly implemented during the outbreak. Due to the pandemic, all airlines had to equip their fleets with HEPA filters to increase in-cabin air quality. HEPA filters, known to be highly effective in maintaining the cabin air quality every 3 to 4 minutes, have proven to remove 99.97% of low concentrations of bacteria, fungi, and viruses (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). According to IATA and ICAO, for adequate air exchange circulation, this system should be activated at least 10 minutes before boarding and during the whole flight till disembarking the passengers (IATA), (ICAO). Although this system seems highly effective, the difficulty of the passengers to comply with mask, distance and cleaning rules makes the situation harder, especially in the economy class with more passengers. Turkish Airlines offers hygiene kits containing masks and disinfectants for its passengers to comply with hygiene rules

during the boarding period. Furthermore, within the scope of the measures taken for the pandemic, the airline assigns hygiene experts from cabin crews, ensuring that toilets are disinfected once in every hour during the flight.

The significance of travelling in business class may increase. However, it is more expensive due to the difficulty of maintaining social distance, the lack of space between the seats and higher density of passengers in the economy section. During boarding and deboarding, passengers move along the aisle without considering the social distance, touch their seatback and armrest before being seated and touch overhead bins to put their luggage. Yet, in the business class for fewer people, there is a larger space on board to move. To reduce the risk of transmission, the movement of passengers and crew should be minimised during the flight, and social distancing should be provided inside the cabin and bridge during boarding and deboarding (Bielecki, et al., 2020). Business passengers embark and disembark the aircraft from a separate gate, facilitating them to maintain social distance with less contact. This policy of boarding and deboarding from different gates also enables the business class to be perceived as safer. The business class is considered to have a much lower risk of contamination than the economy class because the seat pitch is more extensive, the passenger capacity is limited, and there is a greater distance between the seats (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). The middle seats should be left empty in the economy class. In addition, a minimum distance of two meters between the seats should be provided in the economy section to maintain social distance and minimise the transmission risk during the flight (Schultz & Fuchte , 2020). However, airlines are already going through a more challenging period financially than ever in aviation history, eliminating the possibility of leaving the middle seats empty. In addition, IATA does not recommend this situation as it will adversely affect airlines financially (IATA, 2020). Since the middle seat cannot be left empty in economy class, the most troublesome situation is experienced during food and beverage service on board. Passengers sitting in the same row should eat by turns in less than 15 minutes and should not remove their masks simultaneously to reduce the risk of transmission (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). Although the same problem is valid in the business class, the absence of a middle seat in this section, a wider and sufficient distance between the seats create the perception of a safety in business class. In addition, the newly added Airbus A350-900 aircraft to the Turkish Airlines fleet

offers its passengers an adjustable privacy panel outside the aisle seats (TK Annual Report, 2020). These special seats are designed to provide privacy by providing a more isolated personal space and safer journeys, especially for business travellers during and after the Covid-19 outbreak.

Before the Covid-19 pandemic, Turkish Airlines used to offer hot meal and beverage services with a flying chef in business class on mid and long-haul flights. The airline also used to serve meals called “dine on-demand” for business class passengers on long-haul flights, which was the opportunity for business class passengers to have their food and beverage treats at any time. Furthermore, business class passengers could also choose their hot meals before the intercontinental flight via the TK app (TK Annual Report, 2019). But the company had to change its catering policy temporarily in line with the recommendations of the advisory board of the Turkish Ministry of Health to prevent the transmission risk of Covid-19 on board (TK Annual Report, 2020). Currently, all long-haul destinations have hot meal services on board. Due to the pandemic, cold treats had to be served in sealed boxes in business class for a year (TK Annual Report, 2020). However, treats were served in paper bags for economy class passengers in some international destinations. In addition, the company offered only water service to its passengers in both business and economy classes on all domestic and short-haul international flights to minimise the risk of contamination (TK Annual Report, 2020). In business class, beverages were served in a separate small bottle with limited options. In the economy class, soft drinks were included inside the paper bags or boxes with cold snacks on international flights (TK Annual Report, 2020). As of March 2021, the company started to offer hot meals, beverages, and hot drink services again to business and economy class passengers on all flights exceeding 2 hours of flight time.

One of the most significant risks for an airline is the possibility of post-flight Covid-19 cases among passengers or crew. To mitigate the risk of transmission, passengers and cabin crew must strictly follow mask, distance, and hygiene rules while onboard. Although expensive, business-class offers a broader environment with less passenger capacity. Therefore, it may be perceived as a safer zone by passengers due to the lower probability of exposure.

### **2.3. Airline Industry After the Pandemic**

The Covid-19 pandemic has seriously impacted the global airline industry financially due to governments' different quarantine measures, lockdowns, border closures, travel restrictions, and reduced willingness to travel by air (IATA Annual Review, 2020). Therefore, the global airline industry needs to reshape its operational activities and prepare for the emerging post-Covid-19 era (ACI Update Aviation industry restart and recovery post COVID-19, 2020). One of the biggest challenges to recovering after the pandemic is regaining passenger trust for safe and healthy travel. The airline's concept of healthy travel and quarantine measures are now inevitably at the forefront of travellers' purchasing preferences. Therefore, airlines must cooperate with governments to stimulate demand with a healthy travel concept, considering the fear of travel and the reduced purchasing power according to the global level of GDP.

The pandemic has profoundly affected people's social lives and interactions due to lockdowns and travel bans. People could not go on a holiday or meet their families, relatives, and friends for a long time as a result of these health measures and border closures. Many business and educational institutions encouraged their employees and students to work and learn remotely during the pandemic, and it turned out that the remote working and training method worked. Due to the financial and health benefits, remote working may replace business travel for a certain period of time (Robinson, 2020). However, most businesses desire to work with face-to-face communication, as before the outbreak. Thus, business travel recovery is expected to be faster than leisure travel in mid of 2021 (Bogaitsky, 2020). Some significant constraints to stimulate air travel demand are border closures, governments' different lockdown strategies and travel restrictions (IATA Annual Review, 2020). Covid-19, which is rapidly transmitted by the mobility of people from one destination to another, has caused the closure of borders, lockdowns, and fear of air travel due to the considerable risk of in-flight transmission (Bielecki, et al., 2020). Therefore, almost all countries request a negative Covid-19 test result from passengers entering and exiting their countries at least 24 hours before the flight. The demand for a negative test from the international travellers may cause countries to abrogate or mitigate various quarantine measures and stimulate air travel demand through bilateral government agreements (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). Even if the test results of the passengers

are negative and they are fit to fly rules such as wearing a mask in the aircraft cabin, hygiene of the hands and social distance will be required during this period (Felkai, 2021). Due to international travel restrictions and measures, there is a major increase in domestic air travel demand globally with the aim of visiting family, friends, and relatives especially after June 2020 (IATA Annual Review, 2020). Due to the gradual recovery and recession in air travel demand after the pandemic, Airbus and Boeing companies will reduce the production of wide-body aircraft in 2021 and beyond (Bogaisky, 2020). The fact that most of the aircraft owned by airline companies are still on the ground, financial pressures, and a decrease in the number of international passengers has pushed airlines to operate flights with narrow-bodied aircraft and cancel new aircraft orders (Robinson, 2020).

Many suggestions are presented to control the pandemic or prevent such diseases before they emerge in the future. At the World Economic Forum, the idea of a digital passport has aroused which allows data control to monitor the Covid-19 vaccine status on international flights and check the health status of passengers at the borders or on boarding (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). The purpose of this passport is to certify that passengers comply with the necessary health conditions before a flight and their immunity against certain diseases such as Covid-19 to create a healthy travel concept (IATA, 2020). With this passport, no PCR test is required, and it is aimed to facilitate the implementation of the mask and distance rules with less waiting time during passport control and boarding at the airport (Khatib , Carvalho, Primavesi, Kent, & Poirier, 2020). Although research on vaccination for Covid-19 disease have positively resulted, there are still obscure points about the duration and effectiveness of immunity in people who have previously suffered from the disease (Chen, Freedman , & Visser, 2020). In addition, this system ensures information about passengers' transfers to the airlines and the destination country. However, necessary measures should be taken to protect personal privacy between countries while sharing information. IATA also decided to develop a cooperative identification system called One ID to allow passengers to proceed smoothly and swiftly from the airport gate to the plane (IATA Annual Review, 2020). Digital ID platforms entail fewer waiting periods for boarding and provide more hygienic and ID control without physical contact for the airline security (Robinson, 2020). Although these are only suggestions,

it is evident that there will be radical changes in the airline industry after the Covid-19 pandemic.

Despite the positive results considering the vaccine, its effect remains uncertain, and the different quarantine measures taken by the countries may affect the willingness to travel in this process. Even if doubts about vaccines would resolve in the future, it might still be necessary to travel with a mask for a certain period in new everyday life after Covid-19. Pre- and post-flight disinfection procedures for the aircraft, travel hygiene rules, and social distancing will continue to be applied. In addition, contactless transactions will become more popular in the airline industry, from boarding to baggage drop, to mitigate the fear of travel (Robinson, 2020). Consequently, according to IATA's 5-year market outlook forecasting data, the airline industry is not expected to reach the 2019 global revenue passenger kilometre (RPK) level until 2023. Furthermore, international air travel is not estimated to reach the state of 2019 by 2024 (Pearce, 2020).

## **CHAPTER III**

### **LITERATURE RESEARCH ON THE CRITICAL DETERMINANTS OF QUALITY PERCEPTION IN BUSINESS CLASS TRAVELS**

This study aims to create comprehensive information about the critical determinants of quality perception in business class travel. This chapter will explain the essential determinants of quality perception in business class passenger demand for air travel. In other words, It will analyse the demand of the passengers who focus on comfort, service quality, and satisfaction. It is evident that air ticket price, willingness to pay, and the level of personal income in society are the main drivers of demand (Doganis, 2019). However, as the income level rises, the need for air travel will tend to increase in direct proportion (Mutti & Murai, 1977). Therefore, passengers who prefer to travel in a business class are generally people with a high-income level. In addition, they like to travel in a quiet and comfortable environment during their business or holiday trips with excellent service quality. Thus, passengers choosing business class are mostly less price-sensitive than economy class passengers (Holloway, 2004).

Business travel can be defined as; a planned or unplanned trip to different workplaces related to the business (Middleton & Clarke, 2001). However, as the income level rises, people prefer to travel more comfortably for long or short-haul flights in business class for business, vacations, and visiting friends or family. In addition, flight frequency, health measures, on-time departure, and arrival significantly impact their choice of airline company. The business class determinants could be defined as the factors that cause people to demand to travel in a safer and more comfortable environment to receive more quality service with on-time performance as their welfare level rises.

To better explain the critical determinants of quality perception in business class travel, we divide them into four groups: socio-economic, demographic, geographic, and service-related factors.

**Table 3.1. Critical Determinants of Quality Perception in Business Class Travels**

<b>Socio-Economic Factors</b>	<b>Demographic Factors</b>	<b>Geographic Factors and Hub Location</b>	<b>Service-Related Factors and Turkish Airlines</b>
* Air Price * Income			*Brand Perception and Loyalty

### 3.1. Socio-Economic Factors

The development of the global economy and the airline industry correlate with each other in direct proportion. The boom in the worldwide economy and airline industry stimulates the economic activities of countries with the transport of people and goods, and in return, creates the demand for air travelling. The aviation industry also contributes to enhancing the socio-economic well-being of states by connecting countries and people (Ulaşan ve Erişen Türkiye, 2020). In parallel with economic developments, trade volume and size directly affect the demand for business travel (Doganis, 2019). As a result of the economic growth for the last 20 years in the world and Turkey, air travel demand and revenue passenger kilometres (RPK) increased in the airline industry. In line with the positive developments of the global economy in recent years, air travel has grown approximately one and a half or two times faster than the world GDP (Doganis, 2019). However, in 2020, everything changed unexpectedly. The Covid-19 outbreak has affected the global economy unprecedentedly, resulting in the airline industry losing a total of \$ 118.5 billion, and air travel demand fell by -61% compared to 2019 (IATA Economics, 2021). Furthermore, Global GDP decreased by 4.2% in 2020, parallel with the decline in air travel demand (OECD Global Outlook, 2021). The uncertainty of the side effects of the vaccines, the mutation of the Covid-19 virus, particularly in Europe, and travel restrictions resulted in a constant decline in air travel demand with less passenger confidence in 2021.

Passengers usually make their travel decisions based on solvency, previous flight experiences, health measures, safety, comfort, service quality, competition in the market, ads, etc. The demands in the airline industry may vary depending on daily, weekly, monthly, seasonal, religious, and national holidays (Doganis, 2019). The airline's direct and connecting flight network, safety, and the airline itself were more important than the price when the airline industry was most profitable (Bieger, Wittmer, & Laesser, 2007). Since people generally prefer to travel at certain times, there is a significant increase in air travel demand, particularly during summer holidays, winter semester, national and religious holidays, and the hajj period (Doganis, 2019). It is evident that people's age, income, profession, gender, holiday habits, and life expectations are the most prominent factors affecting the socio-economic value in demand (Doganis, 2019). Since business class travellers are primarily composed of people with a higher income level, they directly focus on comfort, service quality, and on-time departure in their travels with the purpose of business, vacation or, visiting family and friends. In recent years, there have been some changes in the business class passenger profile, with an increase in world GDP and competition in the airline industry. Especially on long-haul flights, high-income families and children prefer to travel in business class, as the business class seats are entirely transformed into flat beds and provide comfort to the passengers. Sometimes the business class passenger may consist of people travelling for business purposes whose travel expenses are covered by their employer (Doganis, 2019). This type of passenger may have less income than the usual business class passenger profile because they might be new, inexperienced employees or managers in their company and their tickets are paid for by the company (Doganis, 2019). Bearing that in mind, they are comfortable and service-oriented passengers as they travel with the need to accomplish their duty as successfully as possible at their destination in a short time (Pantelescu, 2011). A businessperson or a government official travelling in business class for a business agreement or investment in a different country may have different travel expectations regarding quality and comfort (Doganis, 2019). They are primarily time-value passengers.

On-time arrival and direct flights are the most important reasons for their airline preferences (Dolnicar, Grabler, Grün, & Kulnig, 2011). These passengers expect to fly in a quiet zone, like a private office and check their preparations once again before

arriving at their destination (Brons, Pels, Nijkamp, & Rietveld, 2002). Business-class passengers travelling for business purposes do not have enough time to purchase tickets, refund, and discount rights in advance, as their business plans may change at any time (Mason, 2005). Thus, business travel decisions are primarily taken in a short time, so bookings may need to be arranged in a few days or the same day before the flight (Pantelescu, 2011). As a result, business class travel demands may increase on a daily or weekly basis (Doganis, 2019). It is also another reason why they are less price-oriented than economy class passengers. The fact that reservations must be made within a certain period, the purpose of the travel, the expectations from the trip, and travel habits are related to the socio-economic characteristics of the individuals (Doganis, 2019).

Today, currency fluctuations may affect air travel demand. In particular, the depreciation of the Turkish Lira against the US Dollar and Euro adversely affected ticket prices. Ticket prices indexed to Euro and US Dollar may impair Turkish consumers' demand. Furthermore, with the Covid-19 pandemic, some sectors' economic stagnation and job loss inevitably will affect the future travel demands. Since passengers benefit from a specific discount with early reservations opportunities on the airline company's web page, online ticket reservations can create the perception of a cheaper plane ticket. Although Covid-19 vaccines are launched, a doubtful approach to the vaccine, fear of transmission, loss of jobs, uncertainty, and a sharp decline in global GDP may delay the expected demand in the global aviation market.

### **3.1.1. Air Price**

The most critical factor affecting the airline company's revenue, profit, and market share is the price. In line with environmental factors, the price in the competitive market may change continuously and unexpectedly according to global conditions, competition, supply, and demand. Price is an indicator that might give the consumer an idea about the product's quality in the market. Each airline offers different standards of service and passengers evaluate the price according to the quality of the service to be provided (Douglas, 2005). As the price of the products offered in the competitive market is easily affected by supply-demand and environmental factors, pricing should constantly be updated according to changing market conditions (Singh, 2012). In

addition, the price defines the company's position and value in the market, the segment in which it serves the products (Owomoyela , Olasunkanmi, & Oyeniyi, 2013). Passengers expect to have a comfortable journey on board by choosing the airline that offers the highest quality service and the best tariff according to their price (Proussaloglou & Koppelman, 1999).

Airlines determine the ticket prices of classes and sections in terms of quality of ground and air services, treats, seats, tariffs, holidays and, destinations (Doganis, 2019). Companies also consider costs and demand in the market when pricing. As a result of the liberalisation and deregulation in the American and European Union aviation market, air competition increased with more airlines on different routes. It stimulated global air travel demand with competitive airfares (Mason, 2005). Passengers travelling in business or economy class are naturally price sensitive in the changing market conditions, and the competitive pricing among airlines can affect travellers' preferences or willingness to travel. Airlines earn approximately five times more revenue from each passenger in business class than the economy class. Thus, price, product features, and service quality are crucial for gaining confidence in the competitive market (Douglas, 2005). According to the research conducted by Proussaloglou and Koppelman, it was found that the airlines' suitable flight schedules for business travellers are more important than the price for airline selection (Proussaloglou & Koppelman, 1999). Therefore, an effective tariff policy for business travellers to different destinations is critical to competition and customer satisfaction in the market. According to a survey on UK and USA markets by Mason, business passengers stated that the service they receive on short-haul flights is not worth the value for money. However, it was also found that business passengers still prefer to travel in business class on long-haul flights due to the comfort (Mason, 2005). However, Aer Lingus was one of the low-cost airline companies in Europe, which tried to attract business travellers, especially on short-haul flights and created three different pricing methods in economy class: "Economy Saver", "Economy Plus", and "Economy Advantage" (Doganis, 2019). This situation resulted in high-income business travellers or company employees choosing low-cost airlines for short-haul business trips due to the price advantage in the competitive market. The approach of applying different pricing strategies in business and economy class with a variety of categories of the fare has inspired today's full-service carriers to compete in the global air

transport market. As a result, price factor for business travellers has also come to the fore. For example, Singapore Airlines offers three different price categories for business class travellers, while British Airways and Lufthansa offers two different price categories today (Doganis, 2019). In addition, Turkish Airlines offered its business class passengers lower prices and high-quality onboard services compared to their competitors such as British Airways, Singapore Airlines, Emirates, Etihad, and Lufthansa in 2018 (Doganis, 2019). This result shows that business passengers also focus on price and service quality.

In 2020, passenger load factor (PLF) and revenue passenger kilometres (RPK) fell dramatically in the airline industry due to the adverse impact of the pandemic on the world economy, border closures, and travel restrictions. On the other hand, the air service and on-time flight operation are the main factors of the airline industry in terms of customer satisfaction. Thus, prices should be reasonable and consistent with the service provided according to the global condition. For 2021, it is inevitable for airlines to start with new pricing strategies and apply discounts and promotions to stimulate demand again in the worldwide air travel market. Nevertheless, the constraint is that even if the new pricing strategy is tailored for the demand, global economic crisis, some main factors such as reduced travel tendency, cash burns, and cost increase challenges the airlines.

### **3.1.2. Income**

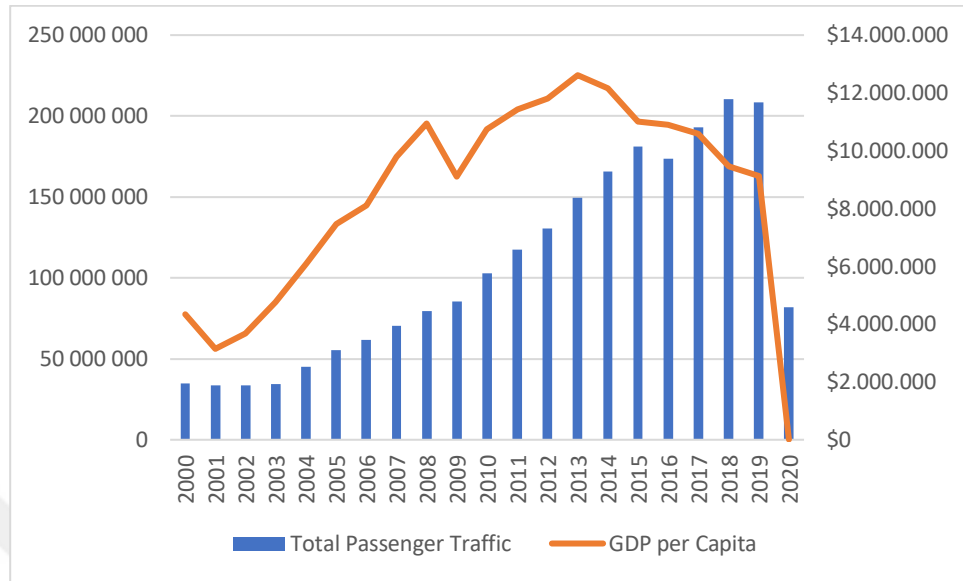
The most crucial factor for travelling in business class is the level of income. Income level and welfare directly affect people's lifestyles, travel preferences and expectations. Therefore, determining the travel class before a vacation, a visit to family, friends, and relatives, or a business trip is related to the income of the passengers and the airline fare. One of the biggest reasons for the rapid development of the airline industry and global economic development and competition in the last 40 years is the decrease in the prices of airline ticket and the rise of the global GDP per capita (Doganis, 2019). Along with the economic developments of the countries, the growth of GDP per capita stimulates the demand for air travel (Valdes, 2014). On the other hand, the decline in global GDP due to the pandemic negatively affected people's income and living standards. Therefore, business class passengers can now be

price-oriented according to their budget, even if they are less sensitive to the changes in the price.

Global economic fluctuations may affect air travel demands and determine the level of disposable income for a vacation or a business trip. An important indicator of welfare is increased disposable income. As the passenger's disposable income level rises, they will be less price-sensitive when choosing to travel in business class (Brons, Pels, Nijkamp, & Rietveld, 2002). According to the research by Doganis, two things emerge as people's income level rises. First, they begin to spend on unnecessary things. Second, they spend more on service and travel more easily because of a high level of income, especially on long-haul flights (Doganis, 2019). Therefore, global GDP per capita is one of the greatest determining factors affecting air travel demand.

According to IMF, global GDP fell by -3.3% in 2020 due to the Covid-19 pandemic (World Economic Outlook April, 2021). The pandemic caused a severe disruption in international investments and a severe capital decrease in developing countries. Therefore, the global GDP and the growth expectations of the developing countries and markets continue to decline (World Bank Group, 2021). The dramatic decline in global GDP, the travel restrictions and border closures negatively affected the global air transport industry, and it resulted in a -60.9% decrease in the overall air passenger traffic in Turkey compared to the previous year (Devlet Hava Meydanları İşletmesi Genel Müdürlüğü, 2021). In 2020, GDP per capita in Turkey rose 1.8% compared to the last year despite the Covid-19 pandemic (TUIK, 2021). However, border closures, lower-income levels, high risk of transmission, and different travel measures for each country are the primary factors that reduce international and domestic air travel demand. The welfare and income level of the countries depend on the investments and the strength of the business partnerships. The capital from acquisitions and business partnerships boosts national income and results in an increase in business travel (Doganis, 2019). However, the post-pandemic economic recovery is expected to take considerable time, as global GDP is projected to be 5.3% lower in 2021 than in the pre-pandemic period (World Bank Group, 2021). The fact that economic recovery will take a significant amount of time may cause a sharp decline in people's income levels and business class travel demands. Due to the adverse effect of the pandemic, GDP per capita in Turkey remained at \$8.599 (OECD Economic Outlook Turkey, 2020).

Accordingly, a total of eighty-one million passengers were carried from all airports in Turkey in 2020 (Devlet Hava Meydanları İşletmesi Genel Müdürlüğü, 2021).



**Figure 3.1. Air Passenger Traffic and GDP Per Capita in Turkey (2000-2020)**

Source: OECD Turkey and General Directorate of State Airports Operation

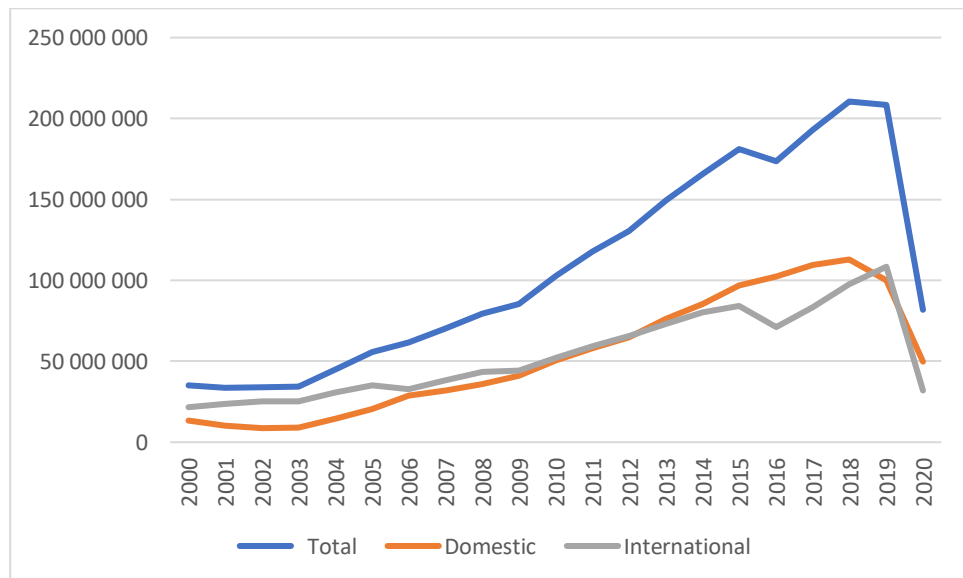
In Figure 3.1., Turkey's total air passenger traffic (million) and GDP per capita (US \$) are measured and compared annually between 2000 and 2020. The total number of passengers and GDP per capita increase direct proportional except for 2018 and 2019.

### 3.2. Demographic Factors

The essential element of the airline business is people. The pandemic that we have been experiencing for more than a year has made everyone around the world realise once again neither the economy nor the air transport industry could exist without human factors. Today, 7.7 billion people live globally, and in the next 30 years, the world population is expected to increase by 2 billion to 9.7 billion in 2050 (United Nations population, 2021). The fatal consequences of the Covid-19 pandemic damaged the density and life quality of the elderly population, especially those over 65 years of age. There are 1.2 billion young people between the ages of 15-and 24, constituting 16% of the world population. The number of young people in this age group is expected to increase by 7 per cent to 1.3 billion by 2030 (United Nations population, 2021). Air travel demand mainly depends on airfare and the income level

of people (Doganis, 2019). The adult or elderly population has a higher income, but the expected young population growth is more than the older population which result in changes in global air travel preferences. Despite the global population growth expectations, fear of travelling due to the pandemic, decrease in global GDP, travel restrictions and the young population with lower income are the significant constraints for business class demand. For this reason, there might be unexpected decreases in business class travel preferences soon.

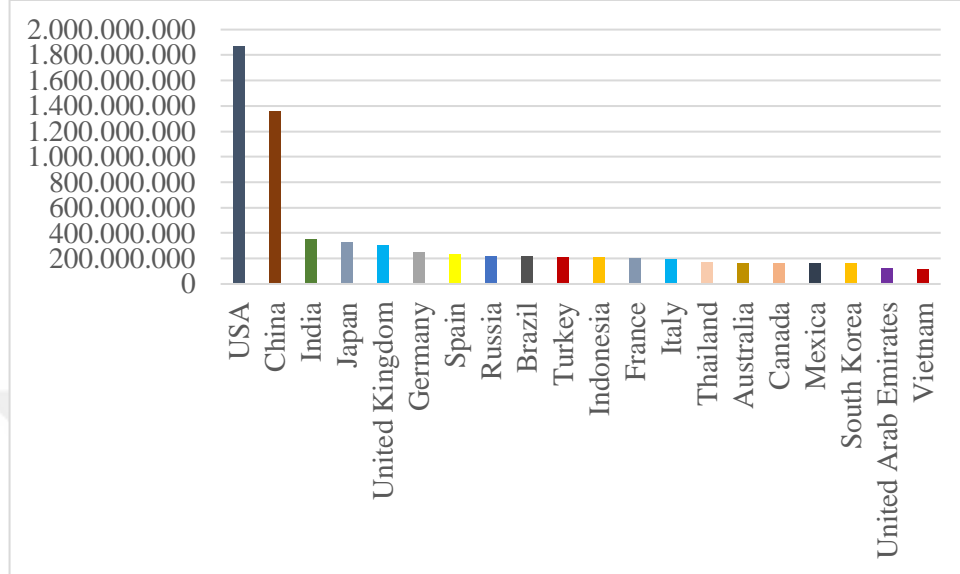
Parallel with the development of the Turkish civil aviation sector for 20 years, the increase in air passenger traffic at Turkish airports has led to widespread air travel in Turkey. With the Turkish aviation liberalisation project launched in 2003, it is aimed at ensuring every Turkish citizen to travel by plane once. Since then, there has been a significant increase in the number of passengers and flights at Turkish airports (Ulaşan ve Erişen Türkiye, 2020). In 2019, 108.5 million international and 99.9 million domestic passengers used Turkish airports (General Directorate of Turkish Civil Aviation Authority, 2020). However, compared to the previous year, the number of domestic passengers fell by 50.2%, and international passengers decreased by 70.6% in Turkey due to the Covid-19 pandemic (Devlet Hava Meydanları İşletmesi Genel Müdürlüğü, 2021).



**Figure 3.2. Passenger Traffic at Turkish Airports 2000-2020**

Source: General Directorate of Turkish Civil Aviation Authority

In figure 3.2., Passenger traffic is measured annually according to the number of passengers (million) using Turkish airports between 2000-and 2020. Thus, in parallel with the development of the Turkish aviation sector in the last 20 years, it can be seen how significantly passenger traffic has increased at Turkish airports except for 2020.



**Figure 3.3. World Passenger Traffic in 2019**

Source: Ministry of Transport and Infrastructure of the Republic of Turkey (Ulaşan ve Erişen Türkiye,2020)

In Figure 3.3., The number of passengers (million) using the airports of the world's top 20 leading countries is compared with the world passenger traffic in 2019. Positive developments in air transportation moved Turkey to be among the first ten countries globally in world air passenger traffic in 2019.

Turkey got 2.28% share of the world passenger traffic in 2019 (Ulaşan ve Erişen Türkiye, 2020). Competitive price advantages have also motivated people to prefer air transportation facilities in Turkey.

Some of the essential factors determining business travel demands are the ease of transportation for trade, direct flight opportunities and the industrial development of the destination (Doganis, 2019). Due to globalisation, people do business worldwide, and they need a quiet zone to use their time efficiently during the flight. This is because, unlike leisure travellers, time is much more valuable for business travellers (Yaylalı & Dilek, 2017). The industrial popularity of the destination, young

population, work power, political stability, and connecting flight opportunities also affect business travel demand (Doganis, 2019).

Today, the airline industry is exceptionally far from the 2019 level regarding air travel demand and passenger traffic at airports. Arrivals at international airports declined by 74%, as a result of 1,4 billion fewer passengers travelling with airlines in 2020 (Uniting Aviation, 2021). Because of the pandemic, the stagnation in the tourism industry lost \$2 trillion to the world GDP (United Nations World Tourism Organisation, 2020). Despite the emergence of Covid-19 cases in every country worldwide, 70% of destinations have declared off travel restrictions, but air travel demand is still insufficient. As of November 2020, 152 destinations abated travel restrictions to increase air travel demand, but fifty-nine destinations kept their borders closed (United Nations World Tourism Organisation, 2020). Finally, the best scenario of reaching the 2019 level of air passenger traffic for international arrival will take 2.5 or 4 years (United Nations World Tourism Organisation, 2020).

### **3.3. Geographical Factors and Hub Location**

The most critical factors for developing the airline industry in a country are geographic location, size, and proximity to high-income markets (Ishutkina & Hansman, 2008). Turkish Airlines conducts its fleet structuring according to its geographical location. The use of narrow-body aircraft for domestic and short-medium-haul international flights helps to reduce the unit cost. The utilisation of wide-body aircraft on medium and long-haul flights helps increase the passenger load factor and the airline's competitiveness in the market (Karagülle, 2012). Using the strategic advantage of its home base, Istanbul, Turkish Airlines has become the airline that flies to most countries in the world today (TK Annual Report, 2019). Turkey's geographical location is like a natural bridge between Europe, Asia, and Africa. Sixty national capitals and 205 international destinations can be reached in just 3- or 4-hours of flights from Turkey to Europe, the Middle East, Central Asia, and East Africa. Therefore, a large part of the Turkish Airlines fleet consists of narrow-bodied aircraft (TK Annual Report, 2018). Istanbul, the hub location of Turkish Airlines where Asia and Europe meet, has become the new favourite of transfer passengers after the first phase of the new airport was completed. Before the pandemic, the company's number of

international transfer passengers increased by 5.4%, and the passenger load factor rose by 0.3 points in 2019 (TK Annual Report, 2019).

Istanbul Airport, the largest airport globally, has an annual passenger capacity of ninety million today. It will reach two hundred million yearly passenger capacities when two other phases of the airport are completed by 2028 (Istanbul airport, 2020). Turkish Airlines offers direct flights from Istanbul to many destinations worldwide to quality and time-oriented business class passengers. According to Nako, some of the most critical factors affecting airline preferences in business class are the number of flights, direct flight opportunities to destinations, and on-time arrivals (Nako, 1992). Turkish Airlines entered new markets by expanding their flight network, especially in Africa, South and Central America and the Middle East market. In 2019 with the first phase of the new Istanbul Airport's opening, the airline carried 74.3 million passengers with 350 aircraft from 321 destinations (TK Annual Report, 2019). Additionally, the airline company was flying to 126 countries in 2019 and maintained its flights with updated health measures despite the adverse effects of the Covid-19 pandemic. In spite of the varying health restrictions between countries, Turkish Airlines managed to carry twenty-eight million passengers with a 71% load factor in 2020 (TK Annual Report, 2020).

The number of Turkish Airlines' transfer passengers increased in 2019 due to the geographical location of Istanbul, the opening of the new Istanbul Airport, and Turkish Airlines' more affordable price policy than its competitors. Finally, forty-two million international passengers were carried in 2019 from Europe, the Middle East, Central Asia, Africa, and East Asia (TK Annual Report, 2019).

### **3.4. Service-Related Factors and Turkish Airlines**

Service-related factors in the airline industry are classified into two parts: ground and air services. Full-service carriers provide check-in, boarding, and lounge services at the airport, and inflight services such as the hospitality of the cabin crew, catering services, internet, and in-flight entertainment systems, which aims at passenger satisfaction (Koklic, Kos, Kukar-Kinney, & Vegelj, 2017). Airlines offer a lucrative mileage program, fast and online check-in facilities, free wi-fi, priority boarding, and

lounge services to attract business travellers (Pantelescu, 2011). Furthermore, since business travellers demand to carry their valuables on board, airlines offer them free extra baggage right in the cabin (Dresner, 2006). Hence, the airline's service quality is one of the most critical factors affecting passenger satisfaction and perception of the company (Park, Robertson, & Wu, 2006). If the service quality meets customer expectations, it increases the airline brand's perceived value, satisfaction, and profitability in direct proportion (Atalık, Bakır, & Akan, 2019). Business-class passengers are mostly time-value people. Therefore, they give importance to the short waiting period for check-in and boarding, flight frequencies, and on-time departure and arrival to the destination (Dresner, 2006). According to research conducted by Espino, Martin, and Roman, factors such as price, cabin comfort, catering services, flight frequency, reliability, and ticket flexibility usually determine airline preferences (Espino, Martin, & Roman, 2008). All these factors influence the passengers' choice of airline and travelling class. However, the airline's strength in the market depends on the quality of the products and services it offers, promotions, advertisements, and brand value (Doganis, 2019).

The first thing that business class passengers pay attention to in the cabin is the comfort of the seats. Therefore, passengers emphasise seat comfort in airline choices, especially on long-haul flights (Sebjan, Urban, Tomic, & Sirec, 2017). The spacious interior layout and cabin configuration with fully reclining seats in business class and the wide seat pitch in economy class in new generation aircrafts of Turkish Airlines provide a comfortable flight, especially for long-haul travellers. In addition, business-class seat control options allow for a variety of positions, and the seats can be completely transformed into a fully flatbed on B777, B787, A350, and A330 wide-body aircraft, and sleeping sets and slippers are offered to the long-haul travellers by the cabin crews (TK Annual Report, 2019). Therefore, a comfortable seat is an essential indicator of whether the purchased service is worth paying for the customer (Sebjan, Urban, Tomic, & Sirec, 2017).

Nowadays, a cabin entertainment system and wi-fi service are essential for passengers to enjoy their flight. Turkish Airlines offer onboard wi-fi services on B777, B787, and A350, A330 wide-body aircraft, and A321 neo and B737 max narrow-body aircraft (TK Annual Report, 2019). In addition, business-class travellers, elite and elite plus

passengers can use free wi-fi internet service during the flight. In 2019, more than 1 million passengers used onboard wi-fi service at Turkish Airlines (TK Annual Report, 2019). According to these data, it can be said that the passengers got used to having wi-fi service on board.

Parallel to technological developments in recent years, the inflight entertainment system has been developed and renewed to satisfy passengers, especially on long-distance flights (Doganis, 2019). Turkish Airlines has a new generation IFE system in all wide-body aircraft and almost all narrow-body aircraft in its fleet. Onboard passenger screens are touch HD screens, and they can also use the joysticks available in their seats to change channels, play electronic games and etc. Furthermore, they can charge their own electronic devices in their seats. Additionally, business class passengers are offered Denon branded headphones on long-haul flights to listen to music and watch movies with noise cancellation headphones. In 2019, a total of 3.598 different types of media content were added to TK Planet inflight entertainment system (TK Annual Report, 2019). Thus, passengers were provided to spend more enjoyable time onboard.

Finally, in Turkish Airlines, cabin crews represent the most crowded group of employees, and more than 12.000 cabin crew members work in the company today. In flag carrier airlines, cabin crews represent their country and company with their appearance, behaviour, and courtesy. The cabin crew is vital for flight safety, brand image, and passenger satisfaction (Doganis, 2019). According to international safety regulations, there should be a minimum of one cabin crew member on a flight per fifty seats, whether they are filled with passengers or not (Doganis, 2019). Turkish Airlines organize recurrent training programs for each cabin crew member once a year according to their aircraft certificates validation and support their developments with various trainings. In 2019, 37 different training programs were designed to improve the skills of the flight (TK Annual Report, 2019). The effective communication between the cabin crew and the passengers has a crucial role in the perceived service quality of the airlines (Gürsoy, Chen, & Kim, 2005). The negative approach of the cabin crew towards the passengers on board will damage the reputation of the airline's brand name. However, sincere behaviours, courtesy, and pleasant appearance of the crew with a smile might overcome any problems and preclude misunderstandings lest

the airline lose passenger confidence (Doganis, 2019). The company's employees and products represent the brand name regarding service and quality. Thus, airlines need to update their products, provide efficient training to their staff according to new market conditions, and be more innovative.

Some travellers may seek quality service at a low price. On the other hand, some may pay a higher fee for a brand name considering quality service, free wi-fi, entertainment system, and comfortable seats. Along with the pandemic, the world economy has almost come to a point of a cease, and the purchasing power of consumers decreased. Besides, travel preferences and demands have changed due to the Covid-19 pandemic which resulted in airlines changing their pricing strategy and service policy.

#### **3.4.1. Brand Perception and Loyalty**

The most important factor influencing the perception of the quality and the choice of consumers while deciding in the purchasing process is the brand's perceived value in the market. Consumers attach significant importance to how brand names are known and their impact on the competitive market (Chernatony , McDonald, & Wallace, 2011). The quality perception of the service depends on whether it meets customer expectations or is above (Kazançoğlu, 2011). The perception of consumers significantly controls the demands and the needs of the consumers. In other words, how the product is perceived in the market shapes the demand for the product in terms of consumer needs. Thus, the producers must improve and update all the products to meet consumer needs (Mihart (Kailani), 2012). The passengers might choose the airline company based on how the brand name and its service are perceived in the market depending on consumers' financial situation, product price, brand reliability, quality of the service, etc. The service promised to the passenger before the flight must match the passenger's expectations to be reliable and a successful brand (Doganis, 2019). Business-class passengers choose the airline for its service quality and comfort, safe on-time flight operation, and consistent brand image. The perceived brand value of an airline in the market can create an emotional connection with consumers through advertising and sponsorships (Chernatony , McDonald, & Wallace, 2011).

Since the corporate image of the airline is based on the emotional connection of the passengers with the company, the airline company's perceived image significantly affects customer loyalty and satisfaction (ZINS, 2001). In the airline industry, the communication of passengers with ground personnel at the airport and with the cabin crew onboard affects the company's perceived value. The attitude of the cabin crew and ground personnel can increase or decrease the value of the brand. Therefore, cabin crew and ground staff should be aware of the impact of communication with the passenger on the company's perceived brand value (Chernatony , McDonald, & Wallace, 2011). Thus, cabin crew and ground staff gets training about service quality, proper behaviours and communication with the passengers which are essential in brand perception. Every customer has different and additional service and quality expectations. Therefore, how the customer perceives the service is as important as the service provided to survive in today's competitive market (Diaz-Martin, Iglesias, Vazquez, & Ruiz, 2000). Some critical factors affect the brand perception on a flight. For example, the style of welcoming and farewelling on board, the content of the meal and beverage, in-flight entertainment, complimentary wi-fi, seat comfort, cleanliness of the lavatories, and the cabin crew's attitude are some of the factors that impact brand name (Doganis, 2019). Passengers share their opinions about service quality, cabin condition, and attitude of the cabin crew on social media during or after the flight and impact brand perception of the airline company. The high price indicates the business class quality perception. The service quality and comfort expectations are high in the business section, where friendly and well-trained cabin attendants serve passengers.

Customer loyalty occurs as business travellers get the expected high-quality service and believe that the service is excellent and it worth the value for money. Loyal customers prefer the company they trust, regardless of the price, as they consider other companies cannot provide the same quality service (Kazançoğlu, 2011). The consumer evaluates the brand in terms of its reputation in the market, price-quality balance, safety, and reliability perception. Despite the competition in the market, loyal passengers will naturally demand to purchase the quality service that meets their expectations from the airline they are satisfied with (Kazançoğlu, 2011). Thus, the brand becomes acknowledged in the market by the customers over time (Chernatony , McDonald, & Wallace, 2011). Turkish Airlines expanded its flight network with new aircraft, high service quality, a new cabin concept, and well-trained staff. As a result,

it has become Turkey's most valuable and one of the most known Turkish brands globally (Ulaşan ve Erişen Türkiye, 2020). Turkish Airlines conduct various sponsorship campaigns to maintain its global leadership position in the aviation industry. As a result, after several years of advertising and sponsorships, the airline company has become the "World's Best-Known Airline" and the "World's Most Preferred Airline" by Nielsen research company, recognized in fifty-five countries around the world (TK Annual Report, 2019). The company's balanced pricing policy with high-quality service impacted the perception of the brand name in the competitive market. In addition, on-time operations with minimum delay in transfer flights positively affected the company's brand value. The brand can also affect the consumer's aims and emotions. For example, the motto of Turkish Airlines' "Widen Your World" has motivated people to see different countries and get to know other people. Turkish Airlines made its passengers experience this motto with 507.314 landings and 926.177 km distance flown in 2019 (TK Annual Report, 2019). However, due to the adverse effects of the pandemic, Turkish Airlines' total number of landings was 240.339, and the total distance flown was 472.205 km in 2020 (TK Annual Report, 2020).

The brand's success in the market will create a feeling of trust, loyalty, and pride in customers (Chernatony , McDonald, & Wallace, 2011). One of the biggest reasons passengers choose Turkish Airlines from different countries and nationalities is that the brand name is affected and trusted by people through sponsorships and advertisements. Competitive price strategy, social media, and promotions may be practical for brand perception or selection if a consumer has not had a flight experience with the airline. According to the demand, the correct and clear presentation of the product can ensure that the brand name is perceived accurately in the market and preferred by consumers to other competitors' products (Chernatony , McDonald, & Wallace, 2011).

## **CHAPTER IV**

### **THE EVOLUTION OF TURKISH AIRLINES BUSINESS CLASS SERVICE STRATEGY**

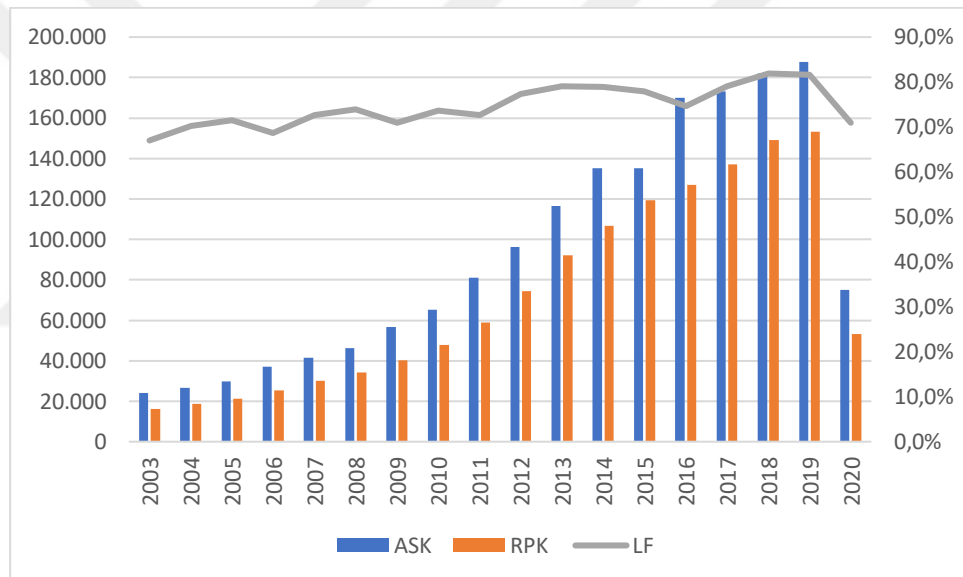
This chapter studies the evolution of Turkish Airlines' business class service strategy with its growth phase and fleet renewal to be one of the leading global airline companies in the last 16 years. The airline's development and growth strategy changed every year due to international competition, and political and economic reasons. Therefore, we decided to explain each year separately and divided it into three parts within the five years.

We first evaluated its attempt to renew its fleet and change its service quality between 2005 and 2010. There was a radical change in catering concept and food quality onboard, especially with establishing the Turkish Do&Co company in 2006. The company also had the opportunity to promote its brand name in different markets after becoming a Star Alliance member in 2008.

Second, we focused on how the company strived to increase its brand awareness and service quality by renewing its fleet and changing catering standards on board with Turkish hospitality between 2011 and 2016. Onboard service strategy changed completely when flying chefs began to serve in the business class on all intercontinental flights in 2011.

Finally, we tried to determine how the company managed its brand perception and developed its service strategy despite the 2016 coup attempt. As a result, Turkish Airlines managed to be 5-star global airline three years in a row in 2017, 2018 and 2019 with its high service quality and brand-new fleet. In addition, Turkish Airlines was the fourth most preferred airline company in 2018 and received the best business class catering award two years in a row in the periods of 2013-2014 and 2016-2017. Rising to the position of being the world's largest airport in 2019, the company

implemented a "Fly Good Feel Good", "Dine On Demand", and "As You Wish" service concept with traditional Turkish hospitality for business class passengers on all intercontinental flights. In line with this information, which we explained in detail below, the company's passenger demand, load factor, and revenue increased significantly between 2003 and 2019. However, due to the Covid-19 pandemic in 2020, the company had to ground most of its aircraft, so there was a 60.1% decrease in available seat kilometres compared to the last year (TK Annual Report, 2020). As a result, -62.4% fewer passengers were carried, and revenue passenger kilometres decreased by -65.2% compared to 2019. (TK Annual Report, 2020). With the negative effect of the pandemic, a total of twenty-eight million passengers were carried, and the load factor rate of the company remained at 71% in 2020 (TK Annual Report, 2020).



**Figure 4.1. Turkish Airlines' Total Passenger Traffic Graphic (2003-2020)**

Source: Turkish Airlines Annual Report 2003-2020

In Figure 4.1., Turkish Airlines total passenger demand is measured by a yearly change in Revenue Passenger Kilometre (RPK) (million), Available Seat Kilometre (ASK) (million) and Passenger Load Factor (PLF) (%).

The critical milestones of Turkish Airlines' business class service strategy since 2006 are as follows.

**Table 4.1. Milestones of Turkish Airlines Business Class Service Strategy**

2006	Establishment of Turkish Do&Co catering company
2007	Flying chef on board in New York and Cape Town flight
2008	Star Alliance membership
2011	Flying chef on board on all long-haul flights
2014	Free wi-fi onboard all Boeing 777 aircrafts
2015	Free wi-fi onboard all Airbus 330 aircrafts
2017	Fly good feel good service concept
2018	Dine on demand and as you wish service concept
2019	Great move to Istanbul airport

#### **4.1. Service Development Between 2005-2010**

Turkish Airlines decided to order A330-200 aircraft in 2005 and renew its fleet to make Istanbul a transit hub between East Asia, the Middle East, North America, and Europe (TK Annual Report, 2005). The company fleet age was 7.3 in 2006, aimed to expand its fleet with new generation aircraft and open new destinations. Thus, for the first time in its history, twenty-four new destinations were opened abroad in the same year (TK Annual Report, 2006). Turkey's flag carrier airline, Turkish Airlines, made significant changes to enable the best quality service to its passengers on domestic and international flights by renewing its fleet and catering company in 2006. In line with the strategy of renewal and expansion of the fleet, a new CIP lounge was opened at Istanbul Atatürk Airport so that business class passengers can spend more time relaxing before their flight (TK Annual Report, 2006). With this innovation, it was aimed that business class passengers receive excellent quality ground service before the flight, including special entrance to the international terminal. The addition of Airbus A330-200 aircraft to the fleet led to fundamental changes in cabin design, cabin crew uniforms and business catering services in 2006. The company supplied individual digital touchscreens and reclining business class seats to 159 degrees on board with Airbus 330-200 aircraft (TK Annual Report, 2006). The airline aimed to

provide the best business and economy class catering on board and established a 50%-50% partnership with the Do & Co catering company with the Austrian origin. As a result, today's Turkish Do & Co catering company was founded to make radical changes in catering service in 2006 (TK Annual Report, 2006).

In 2007, Turkish Do & Co changed the in-flight catering concept by offering delicious Turkish and International food and launched the flying chef implementation in business class for the first time on long-haul flights (TK Annual Report, 2007). In addition to the flying chef concept, Turkish Do & Co started to offer restaurant-quality service to its passengers in business class with porcelain plates, menu cards, set-up service, and etc. (TK Annual Report, 2007). The flying chef concept was launched for New York and Cape Town routes only, and it was aimed to provide the best restaurant quality service to business class travellers (TK Annual Report, 2007). Aiming to get five stars for service quality with the "Best Cabin, Best Service" motto on international flights, the company initiated a hidden customer program to measure service presentation and in-cabin service quality (TK Annual Report, 2007). In addition, two pieces of carry-on hand luggages in the business cabin and fast track privilege at the passport control in Istanbul Atatürk Airport provided making business class passengers feel privileged on their journey (TK Annual Report, 2007).

While these positive developments continued, Turkish Airlines became the 20th member of Star Alliance on April 1, 2008 (TK Annual Report, 2008). Despite the 2008 global economic crisis, this membership helped the airline to be noticed by transit passengers using other member airlines and provided access to its passengers to several other destinations. Focusing on continuous growth and development strategy, Skytrax rated the company as a 4-star airline in the same year regarding service and catering quality (TK Annual Report, 2008). Turkish Airlines upgraded its service quality to first class with 2 Boeing 777-300, aircraft leased from Jet Airways to use on long-haul flights (TK Annual Report, 2008). The airline company offered exclusive opportunities to first-class passengers before the flight, such as personal limousine transfer from anywhere in Istanbul to the airport and exclusive access to security control without waiting in the line from the first-class lounge (TK Annual Report, 2008). The first-class service, which starts with a welcome drink and canape, was presented with unique options for soup, caviar, four main dishes from Turkish and

World cuisines, East Asian cuisine and vegetarian dishes, and many others (TK Annual Report, 2008). Furthermore, customer and quality-oriented cabin crew training and seminars were essential to develop high-quality service and corporate culture (TK Annual Report, 2008).

Aiming to be the best airline in Europe with its flight safety, cabin crew, catering, service quality and new-generation fleet, the company made a special effort for in-cabin training, service quality, and fleet expansion. Offering first and business class services at Boeing 777-300 aircraft and business class services in all its fleets, Turkish Airlines focused on Turkish cuisine in catering services in 2009 to be effective in the competitive global market (TK Annual Report, 2009). As a result, the company increased satisfaction on board from 49% to 93% with Turkish Do & Co (TK Annual Report, 2009).

Turkish Airlines was selected as the best airline in Southern Europe by Skytrax in 2010 because of its efforts to increase cabin service and catering quality (TK Annual Report, 2010). The level of passenger satisfaction reached 96% thanks to the unique taste of Turkish cuisine and the variety and quality of catering (TK Annual Report, 2010). Striving to ensure customer satisfaction in terms of safety and quality with new aircraft joining its fleet, the company became one of the youngest airlines in Europe, with an average fleet age of 6.5 years (TK Annual Report, 2010). The company changed its business class service concept as well. The flying chef started to prepare the plates and the meals with the specially trained cabin crews to visually provide more impressive catering services in long-haul business class flights (TK Annual Report, 2010). Thus, the company aimed to show its passengers the Turkish hospitality with a change in the service concept. Sponsorship agreements were made with celebrities such as Kobe Bryant, Messi, and Caroline Wozniacki to increase the brand awareness and visibility of the business class through "A Business Class for Stars" ads (TK Annual Report, 2010). At the end of 2010, the company aborted first class service on its Boeing 777 aircraft and switched to the comfort class, positioned between business class and economy class in terms of catering and service quality (TK Annual Report, 2010). A "service quality and customer satisfaction enhancement program" was conducted for cabin crew members to ensure positive interaction between passengers and the cabin attendants to increase cabin service quality and customer satisfaction on all flights (TK

Annual Report, 2010). Therefore, the airline aimed to be one of the best five stars airlines globally regarding high-quality service and satisfaction on board with well-trained personnel.

#### **4.2. Growth Strategy and Business Class Between 2011-2015**

The company continued its growth strategy in 2011 by increasing the number of aircraft and opening new destinations. As a result of its investments focused on passenger satisfaction and the level of catering quality, Turkish Airlines succeeded in winning "Best Airline in Europe" and "World's Second-Best Onboard Catering" awards in 2011 (TK Annual Report, 2011). Turkish Airlines became so successful in catering quality in a short period of time that it was selected as the airline that serves the most delicious food onboard among 19 airlines worldwide in a survey conducted by Skyscanner (TK Annual Report, 2011). Owing to the success of the Turkish Do & Co flying chef concept, this operation was launched for all long-haul flights in business class (TK Annual Report, 2011). Furthermore, Turkish Do & Co company assigned "fine dining ambassadors" from flying chefs to ensure the same quality catering on board departing from Turkey to all destinations. These flying chefs were assigned to provide training or give feedback to catering suppliers if needed (TK Annual Report, 2011). In addition, for the first time globally, Turkish Airlines began to offer live TV service to its passengers on wide-body aircraft equipped with the IFE system. Besides, the Airline launched a free wi-fi service on board for the business class travellers with two Boeing 777 aircraft (TK Annual Report, 2011).

Furthermore, the company inaugurated a new CIP lounge called "Lounge Istanbul" to serve the new catering concept to its business class passengers with Turkish Do & Co quality at Istanbul Atatürk Airport (TK Annual Report, 2011). The company aimed to provide a peaceful environment for business class passengers with delicious treats before their flight. Moreover, to increase brand awareness in the competitive global market "We Are Turkish Airlines We Are Globally Yours" motto was created with several sponsorship agreements (TK Annual Report, 2011).

Increasing its profitability in 2012, the company aimed to become the best and largest airline company globally in terms of flight destinations. Besides, Turkish Airlines

specially focused on service quality and customer satisfaction on board to enter into the list of one hundred brands with five stars in the world in 5 years (TK Annual Report, 2012). In line with these goals, the company increased the number of its advertising campaigns and sponsorship agreements with the "Globally Yours" motto to be perceived as the most prestigious airline brand in the world. Lionel Messi was selected as a brand ambassador to increase Turkish Airlines' brand awareness worldwide, and "The Selfie Shootout", one of the world's most-watched commercials, was shot with Kobe Bryant (TK Annual Report, 2012). As a positive result of these promotions, Turkish Airlines was chosen "Europe's Best Airline" for the second time in a row with its increasing in-flight service quality (TK Annual Report, 2012). A total of forty wide-bodied, new-generation aircraft were ordered to ensure more excellent service to passengers through cabin comfort and innovative technology, especially on long-haul flights (TK Annual Report, 2012). In line with the traditional Turkish hospitality, welcoming and serving business class passengers came to the fore in the new service concept with specially trained cabin crews and flying chefs (TK Annual Report, 2012). Besides, delicious Turkish foods were offered to business class travellers to introduce Turkish cuisine. Thanks to the excellent visual presentation of flying chefs and tasty treats in business class, the level of passenger satisfaction increased to 98% in 2012 (TK Annual Report, 2012). The flying chef implementation was also launched for the middle-haul international business class because of the increased customer satisfaction on long-haul flights (TK Annual Report, 2012).

According to the survey conducted by Skytrax with more than 160 different nations, Turkish Airlines was selected as the "Best Airline in Europe" for the third time in a row in 2013, especially with the positive impact of the flying chef implementation in business class (TK Annual Report, 2013). Furthermore, the company was also awarded "Best Business Class Onboard Catering" on long-haul flights with its daily prepared delicious foods (TK Annual Report, 2013). In addition, Turkish Airlines reached its goal of becoming the airline that flies to the most destinations globally by increasing the number of aircraft. As a result, the airline managed to carry forty-eight million passengers by flying to 245 destinations in 2013 (TK Annual Report, 2013). In addition, Turkish Airlines increased global brand awareness and changed its motto to "Widen Your World" to become a global brand with a more successful brand strategy (TK Annual Report, 2013).

Furthermore, the company enriched its inflight entertainment system containing four hundred movies, 1000 music tracks and news channels with new-generation aircraft to maximize passenger satisfaction (TK Annual Report, 2013). In addition, to encourage local and foreign businesspeople and investors to invest in Turkey "Invest on Board" digital platform was created (TK Annual Report, 2013). Turkish Do & Co was renewed and expanded to "Lounge Istanbul" with the combination of a traditional and modern design to offer a comfortable environment for business class passengers before their flight at Istanbul Atatürk Airport (TK Annual Report, 2013). Onboard catering materials were redesigned using Ottoman and Seljuk motifs to revive the business class catering concept (TK Annual Report, 2013). Traditional Turkish dishes were coupled with international dishes in the new business class catering menu (TK Annual Report, 2013). The noise-cancelling headphones with the brand Denon and uniquely designed business class travel kits began to be offered to business-class travellers on long-haul flights (TK Annual Report, 2013). Turkish Airlines and Turkish Do & Co aimed to make their guests choose the airline again by presenting an outstanding service, delicious food, and a new IFE system. In addition, they tried to make business class passengers feel privileged by offering superior quality service with their new branding strategies.

In line with Turkey's 2023 development strategy, Turkish Airlines targeted to increase its fleet to 450 aircraft and transport 135 million passengers by 2023 by completing the new Istanbul Airport (TK Annual Report, 2014). In 2014, The airline served in 264 destinations and aimed to have one of the world's largest and youngest fleets by 2023 (TK Annual Report, 2014). Seeking to raise its share in the global airline industry to 5% by 2023, the company tried to expand its flight network, especially in the African continent (TK Annual Report, 2014). Selected to be the "Best Airline in Europe" for the fourth time in a row and awarded with the "Best Business Class Onboard Catering" title in 2014, the company acquired a strong position in the airline industry in terms of service and catering quality onboard (TK Annual Report, 2014). Furthermore, the airline was chosen to be using the world's third-best inflight entertainment system by Skytrax, with high passenger satisfaction in terms of rich and up-to-date contents of film and music (TK Annual Report, 2014). In this achievement, the effect of a constantly renewed fleet and cabin technology was indisputable. A brand partnership agreement was made with TTNET to provide effective wi-fi service on board. Thus,

wi-fi service was launched on Boeing 777-300 aircraft, only for business class passengers and elite plus card members on long and medium-haul flights (TK Annual Report, 2014). To ensure a more comfortable journey for business class travellers on long-haul flights, the company started to serve sleeping sets as a part of the Turkish culture (TK Annual Report, 2014). The company aimed to make business class passengers feel the traditional Turkish hospitality graciously on board with this service. These sets were offered to business class passengers after the take-off or meal service depending on the time of the flight in a day. The number of business class passengers also increased by 17% with its high-quality service and delicious treats (TK Annual Report, 2014). The service of welcome drinks and Turkish delight before take-off was initiated, and daily hand-prepared meals were offered during the flight to make business class passengers feel at home (TK Annual Report, 2014). The number of flying chefs increased to ensure a standard in the service quality on all routes with a fundamental level of satisfaction in medium and long-haul business classes (TK Annual Report, 2014). Turkish Airlines tried to increase the motivation of its employees by organizing the "Best Cabin Crew Performance Award" in-house to maximize the quality onboard (TK Annual Report, 2014). The company aimed to increase service quality and passenger satisfaction by creating competitions among cabin attendants regarding their appearance, behaviour, and performance on board.

The company intended to satisfy its passengers at every stage of their journey with a high-quality service on each flight, such as valuable inflight entertainment, helpful cabin crew, delicious treats, a comfortable cabin environment, etc. Thanks to a brand partnership made with Turk Telekom, wi-fi and live TV service was offered to passengers in Airbus A330-343 aircraft. Thus, Turkish Airlines were selected as the "Best Airline in Europe" for the fifth time in a row by carrying more than sixty million passengers with its delicious food and quality service on board in 2015 (TK Annual Report, 2015). Turkish Airlines was also selected as the "Best Business Class Airline Lounge in the World" by opening new CIP lounges at different airports worldwide to please its business class passengers on the ground (TK Annual Report, 2015). The airline company wanted to increase the number of wide-body aircraft to be more competitive, especially for long-haul flights, and reach a higher ranking in the global airline industry (TK Annual Report, 2015). Therefore, new routes were opened by increasing transfer flights with the currently arrived wide-body aircraft. Flying to 287

destinations in 2015, the company attempted to make Istanbul the central hub for direct and transit flights by using the country's geographical advantage, being positioned between Europe and Asia (TK Annual Report, 2015). The airline sponsored some events, such as Euro 2016 football championship tournament, to raise brand awareness among the target passengers in the market (TK Annual Report, 2015). Understanding and pleasing passengers in their native languages other than English and Turkish gained significant importance in the competitive market. Thus, the company cooperated with universities to hire new cabin attendants who can speak different languages such as Japanese, Korean, and Spanish (TK Annual Report, 2015). As an innovative project, a private driver was appointed for business class passengers after or before their flight (TK Annual Report, 2015). The company considered price-quality balance and on-time flight operation to meet passenger demand and the level of service quality in the competitive market. Well-trained cabin attendants and flying chefs practised strict business class service rules to serve the most delicious Turkish and World cuisine on board. Passenger satisfaction increased with the combination of courtesy and quality service quickly. As a result, the company decided to implement two flying chefs for business and economy class on long-haul routes (TK Annual Report, 2015). Various hot beverages such as salep, linden tea, green tea, and masala tea started to be offered business class on long-haul and international flights (TK Annual Report, 2015). The catering concept was modified in Japan, China, Taiwan, and South Korea flights to offer local food to its passengers. Local food was loaded from the destination country to maximize customer satisfaction (TK Annual Report, 2015).

### **4.3. Turkish Airlines and Business Class Service Between 2016-2020**

Turkish economy grew by 3.3% in 2016 despite the failed coup attempt, but the value of the Turkish Lira fell against the US Dollar and Euro (TK Annual Report, 2016). Nevertheless, the company managed to win the "Best Air Carrier in Europe" award six times in a row and the "Best Business Class On-Board Catering" award despite the economic and political difficulties in the country (TK Annual Report, 2016). Turkish Airlines tried to maintain brand awareness and positively promoting its brand name by making sponsorship deals in the global air travel market in 2016. Furthermore, it continued to be an official sponsor to essential organizations and movies such as the

"Turkish Airlines World Golf Cup" tournament, which is mostly followed by business class passengers, and the movie "Batman vs Superman: Dawn of Justice" (TK Annual Report, 2016). Furthermore, the airline expanded its flight network by opening new destinations to Havana, Caracas, Bogota, and Panama in 2016 (TK Annual Report, 2016). The company's primary goal was customer satisfaction, so they tried to meet customer expectations with high-quality service and delicious treats on each flight. Turkish Airlines decided to re-evaluate its products and services in terms of customer satisfaction in changing market conditions. Therefore, the company launched a new project to standardize and optimize product and service quality (TK Annual Report, 2016). Service presentation to business class travellers with traditional Turkish hospitality gained importance in the catering concept where delicious Anatolian cuisine is at the forefront (TK Annual Report, 2016). In addition, the company began to load new comfort products called the "living garden concept" with varieties of flowers on the shelves of business class lavatories along with special lotions and liquid hand soaps (TK Annual Report, 2016). In recent years, particular importance had been given to social media to create a positive brand perception. As a result of promotions on social media, the company became the second mostly followed airline company in social media in 2016 among its competitors when the number of followers considered (TK Annual Report, 2016).

The airline managed to increase the demand with a vital revenue record in 2017, despite the challenging economic conditions experienced in the country in 2016 (TK Annual Report, 2017). The main reason for this success achieved by mitigating post-crisis effects, was the numerous flight promotions, ongoing growth strategy, and tight fiscal policies. Although the failed coup attempt negatively affected the country's image, the company managed to extend its flight network up to 303 points in 120 countries with newly added destinations (TK Annual Report, 2017). Thanks to the fresh, delicious treats and quality drinks offered in business class with traditional Turkish hospitality, the company received the worldwide prestigious awards "Best Business Class Catering Service" and "Best Business Class CIP Lounge" in 2017 (TK Annual Report, 2017). In addition to its vast flight network and quality catering services, the average fleet age of 7.7 years also contributed to this success (TK Annual Report, 2017). As a result, the airline managed to become a "5-Star Global Airline" by Apex and increased its brand awareness as being one of the most preferred airline

companies by travellers (TK Annual Report, 2017). In 2017, the "Fly Good Feel Good" project was launched to increase customer satisfaction, especially for business class passengers (TK Annual Report, 2017). In this project, informative videos including yoga, meditation and cabin exercises for passengers were uploaded to the in-flight entertainment system to reduce the stress of long-haul flights. In addition, herbal teas containing relaxing, sleep-facilitating and healing features added to the new service concept for business class passengers (TK Annual Report, 2017). Considering passengers' feedback and demand, the company added Turkish and Western cuisines and Local World cuisine options to its business class menu (TK Annual Report, 2017). In cooperation with world-renowned cosmetic brands such as Jaguar, Bentley, Chopard, Furla and Cerruti, new amenity kits were offered to business class passengers (TK Annual Report, 2017). Some famous magazines about science, home design, art, technology and automotive were started to be provided to business class passengers on long-haul flights (TK Annual Report, 2017). Finally, the ex-phone service was also launched in wide-body aircraft, which allowed passengers to send and receive SMS with mobile data communication in 2017 (TK Annual Report, 2017).

In 2018, the airline focused on being one of the leading companies in the competitive global market with flight safety, security, and quality catering services. Considering these targets, the company increased its profitability by 9.3% compared to the previous year (TK Annual Report, 2018). The airline, which flew to the most countries and destinations, became the fourth largest airline company globally in the global flight network in 2018 (TK Annual Report, 2018). Turkish Airlines received a "5-Star Global Airline" award for the second time in a row by Apex and started offering healthy nutrition and snacks to its business class passengers as a part of the "Fly Good Feel Good" project on long-haul flights (TK Annual Report, 2018). The company became the most preferred airline in 2018 with its high service quality and outstanding brand perception strategy. The airline invested in the 2018 Super Bowl tournament commercial breaks with the "Five Senses" ad by Dr Oz. It continued to be an official sponsor of the Turkish Airlines Euro League Basketball Tournament and the World Golf Tournament called "Turkish Airlines Open" to increase its brand recognition (TK Annual Report, 2018). The airline also attached significant importance to the appearance of the cabin crew for the airline's global image and designed the new uniforms together with the famous Italian fashion designer Ettore BILOTTA (TK

Annual Report, 2018). Also, the company aimed to ensure customer satisfaction by installing the Cornea aviation system inside the IFE systems of forty-four wide-body aircraft to strengthen the quality of high-speed internet and improve the wi-fi service on board (TK Annual Report, 2018). With the addition of new generation narrow-bodied Airbus 321 and Boeing 737-800/900 aircraft to the fleet, the company began to serve its business class passengers with more comfortable reclining seats, movable armrest, adjustable privacy panel and 13-inch seatback monitors on middle-range flights (TK Annual Report, 2018). In addition, a passenger satisfaction survey was conducted on personal screens inside the cabin on each flight to measure the level of service quality and satisfaction before descending (TK Annual Report, 2018). The service of private driver to and from the airport was initiated to increase the satisfaction level of business class passengers on the routes of the United States and Canada, where competition between airlines is the most intense (TK Annual Report, 2018). Since business class passengers mostly prefer to rest on long-haul night flights, the "Dine on Demand" service was launched so that passengers can have their meals whenever they want after waking up (TK Annual Report, 2018). Even if business class passengers missed regular catering service on board while resting, they got the opportunity to receive fresh meals after resting with dine on-demand service. The company also launched the "As You Wish" service app, allowing business class passengers to choose their in-flight meals no later than 48 hours before departure (TK Annual Report, 2018). Thus, business class passengers had the opportunity to choose their in-flight starters, soups, main course, and desserts from Istanbul by using the Turkish Airlines mobile application or website before long-haul flights. Additionally, business class passengers were offered a self-service movie bar between two meals including healthy snacks, chocolates, sandwiches, and dried fruits on intercontinental flights (TK Annual Report, 2018).

Turkish Airlines moved to its new home to Istanbul Airport, the world's largest airport, on April 5, 2019. The company moved all fleet and equipment to the new airport in only 33 hours (TK Annual Report, 2019). The new airport will have a capacity of two hundred million passengers when all other phases are completed by 2028 (TK Annual Report, 2019). The fact that the new Istanbul Airport is the world's largest airport, reinforced the company's goal of having 450 aircraft by 2023 (TK Annual Report, 2019). The company paid particular importance to the appearance of the cabin crew

for its brand image and changed cabin crew uniforms with modern designs and colours as soon as moving to the new airport (TK Annual Report, 2019). Turkish Airlines successfully presented traditional Turkish hospitality with its cabin crews and new-generation aircraft and received the "5-Star Global Airline Award" for the third time in a row (TK Annual Report, 2019). The company also organized direct flights to some major destinations in Europe and the Middle East in cooperation with the Ministry of Culture and Tourism to increase the number of passengers during the summer season (TK Annual Report, 2019). Thus, as a flag carrier, the airline helped boost tourism and increased brand awareness in different markets. As of 2019, the airline managed to carry seventy-four million passengers from 321 destinations, with a sustainable customer satisfaction strategy focused on-time operation, service quality and price (TK Annual Report, 2019). The company enabled unique transfer desks, check-in counters and care points at the new airport to reduce the waiting time for business class passengers in the ticketing and boarding process (TK Annual Report, 2019). Business-class passengers who had connecting flights with long waiting periods were provided two nights of free accommodation service at a 5-star hotel in Istanbul (TK Annual Report, 2019). In a brief period of time, this service attracted so much attention that 73% of passengers with a 2-day waiting period before their transfer flight indicated that stopover service was the main reason for choosing Turkish Airlines (TK Annual Report, 2019). "As you wish" service, which allowed business class passengers to choose their meals before the flight by TK mobile app, continued to be implemented on all long-haul flights. The "dine on-demand" service, which is mainly preferred on night flights, enabled business class passengers to have their meals whenever they wanted and began to be implemented on all intercontinental flights from and to Istanbul (TK Annual Report, 2019). Realizing that passenger satisfaction is derived from the comfort and high-quality catering service, the company paid particular attention to comfort products in the business class. Versace, and Molton Brown branded travel kits, designed for the convenience of male and female passengers separately, started to be offered on intercontinental flights (TK Annual Report, 2019). The company also redesigned sleeping sets with pillows, pillowcases, and blankets to make the business class passengers more comfortable on long-haul flights (TK Annual Report, 2019). Renewing the content of the Planet IFE system, the company diversified it by offering new movies, documentaries, series, and games to its passengers (TK Annual Report, 2019). Free wi-fi service continued to be provided in

business class to ensure business travellers satisfaction during their journey (TK Annual Report, 2019).

The Covid-19 pandemic negatively affected the aviation industry unexpectedly in 2020, resulting in service strategies to be re-determined primarily by the hygiene rules. Turkish Airlines temporarily postponed hot meal service on board to reduce the risk of transmission when the pandemic started to be spread in March 2020 (TK Annual Report, 2020). The company, trying to maintain its service quality despite the adverse effects of the pandemic, restarted serving hot meal treats in business and economy class in March 2021. The airline also temporarily cancelled the concept of the flying chef on board because the hot meal service was suspended. However, as of May 1, 2021, the flying chef implementation on long-haul business class flights has been resumed. The company currently offers hygiene kits to its passengers before boarding by two crew members assigned on each flight and provides toilet hygiene once in every hour onboard (TK Annual Report, 2020). Turkish Airlines focused on regaining passenger confidence by the new health measures during the Covid-19 pandemic.

## CHAPTER V

### METHODOLOGY OF THE STUDY

#### 5.1. Methodology

This research aimed to find out the critical determinants of quality perception in business class passenger demand at Turkish Airlines. This study is based on quantitative analysis. A total of 10 hours of permission was obtained from Turkish Airlines Management and Istanbul Airport Civil Administration for two days to conduct surveys on business class passengers in the Business Lounge. Turkish Airlines Business Lounge is a luxury lounge that offers catering, wi-fi and relaxation services to Turkish Airlines business class passengers before they depart for international or transfer flights from Istanbul. The survey was conducted with 107 Turkish Airlines business class passengers at Istanbul Airport international terminal TK Business Lounge on 8-9 August 2021. Respondents were randomly selected in the Business Lounge, and the questionnaire was handed in for the face-to-face interview method. Each participant was given a questionnaire in 2 different languages, Turkish or English, according to their nationality and the language they speak.

We designed a five-part questionnaire to collect data from business class passengers through face-to-face interviews. The first part of the survey aimed to obtain socio-demographic data on business class travellers. Demographic data included gender, nationality, age, marital status, the purpose of travel, occupation, monthly income, destination, and education level. The second part was designed to understand the business class's demand and satisfaction through measurement questions. In this section, passengers were asked about their flight frequency in the last year, the distance they usually travel, whether the service they receive has value for buying, the possibilities of travelling in business class again, and the probability of recommending it someone else. The third part aims to determine which resources business class passengers used while choosing Turkish Airlines. In the fourth part, business class

passengers were asked where and how they booked or purchased their tickets. Finally, in the fifth part, the respondents were asked to evaluate the importance of products and services that affect travel demands in business class using a 5-point Likert scale (one means completely unimportant and five means very important).

Whether the variables fit the normal distribution was evaluated with the skewness and kurtosis coefficients, and the variables that match the normal distribution were given with their mean and standard deviation values. The "independent sample T-test" was used to examine the differences between the two groups. The "One Way Anova" test was used to investigate the differences between 3 or more groups. Statistical analyses were performed in the IBM SPSS statistics 22.0 program. The significance level was taken as 0.05.

## **5.2. Hypothesis Development**

The preliminary study question is "what are the critical determinants of quality perception in business class passenger demand at Turkish Airlines?" Therefore, we developed and proposed thirteen hypotheses to answer the main question. These hypotheses are stated as follows:

Hypothesis 1 (H1): The quality perception levels of products and services that affect business class travel demand differ according to gender.

Hypothesis 2 (H2): The quality perception levels of products and services that affect business class travel demand differ according to nationality.

Hypothesis 3 (H3): The quality perception levels of products and services that affect business class travel demand differ according to age.

Hypothesis 4 (H4): The quality perception levels of products and services that affect business class travel demand differ according to marital status.

Hypothesis 5 (H5): The quality perception levels of products and services that affect business class travel demand differ according to the purpose of travel.

Hypothesis 6 (H6): The quality perception levels of products and services that affect business class travel demand differ according to monthly income.

Hypothesis 7 (H7): The quality perception levels of products and services that affect business class travel demand differ according to education level.

Hypothesis 8 (H8): The quality perception level of the products and services that affect the business class travel demand differs according to the flight frequency over the last year.

Hypothesis 9 (H9): The quality perception level of the products and services that affect the business class travel demand differs according to the flight distance.

Hypothesis 10 (H10): The quality perception level of the products and services that affect the business class travel demand differs according to the prices of the business class tickets.

Hypothesis 11 (H11): The quality perception level of the products and services that affect the business class travel demand differs according to the value for buying of business-class services.

Hypothesis 12 (H12): The quality perception level of the products and services that affect the business class travel demand differs according to the possibility to travel again in Turkish Airlines business class.

Hypothesis 13 (H13): The quality perception level of the products and services that affect the business class travel demand differs according to the possibility to recommend Turkish Airlines business class to someone else.

## CHAPTER VI

### ANALYSIS OF THE SURVEY RESULTS

#### 6.1. Analysing Data

##### 6.1.1. Socio-Demographic Characteristics of the Respondents

**Table 6.1. Demographic Characteristics of the Business Class Passengers Participating in The Study**

		Frequency	Percentage
Gender	Female	33	30.8
	Male	74	69.2
Nationality	Turkish	37	34.6
	USA	12	11.2
	EU	16	15
	Other	40	37.4
	UK	2	1.9
Age	18-25	10	9.3
	25-35	21	19.6
	35-45	36	33.6
	45-55	29	27.1
	55-64	10	9.3
	65 and over	1	0.9
Marital status	Single	37	34.6
	Married	70	65.4
Purpose of Travel	Business	44	41.1
	Vacation	40	37.4
	Visiting friends or family	23	21.5
Monthly income	1000-2000 USD/Euro	8	7.5
	2000-3000 USD/Euro	12	11.2
	3000-5000 USD/Euro	27	25.2
	5000-10000 USD/Euro	35	32.7
	10000 USD/Euro or above	25	23.4

**Table 6.1. (cont.)**

Education level	Secondary school	2.00	1.90
	Highschool	9	8.4
	College (2 years)	9	8.4
	University (4 years)	45	42.1
	Postgraduate	31	29
	Doctorate	11	10.3

Within the scope of the research, there are 107 participants, 30.8% of whom are women and 69.2% are men.

34.6% of the respondents are Turkish, 11.2% are from the USA, 15.0% are EU citizens, 37.4% are from Other countries, and 1.9% are UK citizens.

9.3% of the respondents are in the 18-25 age range, 19.6% are in the 25-35 age range, 33.6% are in the 35-45 age range, 27.1% are in the 45-55 age range, 9.3% are in the 55-64 age range, and 0.9% are 65 years and over.

34.6% of the respondents are single, and 65.4% are married.

41.1% of the respondents travel in business class for business purposes, 37.4% for vacation, 21.5% for visiting friends or family.

When we look at the income level of the participants, 7.5% of them make 1.000-2.000 USD/Euro, 11.2% make 2.000-3000 USD/Euro, 25.2% make 3.000-5.000 USD/Euro, 32.7% make 5.000- 10.000 USD/Euro and 23.4% have a monthly income of 10.000 USD/Euro and above.

1.9% of the respondents have a secondary school level of education, 8.4% completed high school, 8.4% went to college, 42.1% went university, 29% completed postgraduate, and 10.3% doctorate education.

## 6.1.2. Analysis of Demand and Satisfaction Measurement Questions

**Table 6.2. Demand and Satisfaction Measurement Analysis**

		Frequency	Percentage
Frequency of flights over the last year with Turkish Airlines	1	29	27.1
	2	29	27.1
	3	14	13.1
	4	3	2.8
	5	5	4.7
	More than 5	27	25.2
Flight distance that BC passengers usually travel	Domestic	3	2.8
	Transit	12	11.2
	International	78	72.9
	Long Haul	14	13.1
Thoughts on Turkish Airlines Business Class ticket prices	Cheap	1	0.9
	Affordable	53	49.5
	Expensive	42	39.3
	Very Expensive	11	10.3
Value for buying Business class service	Not agree at all	3	2.8
	Disagree	12	11.2
	Neutral	22	20.6
	Agree	53	49.5
	Definitely Agree	17	15.9
Possibility to travel again in Turkish Airlines Business class	Very Unlikely	2	1.9
	Unlikely	2	1.9
	Neutral	12	11.2
	Likely	52	48.6
	Very Likely	39	36.4
Possibility to recommend Turkish Airlines Business class to someone else	Very Unlikely	2	1.9
	Neutral	18	16.8
	Likely	44	41.1
	Very Likely	43	40.2

27.1% of the respondents in our research had one flight, 27.1% two flights, 13.1% three flights, 2.8% four flights, 4.7% five flights, and 25.2% had more than five flights with Turkish Airlines over the last year.

2.8% of the respondents generally prefer domestic flights, 11.2% prefer transfer flights, 72.9% prefer international flights, and 13.1% prefer long-haul flights with Turkish Airlines.

According to 0.9% of the respondents, business class ticket prices are cheap, affordable for 49.5%, expensive for 39.3%, and very expensive for 10.3%.

2.8% of the participants do not agree at all with the idea that the service they receive in business class has a purchasing value, 11.2% do not agree, 49.5% agree, and 15.9% definitely agree. On the other hand, 20.6% of the participants were neutral about whether it has a purchase value or not.

According to 1.9% of respondents, they are very unlikely to travel in business class again, 1.9% are unlikely, 48.6% are likely, and 36.4% are very likely. However, 11.2% of the participants remained neutral about whether to travel in business class again.

According to 1.9% of the respondents, it is unlikely to recommend travelling with Turkish Airlines business class to someone else, 41.1% are likely, 40.2% are very likely. However, 16.8% of respondents remained neutral for recommending Turkish Airlines business class to someone else.

### 6.1.3. Analysis of Information Search

**Table 6.3. The Proportion Of Information Sources That Business Class Passengers Use While Choosing Turkish Airlines**

	Frequency	Percentage
Previous flight experience with Turkish Airlines	72	67.3
Social media	7	6.5
Recommendations from friends, family, or relatives	24	22.4
Turkish Airlines app	16	15
Turkish Airlines web page	13	12.1
Recommendation from travel agent	12	11.2
Transfer flight opportunities	38	35.5
Adds and information from Star Alliance member airlines	9	8.4
TV, ads, newspapers, and magazines	9	8.4
The flight arranged for me by another person/company	13	12.1

Key sources of information that participants considered before choosing Turkish Airlines were their previous flight experiences with Turkish Airlines with 67.3%, transfer flight opportunities with 35.5%, recommendations from friends, family, and relatives with 22.4%, and Turkish Airlines application with 15%. The rate of passengers whose business class ticket was arranged by their company or family is 12.1%, passengers preferring Turkish Airlines with the advice of travel agencies remained at 11.2%. The proportion of other information sources such as the Turkish Airlines web page, advertisements, and information from star alliance members, TV advertisements, newspapers, and magazines remained in small percentages.

#### 6.1.4. Analysis of Booking/Ticket purchase

**Table 6.4. Business Class Passengers' Booking/ Ticket Purchase Channels Analysis**

	Frequency	Percentage
Turkish Airlines web site www.thy.com	49	45.8
Online but not at www.thy.com	5	4.7
Turkish Airlines mobile app	13	12.1
Travel agency	30	28.0
Call centre 4440849	1	0.9
Turkish Airlines ticket sale offices	3	2.8
Others/family or company purchased the ticket	18	16.8

This research determined that most participants purchased their business class tickets from the www.thy.com website with 45% or the Turkish Airlines mobile application with 12.1%. It was also found that 28% of the participants bought their tickets through travel agencies. The rate of passengers whose business class ticket was purchased by their company or family is 16.8%. But the proportion of other purchasing channels used by respondents, such as online excluding www.thy.com, call centre 4440849, and Turkish Airlines ticket sale offices, remained at minimal percentages.

### 6.1.5. Factor Structure of the Importance Scale of The Perception of Quality of Quality of Products and Services that Affect Travel Demand in Business Class

Principal component analysis, one of the factor analysis methods, was used to determine under which factors the questions in the scale of quality perception of products and services that affect travel demand in the business class used in the research. As a result of examining the Varimax rotation results with factor analysis, thirteen problematic items (1,2,3,4,5,6,7,8,9,18,19,29 and 30) from the product and service quality perception scale were removed, and a five-factor structure was obtained.

The KMO value of the scale obtained as a result of the analysis, the explained variance rate, factor loads, item mean and standard deviations, and item-test correlation coefficients are as follows.

**Table 6.5. The Results of the Factor Analysis of the Importance Scale of the Perception of Quality Of Products and Services That Affect the Travel Demand In Business Class**

<b>Inflight Entertainment System and social media (Explained Variance =17,287)</b>	<b>Mean</b>	<b>Standard deviation</b>	<b>Correlation</b>	<b>Factor</b>
Item 33 Social media effect about TK	3.21	1.26	0.703	0.872
Item 32 TV ads and news about TK	3.12	1.16	0.696	0.857
Item 10 Press reader application	2.86	1.09	0.572	0.665
Item 11 Mobile online check-in	3.92	1.05	0.602	0.641
Item 31 TK mobile app and website	3.9	1.09	0.743	0.601
Item 34 Effect of previous experiences	4.35	0.79	0.488	0.533
<b>Cabin Comfort, Catering and Hygiene (Explained Variance =14,122)</b>				
Item 28 Hygiene of Business cabin	4.67	0.56	0.515	0.796
Item 16 Hot meal and beverage service	4.38	0.72	0.415	0.736
Item 26 Friendly behaviour of cabin crew	4.44	0.74	0.58	0.634
Item 27 Silent and comfortable BC cabin	4.55	0.62	0.546	0.577
Item 17 Hygiene kit services	3.98	1.06	0.685	0.535

**Table 6.5. (cont.)**

<b>Cabin Service Quality (Explained Variance =11,390)</b>				
Item 12 Extra baggage allowance on board	4.18	1.08	0.539	0.79
Item 14 Closed-sealed box meal services	4	1.06	0.664	0.702
Item 15 Special meal options	3.7	1.1	0.628	0.622
Item 13 Lavatory disinfection on board	4.26	0.98	0.644	0.477
<b>Staff Quality and Behaviour (Explained Variance =11,163)</b>				
Item 21 Friendly behaviour of ground staff	4.49	0.68	0.488	0.834
Item 22 Providing true information	4.44	0.69	0.483	0.779
Item 20 Foreign language skills of staff	4.28	0.72	0.582	0.636
<b>Various Flight Service Opportunities (Explained Variance =10,970)</b>				
Item 23 Non-stop and direct flights	4.56	0.65	0.449	0.791
Item 24 Convenient departure-arrival times	4.47	0.65	0.578	0.699
Item 25 Transfer flight opportunities	4.38	0.74	0.509	0.638
<b><i>KMO Value = 0.783</i></b>				

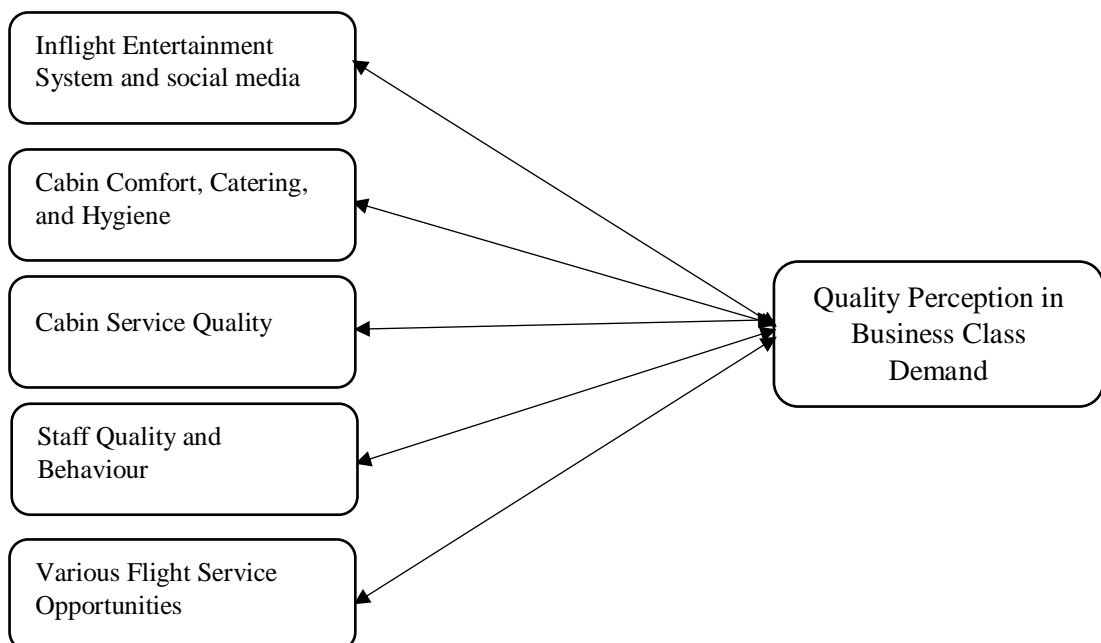
When the correlations between the items in the sub-dimensions of the scale were examined, it was seen that all of them were correlated at a low, moderate, and high level at 0.01 or 0.05 significance level. In Table 5.5, the correlation values of the scale items with the total scale score are given. When Table 5.5 is examined, it is seen that all items on the scale are moderately or highly correlated with the total scale score at 0.01 or 0.05 significance level. The item-test correlations of the scale ranged from 0.415 to 0.743. The correlation values given regarding the item validity and homogeneity of the scale provide evidence for the validity of the scale items and that they measure the same structure. When both item-item correlation values and item-test correlation values are examined, it is seen that the items on the scale have sufficient validity.

The items on the importance scale of the perception of quality of products and services that affect the travel demand in business class are grouped under five factors and explain 64.931% of the total variance.

### 6.1.6. Reliability Analysis of the Importance Scale of The Perception of Quality of Products and Services that Affect the Travel Demand in Business Class

The internal consistency coefficient of the perception of quality of products and services that affect the travel demand in the business class level scale used for this study group is  $Cra = 0.899$ , the internal consistency coefficient of the inflight entertainment system and social media sub-dimension is  $Cra = 0.855$ , the internal consistency coefficient of the cabin comfort, catering and hygiene sub-dimension is  $Cra = 0.771$ , the internal consistency coefficient of the cabin service quality sub-dimension is  $Cra = 0.782$ , the internal consistency coefficient of the staff quality and behaviour sub-dimension is  $Cra = 0.765$ , and the internal consistency coefficient of the various flight service opportunities sub-dimension is  $Cra = 0.727$ .

**Reliability coefficient:** If  $0.60\alpha \leq 0.80$ , the scale is reliable; if  $0.80\alpha \leq 1.00$ , the scale is highly reliable. Obtained  $Cra$  Coefficients show that the scale used is quite reliable.



**Figure 6.1. Quality Perception Model of Products and Services Affecting Travel Demand In Business Class**

### 6.1.7. Investigation of Quality Perception Levels of Products and Services Affecting Participants' Travel Demands In Business Class

**Table 6.6. Quality Perception Levels of Products and Services Affecting Participants' Travel Demands In Business Class**

	N	Mean	Standard deviation	Min	Max
Inflight Entertainment System and social media	107	21.34	4.94	8	30
Cabin Comfort, Catering and Hygiene	107	22.02	2.75	15	25
Cabin Service Quality	107	16.14	3.28	4	20
Staff Quality and Behaviour	107	13.20	1.72	6	15
Various Flight Service Opportunities	107	13.41	1.63	8	15
Service and Product Quality Perception Levels	107	86.13	10.96	47	103

The inflight entertainment system and social media quality perception levels of the participants within the scope of the research are  $21.34 \pm 4.94$ , cabin comfort, catering, and hygiene perception levels are  $22.02 \pm 2.75$ , cabin service quality perception levels are  $16.14 \pm 3.28$ , staff quality and behaviour perception levels are  $13.20 \pm 1.72$ , various flight service opportunities perception levels are  $13.41 \pm 1.63$  and service, and product quality perception levels are  $86.13 \pm 10.96$ .

## 6.2. Analysing the Quality Perception Levels of Products and Services Affecting Participants' Travel Demands in Business Class by Various Variables and Testing of Hypothesis

### 6.2.1. Analysis of Hypothesis 1 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Gender

**Table 6.7. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Gender**

	Gender	N	Mean	Standard deviation	P value
Inflight Entertainment System and social media	Female	33	21.09	5.03	0.724
	Male	74	21.46	4.94	

**Table 6.7. (cont.)**

Cabin Comfort, Catering and Hygiene	Female	33	22.67	2.51	0.109
	Male	74	21.74	2.82	
Cabin Service Quality	Female	33	17.06	2.55	0.052
	Male	74	15.73	3.50	
Staff Quality and Behaviour	Female	33	13.27	1.97	0.790
	Male	74	13.18	1.62	
Various Flight Service Opportunities	Female	33	13.73	1.46	0.183
	Male	74	13.27	1.70	
Service and Product Quality Perception Levels	Female	33	87.82	11.09	0.290
	Male	74	85.38	10.90	

*p*<0.05, Independent Sample T-test

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their gender. (P>0,05)

### 6.2.2. Analysis of Hypothesis 2 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Nationality

**Table 6.8. Analysis Of Participants' Business-Class Service and Product Quality Perception Levels By Nationality**

	Nationality	N	Mean	Standard deviation	P-value	Post Hoc
Inflight Entertainment System and social media	Turkish	37	23.84	4.17	<b>&lt;0.001</b>	Turkish>EU, USA
	USA	12	18.33	5.58		
	EU	16	17.56	4.8		
	Other	40	21.48	4.17		
	United Kingdom	2	21	5.66		Other>EU
Cabin Comfort, Catering and Hygiene	Turkish	37	22.92	2.02	0.051	
	USA	12	21	2.92		
	EU	16	20.69	3.2		
	Other	40	22	2.93		
	United Kingdom	2	23	1.41		
Cabin Service Quality	Turkish	37	17.43	2.02	0.051	
	USA	12	14	4.75		
	EU	16	14.75	4.02		
	Other	40	16.08	3.01		

**Table 6.8. (cont.)**

Staff Quality and Behaviour	United Kingdom	2	17.5	0.71	0.059	
	Turkish	37	13.62	1.48		
	USA	12	12.25	1.6		
	EU	16	12.5	2.53		
	Other	40	13.38	1.44		
Various Flight Service Opportunities	United Kingdom	2	13.5	2.12	0.029	Turkish> Other, United Kingdom
	Turkish	37	14.11	1.2		
	USA	12	13.17	1.95		
	EU	16	13.19	1.6		
	Other	40	12.95	1.78		
Service and Product Quality Perception Levels	United Kingdom	2	13	0	<0.001	Turkish > EU, Other
	Turkish	37	91.92	7.85		
	USA	12	78.75	14.27		
	EU	16	78.69	1.81		
	Other	40	85.88	9.78		
	United Kingdom	2	88	2.83		

*p<0.05, One Way Anova (ANOVA)*

The quality perception levels of the products and services that affect the business class travel demand related to the in-flight entertainment system and social media of the participants in our research differ according to their nationalities. ( $p<0.05$ )

Turkish citizens have higher perceptions of the quality of products and services related to the inflight entertainment system and social media than EU and US citizens. On the other hand, service quality perception levels of Other citizens regarding the inflight entertainment system and social media are higher than EU citizens.

Turkish citizens have a higher perception of various flight service opportunities than Other and UK citizens.

As for the other two factors, Turkish citizens' service and product quality perception levels are higher than EU and Other citizens.

Other scale scores do not differ according to nationality. ( $p>0.05$ )

### 6.2.3. Analysis of Hypothesis 3 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Age

**Table 6.9. Analysis Of Participants' Business-Class Service and Product Quality Perception Levels By Age**

	Age	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	18-25	10	19.7	5.66	0.642
	25-35	21	21.14	4.88	
	35-45	36	22.44	4.12	
	45-55	29	20.97	5.98	
	55-64	10	20.8	4.02	
	65 and above	1	19		
Cabin comfort, Catering and Hygiene	18-25	10	21.5	3.21	0.961
	25-35	21	22.43	2.36	
	35-45	36	22.06	2.99	
	45-55	29	21.86	2.7	
	55-64	10	22	2.87	
	65 and above	1	23		
Cabin Service Quality	18-25	10	16	2.83	0.642
	25-35	21	16.9	1.81	
	35-45	36	16.42	3.06	
	45-55	29	15.76	4.03	
	55-64	10	15	4.55	
	65 and above	1	14		
Staff Quality and Behaviour	18-25	10	14.3	1.06	0.251
	25-35	21	13.19	2.25	
	35-45	36	13.19	1.74	
	45-55	29	13.1	1.5	
	55-64	10	12.7	1.34	
	65 and above	1	11		
Various Flight Service Opportunities	18-25	10	12.3	1.95	0.238
	25-35	21	13.62	1.28	
	35-45	36	13.53	1.65	
	45-55	29	13.38	1.8	
	55-64	10	13.9	1.2	
	65 and above	1	12		
Service and Product Quality Perception Levels	18-25	10	83.8	11.19	0.812
	25-35	21	87.29	10.28	
	35-45	36	87.64	10.5	

**Table 6.9. (cont.)**

45-55	29	85.07	12.81
55-64	10	84.4	9.25
65 and above	1	79	

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*p*<0.05, *One Way Anova (ANOVA)*

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The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their age. (P>0.05)

#### **6.2.4. Analysis of Hypothesis 4 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Marital Status**

**Table 6.10. Analysis Of Participants' Business-Class Service And Product Quality Perception Levels By Marital Status**

	Marital Status	N	Mean	Standard deviation	P-value
Inflight Entertainment System and Social Media	Single	37	20.16	5	0.072
	Married	70	21.97	4.84	
Cabin Comfort, Catering and Hygiene	Single	37	21.68	2.88	0.338
	Married	70	22.21	2.69	
Cabin Service Quality	Single	37	15.92	3.06	0.615
	Married	70	16.26	3.41	
Staff Quality and Behaviour	Single	37	13	1.91	0.373
	Married	70	13.31	1.62	
Various Flight Service Opportunities	Single	37	13.16	1.61	0.254
	Married	70	13.54	1.65	
Service and Product Quality Perception Levels	Single	37	83.92	10.43	0.130
	Married	70	87.3	11.13	

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*p*<0.05, *Independent Sample T-test*

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The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their marital status. (P>0.05)

### 6.2.5. Analysis of Hypothesis 5 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by the Purpose of Travel

**Table 6.11. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By The Purpose of Travel**

	Purpose of Travel	N	Mean	Standard deviation	P-value
Inflight Entertainment System and Social Media	Business	44	22.32	4.3	0.189
	Vacation	40	20.35	5.42	
	Visiting Friends or Family	23	21.22	5.09	
Cabin Comfort, Catering and Hygiene	Business	44	21.86	2.73	0.795
	Vacation	40	22.03	2.94	
	Visiting Friends or Family	23	22.35	2.53	
Cabin Service Quality	Business	44	16.45	2.94	0.711
	Vacation	40	15.95	3.3	
	Visiting Friends or Family	23	15.87	3.93	
Staff Quality and Behaviour	Business	44	13.34	1.43	0.697
	Vacation	40	13.03	2.12	
	Visiting Friends or Family	23	13.26	1.51	
Various Flight Service Opportunities	Business	44	13.23	1.54	0.577
	Vacation	40	13.48	1.84	
	Visiting Friends or Family	23	13.65	1.47	
Service and Product Quality Perception Levels	Business	44	87.2	9.37	0.611
	Vacation	40	84.83	12.44	
	Visiting Friends or Family	23	86.35	11.31	

*p<0.05, Independent Sample T-test*

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their purpose of travel. (P>0.05)

### 6.2.6. Analysis of Hypothesis 6 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Monthly Income

**Table 6.12. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Monthly Income**

	Monthly Income	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	1000-2000 USD/Euro	8	21.25	6.04	0.870
	2000-3000 USD/Euro	12	21	5.33	
	3000-5000 USD/Euro	27	22.22	4.65	
	5000-10000 USD/Euro	35	21.23	5.29	
	10000 USD/Euro or above	25	20.76	4.47	
Cabin Comfort, Catering and Hygiene	1000-2000 USD/Euro	8	22.88	2.1	0.101
	2000-3000 USD/Euro	12	21.83	3.33	
	3000-5000 USD/Euro	27	23.11	2.24	
	5000-10000 USD/Euro	35	21.6	2.72	
	10000 USD/Euro or above	25	21.28	2.95	
Cabin Service Quality	1000-2000 USD/Euro	8	16.63	2.83	0.130
	2000-3000 USD/Euro	12	15.92	2.81	
	3000-5000 USD/Euro	27	17.41	2.53	
	5000-10000 USD/Euro	35	15.89	3.24	
	10000 USD/Euro or above	25	15.08	4.08	
Staff Quality and Behaviour	1000-2000 USD/Euro	8	14.25	1.75	0.331
	2000-3000 USD/Euro	12	12.58	2.57	
	3000-5000 USD/Euro	27	13.3	1.54	
	5000-10000 USD/Euro	35	13.14	1.67	
	10000 USD/Euro or above	25	13.16	1.46	
Various Flight Service Opportunities	1000-2000 USD/Euro	8	13.63	1.69	0.646
	2000-3000 USD/Euro	12	12.83	1.53	
	3000-5000 USD/Euro	27	13.56	1.53	
	5000-10000 USD/Euro	35	13.29	2.02	
	10000 USD/Euro or above	25	13.64	1.15	
Service and Product Quality Perception Levels	1000-2000 USD/Euro	8	88.63	11.67	0.312
	3000-5000 USD/Euro	27	89.59	9.35	
	5000-10000 USD/Euro	35	85.14	11.29	
	10000 USD/Euro or above	25	83.92	10.91	

*p*<0.05, One Way Anova (ANOVA)

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their monthly income. ( $P>0.05$ )

### 6.2.7. Analysis of Hypothesis 7 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Education Level

**Table 6.13. Analysis Of Participants' Business-Class Service and Product Quality Perception Levels By Education Level**

	Education Level	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	Secondary School	2	17.5	6.36	0.252
	High School	9	22.11	3.55	
	College (2 years)	9	24.44	3.68	
	University (4 years)	45	20.98	5.07	
	Postgraduate	31	21.61	4.98	
	Doctorate	11	19.64	5.55	
Cabin Comfort, Catering and Hygiene	Secondary School	2	21.5	3.54	0.493
	High School	9	21	3.39	
	College (2 years)	9	22.33	2.55	
	University (4 years)	45	21.98	2.81	
	Postgraduate	31	22.68	2.27	
	Doctorate	11	21.09	3.33	
Cabin Service Quality	Secondary School	2	14.5	2.12	0.479
	High School	9	15.44	3.4	
	College (2 years)	9	17.22	1.48	
	University (4 years)	45	16.16	3.63	
	Postgraduate	31	16.61	2.7	
	Doctorate	11	14.73	4.24	
Staff Quality and Behaviour	Secondary School	2	14.5	0.71	0.465
	High School	9	14.11	1.27	
	College (2 years)	9	13.33	1.87	
	University (4 years)	45	13.18	1.61	
	Postgraduate	31	13	1.98	
	Doctorate	11	12.82	1.66	
Various Flight Service Opportunities	Secondary School	2	13.5	2.12	0.766
	High School	9	14	1.5	
	College (2 years)	9	13.67	1.22	
	University (4 years)	45	13.16	1.82	
	Postgraduate	31	13.48	1.65	

**Table 6.13. (cont.)**

Service and Product Quality Perception Levels	Doctorate	11	13.55	1.21	0.495
	Secondary School	2	81.5	9.19	
	High School	9	86.67	10.27	
	College (2 years)	9	91	9.07	
	University (4 years)	45	85.44	11.46	
	Postgraduate	31	87.39	10.61	
	Doctorate	11	81.82	12.1	

*p*<0.05, One Way Anova (ANOVA)

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their education level. ( $P > 0.05$ )

#### 6.2.8. Analysis of Hypothesis 8 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Flight Frequency Over the Last Year

**Table 6.14. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Flight Frequency Over the Last Year**

	Flight Frequency	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	1	29	20.83	5.25	0.697
	2	29	21.14	5.47	
	3	14	22.36	3.82	
	4	3	18.67	0.58	
	5	5	23.8	2.77	
	More than 5	27	21.44	5.14	
Cabin Comfort, Catering and Hygiene	1	29	22.93	1.91	0.266
	2	29	21.93	2.74	
	3	14	22.14	3.55	
	4	3	21	3.61	
	5	5	22.4	0.89	
	More than 5	27	21.15	3.1	

**Table 6.14.(cont.)**

Cabin Service Quality	1	29	16.38	3.33	0.101
	2	29	16.34	2.59	
	3	14	15.71	3.87	
	4	3	10.67	7.02	
	5	5	16.4	1.82	
	More than 5	27	16.44	3.03	
Staff Quality and Behaviour	1	29	13.48	1.55	0.835
	2	29	13.07	2.22	
	3	14	13.43	2.03	
	4	3	12.67	1.15	
	5	5	12.6	1.82	
	More than 5	27	13.11	1.15	
Various Flight Service Opportunities	1	29	13.31	1.85	0.489
	2	29	13.31	1.67	
	3	14	14	1.47	
	4	3	14	1	
	5	5	14.2	1.3	
	More than 5	27	13.11	1.53	
Service and Product Quality Perception Levels	1	29	86.93	10.86	0.687
	2	29	85.79	12.16	
	3	14	87.64	12.42	
	4	3	77	11.53	
	5	5	89.4	6.31	
	More than 5	27	85.26	9.78	

*p*<0.05, One Way Anova (ANOVA)

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to their flight frequency over the last year. ( $P > 0.05$ )

### 6.2.9. Analysis of Hypothesis 9 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Flight Distance

**Table 6.15. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Flight Distance**

	Flight Distance	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	Domestic	3	22	7	0.543
	Transit	12	22.42	3.5	

**Table 6.15. (cont.)**

	International	78	4.62		
	Long Haul	14	19.71	7.14	
	Domestic	3	22.33	2.31	
Cabin Comfort, Catering and Hygiene	Transit	12	22.08	3.94	
	International	78	21.9	2.66	0.826
	Long Haul	14	22.64	2.34	
	Domestic	3	17.33	2.08	
Cabin Service Quality	Transit	12	17.58	2.27	
	International	78	15.94	3.19	0.369
	Long Haul	14	15.79	4.46	
	Domestic	3	14	1	
Staff Quality and Behaviour	Transit	12	13.25	1.42	0.843
	International	78	13.21	1.81	
	Long Haul	14	13	1.66	
	Domestic	3	14	1.73	
Various Flight Service Opportunities	Transit	12	13	1.91	
	International	78	13.54	1.53	0.423
	Long Haul	14	12.93	1.94	
	Domestic	3	89.67	12.66	
Service and Product Quality Perception Levels	Transit	12	88.33	8.45	
	International	78	86.03	10.45	0.735
	Long Haul	14	84.07	15.34	

*p*<0.05, One Way Anova (ANOVA)

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to the flight distance they usually travel. ( $P > 0.05$ )

### 6.2.10. Analysis of Hypothesis 10 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Ticket Prices

**Table 6.16. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Ticket Prices**

	Thoughts on Turkish Airlines business class ticket prices	N	Mean	Standard deviation	P-Value	Post Hoc
Inflight Entertainment System and social media	Cheap	1	17		<b>0.001</b>	Very Expensive > Affordable, Expensive
	Affordable	53	20.02	5.26		
	Expensive	42	21.95	4.13		
	Very Expensive	11	25.82	3.28		
Cabin Comfort, Catering and Hygiene	Cheap	1	17		<b>0.011</b>	Very Expensive, Expensive > Affordable
	Affordable	53	21.32	3.04		
	Expensive	42	22.67	2.26		
	Very Expensive	11	23.45	1.51		
Cabin Service Quality	Cheap	1	10		<b>0.013</b>	Very Expensive, Expensive > Affordable
	Affordable	53	15.32	3.8		
	Expensive	42	16.88	2.31		
	Very Expensive	11	17.82	2.14		
Staff Quality and Behaviour	Cheap	1	12		0.481	
	Affordable	53	13.06	1.94		
	Expensive	42	13.29	1.55		
	Very Expensive	11	13.73	1.27		
Various Flight Service Opportunities	Cheap	1	12		<b>0.007</b>	Very Expensive > Affordable, Expensive
	Affordable	53	13	1.82		
	Expensive	42	13.67	1.39		
	Very Expensive	11	14.55	0.69		
Service and Product Quality Perception Levels	Cheap	1	68		<b>&lt;0.001</b>	Very Expensive > Expensive > Affordable
	Affordable	53	82.72	11.87		
	Expensive	42	88.45	8.43		
	Very Expensive	11	95.36	6.2		

*p* < 0.05, One Way Anova (ANOVA)

The inflight entertainment system and social media, cabin comfort, catering and hygiene, cabin service quality, various flight service opportunities, and service and product quality perception levels of the participants within the scope of our research differ according to the thoughts on Turkish Airlines business class ticket prices. ( $p < 0.05$ )

The quality perception levels of the inflight entertainment system and social media and various flight service opportunities of the participants who think that the ticket prices are very expensive are higher than those who believe that the ticket prices are expensive and affordable.

The perception levels of cabin comfort, catering and hygiene and cabin service quality of the participants who find the ticket prices very expensive and expensive are higher than those who find the ticket prices affordable.

As a result, participants who think that ticket prices are very expensive have higher service and product quality perception levels than those who think they are expensive and affordable. In addition, the participants who believe that the business class ticket prices are expensive to have a higher perception of service and product quality than those who think they are affordable.

Finally, the service and quality perception levels of staff quality and behaviour do not differ according to the perception of Turkish Airlines business class ticket prices. ( $P > 0.05$ )

### 6.2.11. Analysis of Hypothesis 11 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Value for Buying

**Table 6.17. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Value For Buying**

	Value for buying of Business class service	N	Mean	Standard deviation	P-Value	Post Hoc
Inflight Entertainment System and social media	Not agree at all	3	25	2.65	0.082	
	Disagree	12	24.17	3.43		
	Neutral	22	21.68	4.93		
	Agree	53	20.92	5.09		
	Definitely Agree	17	19.59	4.94		
Cabin Comfort, Catering and Hygiene	Not agree at all	3	18.33	4.93	<b>0.022</b>	Disagree > Agree
	Disagree	12	23.75	1.36		
	Neutral	22	21.91	2.62		
	Agree	53	21.75	2.81		
	Definitely Agree	17	22.47	2.45		
Cabin Service Quality	Not agree at all	3	18.33	2.89	0.155	
	Disagree	12	17.58	2.31		
	Neutral	22	16.77	2.41		
	Agree	53	15.72	3.59		
	Definitely Agree	17	15.24	3.56		
Staff Quality and Behaviour	Not agree at all	3	13.67	1.53	0.49	
	Disagree	12	13.5	1.51		
	Neutral	22	13.36	1.59		
	Agree	53	12.91	1.93		
	Definitely Agree	17	13.65	1.32		
Various Flight Service Opportunities	Not agree at all	3	12	2.65	<b>0.001</b>	Disagree, Definitely Agree > Agree
	Disagree	12	14.42	0.79		
	Neutral	22	13.86	1.42		
	Agree	53	12.87	1.69		
	Definitely Agree	17	14.06	1.3		
Service and Product Quality Perception Levels	Not agree at all	3	87.33	13.05	0.105	
	Disagree	12	93.42	6.24		
	Neutral	22	87.59	10.22		
	Agree	53	84.17	11.57		
	Definitely Agree	17	85	10.89		

*p* < 0.05, One Way Anova (ANOVA)

The participants' service and quality perception levels within the scope of the research regarding cabin comfort, catering and hygiene, and various flight service opportunities differ depending on whether the service received in business class has a purchase value. ( $P < 0.05$ )

The cabin comfort, catering, and hygiene perception levels of the participants who disagree that the service received in business class has a purchase value are higher than those who agree.

The various flight service opportunities perception levels of the participants who disagree and definitely agree with the statement that the service received in business class have the purchase value is higher than the participants who agree.

Other scale scores do not differ according to whether the statement that the service received in business class has a purchase value is agreed by the participants. ( $P > 0.05$ )

#### **6.2.12. Analysis of Hypothesis 12 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by Possibility to Travel in Turkish Airlines Business Class Again**

**Table 6.18. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By Possibly Travelling In Turkish Airlines Business Class Again**

	Possibility to travel again in Turkish Airlines business class	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	Very Unlikely	2	26.5	3.54	0.422
	Unlikely	2	19.5	3.54	
	Neutral	12	22.58	5.66	
	Likely	52	20.79	5.08	
	Very Likely	39	21.54	4.6	

**Table 6.18. (cont.)**

Cabin Comfort, Catering and Hygiene	Very Unlikely	2	23.5	0.71	0.712
	Unlikely	2	22	1.41	
	Neutral	12	22.92	2.71	
	Likely	52	21.81	2.66	
	Very Likely	39	21.97	3	
Cabin Service Quality	Very Unlikely	2	18	2.83	0.458
	Unlikely	2	18.5	0.71	
	Neutral	12	17.25	2.73	
	Likely	52	15.79	3.18	
	Very Likely	39	16.05	3.62	
Staff Quality and Behaviour	Very Unlikely	2	12	0	0.234
	Unlikely	2	14	1.41	
	Neutral	12	13.92	1.24	
	Likely	52	12.9	1.99	
	Very Likely	39	13.41	1.43	
Various Flight Service Opportunities	Very Unlikely	2	14.5	0.71	0.302
	Unlikely	2	14	1.41	
	Neutral	12	13.83	1.19	
	Likely	52	13.08	1.74	
	Very Likely	39	13.64	1.61	
Service and Product Quality Perception Levels	Very Unlikely	2	94.5	6.36	0.340
	Unlikely	2	88	1.41	
	Neutral	12	90.5	10.02	
	Likely	52	84.37	11.59	
	Very Likely	39	86.62	10.5	

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*p*<0.05, One Way Anova (ANOVA)

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The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to the possibility to travel again in Turkish Airlines business class. ( $P > 0.05$ )

**6.2.13. Analysis of Hypothesis 13 and Quality Perception Levels of Products and Services Affecting Business Class Travel Demand by the Possibility of Recommending Turkish Airlines Business Class to Someone Else**

**Table 6.19. Analysis of Participants' Business-Class Service and Product Quality Perception Levels By The Possibility of Recommending Turkish Airlines Business Class To Someone Else**

	Possibility of recommending Turkish Airlines business class to someone else	N	Mean	Standard deviation	P-value
Inflight Entertainment System and social media	Very Unlikely	2	26.5	3.54	0.451
	Neutral	18	21.94	5.31	
	Likely	44	21.18	4.71	
	Very Likely	43	21.02	5.07	
Cabin Comfort, Catering and Hygiene	Very Unlikely	2	23.5	0.71	0.873
	Neutral	18	21.89	2.95	
	Likely	44	22.11	2.56	
	Very Likely	43	21.93	2.96	
Cabin Service Quality	Very Unlikely	2	18	2.83	0.615
	Neutral	18	16.83	2.46	
	Likely	44	15.84	3.81	
	Very Likely	43	16.07	3.04	
Staff Quality and Behaviour	Very Unlikely	2	12	0	0.545
	Neutral	18	13	2.43	
	Likely	44	13.11	1.66	
	Very Likely	43	13.44	1.47	
Various Flight Service Opportunities	Very Unlikely	2	14.5	0.71	0.377
	Neutral	18	13.78	1.26	
	Likely	44	13.14	1.82	
	Very Likely	43	13.49	1.58	
Service and Product Quality Perception Levels	Very Unlikely	2	94.5	6.36	0.657
	Neutral	18	87.44	11.56	
	Likely	44	85.39	11.41	
	Very Likely	43	85.95	10.5	

*p*<0.05, One Way Anova (ANOVA)

The quality perception levels of the products and services that affect the business class travel demand of the participants in our research do not differ according to the possibility of recommending Turkish Airlines business class to someone else. ( $P > 0.05$ )

Finally, all the studies above made on the hypothesis, and the results are summarised in Table 5.20.

**Table 6.20. Questionnaire Hypothesis Results**

Hypothesis Results		
Hypothesis 1	The quality perception levels of products and services that affect business class travel demand differ according to gender.	Not supported
Hypothesis 2	The quality perception levels of products and services that affect business class travel demand differ according to nationality.	Supported
Hypothesis 3	The quality perception levels of products and services that affect business class travel demand differ according to age.	Not supported
Hypothesis 4	The quality perception levels of products and services that affect business class travel demand differ according to marital status.	Not supported
Hypothesis 5	The quality perception levels of products and services that affect business class travel demand differ according to the purpose of travel.	Not supported
Hypothesis 6	The quality perception levels of products and services that affect business class travel demand differ according to monthly income.	Not supported
Hypothesis 7	The quality perception levels of products and services that affect business class travel demand differ according to education level.	Not supported
Hypothesis 8	The quality perception levels of products and services that affect business class travel demand differ according to the flight frequency over the last year.	Not supported
Hypothesis 9	The quality perception levels of products and services that affect business class travel demand differ according to the flight distance.	Not supported
Hypothesis 10	The quality perception levels of products and services that affect business class travel demand differ according to the business class ticket prices.	Supported
Hypothesis 11	The quality perception levels of products and services that affect business class travel demand differ according to the value for buying business-class services.	Partially supported

**Table 6.20. (cont.)**

Hypothesis 12	The quality perception levels of products and services that affect business class travel demand differ according to the possibility to travel again in Turkish Airlines business class.	Not supported
Hypothesis 13	The quality perception levels of products and services that affect business class travel demand differ according to the possibility of recommending Turkish Airlines business class to someone else.	Not supported



## **CHAPTER VII**

### **LIMITATIONS OF THE STUDY AND IMPLICATIONS FOR FURTHER RESEARCH**

As in every study, there are some limitations in this research. This study examined the factors that determine the quality perception of business class demands according to the quality perception of the products and services offered to business class passengers. Future studies can explore the effects of the Covid-19 process on service quality, and the factors that determine the demands of both business class and economy class passengers can be investigated. In addition, it would be appropriate to obtain permission for conducting a longer-term survey from the authorities to reach more participants.

This research also has some implications for the policymakers in Turkish Airlines. The economic difficulties experienced by the airline industry during the Covid-19 process caused airline managers to minimise the costs. On the other hand, the perception of quality and competitive market conditions are changing in the new world. As a result of the findings of this study, Turkish Airlines should increase the perception of quality service in business class, especially considering the effect of ticket prices on the purchase value and the sensitivity of different nations.

## **CHAPTER VIII**

### **CONCLUSIONS AND POLICY RECOMMENDATIONS**

This research examines the quality perception level of the products and services offered in order to find the factors that determine the demands of business class passengers. According to the evaluations of the demographic characteristics of business class passengers who participated in this research, most of the passengers are male, married, between the ages of 35-55, and have university or postgraduate degrees. Furthermore, most participants prefer business classes for their vacations or business trips. In addition, most of the participants have an income range between 3.000 and 10.000 USD/Euro. Therefore, according to the demographic characteristics of the participants travelling in Turkish Airlines business class, it has been determined that the education and income levels of the passengers are high. As a result, the passengers may be conscious and have high expectations about the products and services offered in business class.

Due to the Covid-19 pandemic, which has adversely affected the world for the last two years, most passengers have travelled with Turkish Airlines once or twice in the previous year. However, despite the global economic difficulties during the pandemic, more than half of the participants involved in the research find the business class ticket prices affordable. In addition, it was found that most participants who were flying with Turkish Airlines mostly prefer business class for their international flights. Consequently, most passengers agree that their business class service is worth purchasing. Therefore, it has been determined that most participants will travel in business class again and advise business class service to someone else.

According to this research, most of the respondents decide choosing Turkish airlines by considering their previous flight experience and transfer flight opportunities. For this reason, it can be assumed that the quality service and connecting flight opportunities offered by Turkish Airlines to its passengers play an essential role in the

preference of Turkish Airlines by business class passengers. Furthermore, most business-class passengers participating in the study purchased their tickets from the website of Turkish Airlines or a travel agency.

It has been concluded that Turkish citizen business class passengers participating in our research attach more importance to the in-flight entertainment system, social media, and various flight service opportunities than citizens of all other countries. Therefore, it was determined that it would be beneficial for Turkish Airlines to constantly update the quality of the in-flight entertainment system, social media, and flight service opportunities, especially for business class passengers who are Turkish citizens.

It was also determined that the participants, who found the business class ticket prices very expensive, had high service quality perceptions regarding the in-flight entertainment system, social media, cabin comfort, catering, hygiene, cabin service quality, and flight service opportunities. According to this result, it was concluded that the service quality expectations of the business class passengers, who find the ticket prices very expensive, are high.

Business-class passengers, who disagree with the statement that cabin comfort, catering, hygiene, and flight service opportunities are worth buying, attach great importance to quality service compared to other passengers. For this reason, it would be appropriate for Turkish Airlines to increase the quality of cabin comfort, catering, hygiene, and flight service opportunities offered to business class passengers for the perception of the purchase value and service quality.

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# APPENDIXES

## APPENDIX A

### QUESTIONNAIRE

#### Critical Determinants of Quality Perception in Business Class Demands in Air Transportation and Implications for Covid-19 Period

##### The Case of Turkish Airlines

##### Master Thesis Survey

Dear Participant,

This study is being conducted in Ibn Haldun University School of Graduate Studies Master of Science in Air Transport Management, and cooperation with Turkish Airlines Academy, being used in my master thesis titled “Critical Determinants of Quality Perception in Business Class Demands in Air Transportation and Implications for Covid-19 Period: The Case of Turkish Airlines”. The purpose of this study is to determine the essential factors of the reasons for the demand of our passengers who prefer to travel in the Turkish Airlines Business Class section. Therefore, we kindly request you to answer the following questions. The information of our passengers participating in this research will be kept strictly confidential. It will not be used for any commercial purpose.

Thank you for your assistance and valuable support.

We wish you healthy days and have a nice flight.

## Part 1: Demographic Questions

1. Gender?					
Female <input type="checkbox"/>	Male <input type="checkbox"/>				
2. Your Nationality?					
Turkish <input type="checkbox"/>	US <input type="checkbox"/>	EU <input type="checkbox"/>	Other <input type="checkbox"/>	UK <input type="checkbox"/>	
3. Age?					
18-25 <input type="checkbox"/>	25-35 <input type="checkbox"/>	35-45 <input type="checkbox"/>	45-55 <input type="checkbox"/>	55-64 <input type="checkbox"/>	65 and above <input type="checkbox"/>
4. Marital Status?					
Single <input type="checkbox"/>	Married <input type="checkbox"/>				
5. Purpose of Travel?					
Business <input type="checkbox"/>	Vacation <input type="checkbox"/>	Visiting Friends or Family <input type="checkbox"/>			
6. Your Profession and Title?					
7. Your monthly income?					
( ) 1.000-2.000 USD/EURO	( ) 3.000-5.000 USD/EURO				
( ) 2.000-3.000 USD/ EURO	( ) 5.000-10.000 USD/EURO				
( ) 10.000 USD/ EURO or above					
8. Destination to Travel?					
9. Education Level?					
Primary School <input type="checkbox"/>					
Secondary School <input type="checkbox"/>					
High School <input type="checkbox"/>					
College (2 years) <input type="checkbox"/>					
University (4 years) <input type="checkbox"/>					
Postgraduate <input type="checkbox"/>					
Doctorate <input type="checkbox"/>					

**Part 2: Demand and Satisfaction Measurement Questions**

1. How often did you fly with Turkish Airlines over the last year?												
1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>	5	<input type="checkbox"/>	More than 5	<input type="checkbox"/>	
2. Which distance do you usually fly?												
Domestic		<input type="checkbox"/>	Transit		<input type="checkbox"/>	International		<input type="checkbox"/>	Long Haul (ER)			<input type="checkbox"/>
3. What do you think about Turkish Airlines Business Class ticket prices?												
Cheap		<input type="checkbox"/>	Affordable		<input type="checkbox"/>	Expensive		<input type="checkbox"/>	Very Expensive			<input type="checkbox"/>
4. Considering the service provided by Tk during your flight, to what extent do you agree that the service you received in business class is valuable for buying?												
5	4	3	2	1								
Definitely Agree	Agree	Neutral	Disagree	Not agree at all								
5. How likely are you to travel with Turkish Airlines in Business Class again?												
5	4	3	2	1								
Very Likely	Likely	Neutral	Unlikely	Very Unlikely								
6. How likely are you to recommend someone else to travel in Turkish Airlines Business class?												
5	4	3	2	1								
Very Likely	Likely	Neutral	Unlikely	Very Unlikely								

### Part 3: Information Search

Which of the following information sources did you consider before choosing Turkish Airlines? (You can click multiple options.)

1. Personal experience from previous flights with Turkish Airlines	<input type="checkbox"/>
2. social media	<input type="checkbox"/>
3. Recommendation from friends, family, and relatives	<input type="checkbox"/>
4. Turkish Airlines app	<input type="checkbox"/>
5. Turkish Airlines web page	<input type="checkbox"/>
6. Recommendation from travel agent	<input type="checkbox"/>
7. Transfer flight opportunities	<input type="checkbox"/>
8. Ads and information from Star Alliance Members Airlines	<input type="checkbox"/>
9. TV ads, newspapers, and magazines	<input type="checkbox"/>
10. The flight has been arranged for me, and I have not been involved in the decision-making	<input type="checkbox"/>

### Part 4: Booking/ Ticket Purchase

How did you book/purchase your flight?

1. Turkish Airlines website: <a href="http://www.thy.com">www.thy.com</a>	<input type="checkbox"/>
2. Online but not at <a href="http://www.thy.com">www.thy.com</a>	<input type="checkbox"/>
3. Turkish Airlines mobile app	<input type="checkbox"/>
4. Travel Agency	<input type="checkbox"/>
5. Call centre 4440849	<input type="checkbox"/>
6. Turkish Airlines ticket sale offices	<input type="checkbox"/>
7. I did not purchase my ticket /others/ my company bought it for me	<input type="checkbox"/>

## Part 5: Product and Service Evaluation

Please indicate the importance of the following product attributes, which affect your demand to travel in business class.

**5-Very Important 4-Important 3-Neutral 2-Unimportant 1-Completely Unimportant**

Product Attributes & Service Evaluation		Very Important	Important	Neutral	Unimportant	Completely Unimportant
1	Business cabin interior design	5	4	3	2	1
2	Comfortable flatbed seat and seat pitch/width	5	4	3	2	1
3	Adjustable privacy seat panel between seats	5	4	3	2	1
4	Free of charge Wi-Fi service	5	4	3	2	1
5	Individual wide HD screen for IFE	5	4	3	2	1
6	Diversity of music, movies, and games of IFE	5	4	3	2	1
7	Loyalty programs (Miles & Smiles promotions)	5	4	3	2	1
8	Fast check-in at the airport	5	4	3	2	1
9	Business Lounges at the airport	5	4	3	2	1
10	Press reader application for magazine-newspaper on board	5	4	3	2	1
11	Mobile Online Check-in Prior to flight	5	4	3	2	1
12	Extra Baggage Allowance on board	5	4	3	2	1
13	Lavatory disinfection during the flight against Covid-19	5	4	3	2	1
14	Closed-sealed box and cold meal/ beverage / water services due to health measures	5	4	3	2	1
15	Special meal options such as AVML, DBML and VGML etc.	5	4	3	2	1
16	Hot meal and beverage service for destinations	5	4	3	2	1

	exceeding 2 hours flight time					
<b>17</b>	Hygiene Kit services (Mask- disinfectant)	5	4	3	2	1
<b>18</b>	Safe and on time flight operation	5	4	3	2	1
<b>19</b>	Turkish Airlines brand name & reliability	5	4	3	2	1
<b>20</b>	Foreign language skills of ground staff and cabin crew	5	4	3	2	1
<b>21</b>	Friendly and helpful behaviour of ground staff	5	4	3	2	1
<b>22</b>	Providing true information to the passengers during boarding and cruise flight	5	4	3	2	1
<b>23</b>	Non-stop flights and direct flight opportunities	5	4	3	2	1
<b>24</b>	Convenient departure and arrival times	5	4	3	2	1
<b>25</b>	Transfer flight opportunities	5	4	3	2	1
<b>26</b>	Friendly behaviour and appearance of cabin crew	5	4	3	2	1
<b>27</b>	Silent and comfortable Business cabin environment	5	4	3	2	1
<b>28</b>	Cleanliness and hygiene of the Business cabin before the flight	5	4	3	2	1
<b>29</b>	Priority boarding and deboarding for Business passengers	5	4	3	2	1
<b>30</b>	Business class ticket prices	5	4	3	2	1
<b>31</b>	Easy to use Turkish airlines mobile applications and website	5	4	3	2	1
<b>32</b>	TV advertisements and news about TK	5	4	3	2	1
<b>33</b>	Perceived social media effect about Turkish Airlines	5	4	3	2	1
<b>34</b>	Effect of previous experiences on TK Business class	5	4	3	2	1

**Thank you and have a nice flight.**

# CURRICULUM VITAE

Name and Surname:

Hüseyin TAŞ

Education:

1997-1999 Tourism and Hotel Management Associate Degree, Anadolu University, Turkey

2003-2005 Business Administration Bachelor's Degree, Anadolu University, Turkey

2019-2022 Air Transport Management Master's Degree, Ibn Haldun University, Turkey

Work Experience:

1996-1998 Hey Textile Industry and Trade Inc., Customer Representative Assistant, Istanbul, Turkey

1998-1999 Eresin Hotel, Receptionist, Istanbul, Turkey

1999-2000 Tekin Socks Limited Company, Customer Representative, Istanbul, Turkey

2002- Turkish Airlines Inc., Cabin Chief (A330/A350), Turkey