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# A study to identify the motivation compelling the business traveler to choose a specific airline in the Miami to Atlanta market and to develop a marketing strategy

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ABSTRACT

A STUDY TO IDENTIFY THE MOTIVATION COMPELLING THE  
BUSINESS TRAVELER TO CHOOSE A SPECIFIC AIRLINE  
IN THE MIAMI TO ATLANTA MARKET AND TO  
DEVELOP A MARKETING STRATEGY  
TO PENETRATE THIS  
BUSINESS MARKET

by

Anne L. Applefeld

The purpose of this study was to determine if the business traveler's behavior is influenced by brand loyalty. This brand loyalty, which became evident through the use of a survey, was then to be thoroughly evaluated. In order for this information to be best understood and utilized as the basis of future marketing strategies, much research was undertaken and its significance explained in relation to the airline industry as it exists at present.

The results and conclusions of this study indicate that the airline industry is, for the most part, taking a successful approach in attracting business travelers. These travelers' business is highly valued due to the frequency with which they pay full-fare rates. The airlines view business travelers as a potential for great profit and their actions are in line with these philosophies.

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A thesis submitted in partial fulfillment of the  
requirements for the degree of  
MASTER OF SCIENCE  
in  
HOSPITALITY MANAGEMENT  
at  
FLORIDA INTERNATIONAL UNIVERSITY

Committee in charge:

Professor Elio Bellucci

Professor Richard A. Huse

May 1984

To Professors Bellucci and Huse:

This thesis, having been approved in respect to form and mechanical execution, is referred to you for judgment upon its substantial merit.

---

Dean Anthony G. Marshall  
School of Hospitality Management

The thesis of Anne L. Applefeld is approved.

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Professor

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Professor

Date of Examination: May 1984

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## TABLE OF CONTENTS

I.	THE PROBLEM AND ITS SETTING .....	1
	The Statement of the Problem .....	1
	The Subproblems .....	1
	The Hypotheses .....	1
	The Delimitations .....	2
	The Definition of Terms .....	2
	Assuptions .....	3
	Importance of the Study .....	4
II.	THE REVIEW OF RELATED LITERATURE .....	6
	Airline Marketing .....	6
	Corporate Aviation .....	15
	Serving the Business Traveler .....	18
	The Female Business Traveler .....	23
	SAVVY Magazine Travel Survey .....	27
	Who Chooses the Carrier the Traveler Will Fly ..	30
	Consumer Relations .....	32
III.	THE DATA AND THE TREATMENT OF THE DATA .....	37
	The Data .....	37
	The Criteria for the Admissibility of the Data .	37
	The Research Methology .....	38
	Specific Treatment of Data for the Problem ....	39
IV.	THE SURVEY AND THE RESULT .....	42
	Schedule of Service From Miami to Atlanta .....	43
	The Questionare .....	45
	Survey Procedures .....	46
V.	SUBPROBLEM ONE .....	48
	Survey Results .....	48
	Related Data and Interpretation .....	49
	Hypothesis One .....	51

VI. SUBPROBLEM TWO .....	53
Related Data and Interpretation .....	53
Hypothesis Two .....	58
VII. SUMMARY, CONCLUSIONS AND RECOMENDATIONS .....	59
Summary .....	59
Conclusions .....	60
Recommendations .....	60
APPENDIX .....	61
SELECTED BIBLIOGRAPHY .....	62



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## THE PROBLEM AND ITS SETTING

### The Statement of the Problem

This research proposes to identify the motivation compelling the business traveler to choose a specific airline in the Miami to Atlanta market and to develop a marketing strategy to penetrate this business market.

### The Subproblems

1. The First Subproblem. The first subproblem is to identify the motivation compelling the business traveler to choose a specific airline in the Miami to Atlanta market.

2. The Second Subproblem. The second subproblem is to develop a marketing strategy to penetrate the business traveler market.

### The Hypotheses

The first hypothesis is that business travelers have a definite preference in their choice of air carriers for their personal travel needs.

The second hypothesis is that if the motivating factors

can be identified it should be possible to direct a marketing campaign to highlight these forces and thus increase a carrier's segment of the market.

### The Delimitations

This study will not attempt to evaluate the role that price plays in the choice between airlines.

The study will only include nonstop air travel between Miami and Atlanta as offered by the three major carriers in this market (Delta, Republic and Eastern Airlines).

The study will be limited to business persons traveling for business purposes on corporate expense accounts.

### The Definition of Terms

Business Traveler. A business traveler is an employee of a corporation or other business entity which pays for the individual to travel from the point of origin to another location in the interest of the company<sup>1</sup>.

Major Carrier. A major carrier or domestic trunk line carrier, as it is technically named, is the category to which Eastern, Delta and Republic airlines all belong. The domestic trunk line carriers have a permanent certificate of convenience and necessity and operate primarily within and between the fifty states of the United States over routes serving primarily larger communities with medium and long-

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<sup>1</sup>"New York Air is Carving New Niche: Business-Class Service at Coach Fares," Air Transport World, 5/83, p. 150.

range lengths. The trunk line carriers conduct operations with large aircraft over routes that have relatively high traffic volumes.<sup>2</sup>

### Assumptions

The First Assumption. The first assumption is that it is a necessity for the business person to use air travel as it is generally accepted to be the fastest method of travel available to the general population.

The Second Assumption. The second assumption is that each carrier is anxious to increase its market share in an effort to increase profits and to reduce losses.

The Third Assumption. The third assumption is that since the business traveler is not personally affected by the price of the ticket, the price is not a factor in the study.

The Fourth Assumption. The fourth assumption is that the survey to be conducted at Miami International Airport on occasions to be later decided will provide data which can be considered as a representative sampling of travelers in the Miami to Atlanta market.

### The Importance of the Study

The marketing departments of the major air carriers direct their advertising to business travelers based on

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<sup>2</sup>Nawal K. Taneja, The Commercial Airline Industry (Lexington, MA.: D.C. Heath and Company, 1976), p. 21.

factors they have determined to be of paramount concern to this segment of the market. This group of potential customers is the most sought after segment of the air traveling public. Business flyers usually pay full fare and thus are responsible for almost all of the 25 percent of passengers who do so.<sup>3</sup>

Through this research one can assess these marketing strategies to determine if they are highlighting areas which really are of highest concern to prospective travelers. One can establish if advertising can be more effective and thus aid in capturing a larger segment of market by enticing the business traveler with any one of a number of circumstances they could potentially perceive as beneficial.

This research, by discovering what prompts the traveler to choose between what could be described as a comparable product, directly compares major carriers in a competitive market. At present we can surmise that this comparison has not been previously applied in so direct a fashion. It is possible that a segment of this sought after population acts purely out of habit. The survey should affirm if this is a legitimate concern. This research should provide information which will either confirm that present marketing strategies are as effective as they can possibly be or it can present alternatives to the existing plans.

With the advent of deregulation in 1978, the airline

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<sup>3</sup>Wall Street Journal, 25 January 1983, p. 56.

industry underwent significant changes. Airlines are now free to choose their routes, set their fares, and offer travelers whatever incentives they choose to entice the flying public.

Resulting from this situation are numerous "clubs" developed to capture the largest possible segment of business travelers.

Pertinate to this study are the Eastern Frequent Traveler Bonus Program, Delta Airlines Frequent Flyer Program and Republic Airlines Frequent Flyer Program which led the industry with the inception of such programs in July of 1981. This study will examine these programs to determine their effectiveness in changing the market from it's state prior to their inception.

## THE REVIEW OF THE RELATED LITERATURE

### Airline Marketing

In *The Commercial Airline Industry* by Nawal K. Taneja, the author, a professor at the Flight Transportation Laboratory of The Department of Aeronautics and Astronautics at the Massachusetts Institute of Technology, makes a successful attempt at explaining the United States airline industry. This report, published in 1976 before the advent of deregulation, is in some respects obsolete. Yet the author's perceptions are accurate and well communicated. He attempts to acquaint the reader with some perspective into the key elements of airline marketing. "To the airline marketer the distinction between differentiated and undifferentiated service makes a big difference."<sup>4</sup> As price is frequently competitive between carriers and as it is not a concern in this study, it should be recognized that a marketer can increase his carrier's share of the market by

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<sup>4</sup>Nawal K. Taneja, *The Commercial Airline Industry* (Lexington, MA.: Heath and Company, 1976), p. 62.

showing that his service is different without attention to price. Cabin service, one of the areas in which this individuality is displayed, refers to food and liquor service, in-flight entertainment and attitude and appearance of the cabin crew.

Under this concept of marketing, it is clearly the responsibility of the Marketing Department to determine the needs and wants of the carrier's existing and potential passengers. Market research, performed either in-house or by a company specializing in market research, should indicate passengers' desires. These results should then be analyzed with the carrier's existing service in mind. Competent marketing analysts evaluate not only their own airline's service relative to passengers' needs and wants but also services of the competition. If the passengers' needs are not being adequately fulfilled, it becomes the job of the marketing executives to relay this information to the rest of the management staff and to advise appropriate adjustments.<sup>5</sup>

Taneja explains that two types of advertising can be applied to the airline industry. "The primary objective of institutional advertising is to stimulate those who have not previously flown to take a trip by air and to encourage others to take more trips . . . The purpose of competitive

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<sup>5</sup>Nawal K. Taneja, The Commercial Airline Industry (Lexington, MA.: Heath and Company, 1976), p. 63.



advertising is two-fold. First, each carrier advertises simply to keep his share of the market. Second, each carrier, through competitive advertising, will attempt to increase it's share of the market."<sup>6</sup>

Amongst the tasks of the marketing departments is the job of deciding on the distribution of the advertising budget into institutional versus competitive advertising by market and by medium. "Of the total funds spent on advertising, the trunk line carriers spend about half of it on newspapers, one quarter on television and the remainder on other media such as magazines, radio and posters."<sup>7</sup> Thus one surmises that the distribution of expenditures is a function of both competition and management policy.

Researchers have attempted to measure the impact of advertising in all fields. It is commonly agreed that advertising has a direct relation to total demand and resulting market share. A key point that is often ignored warrants mention here and in all discussions of advertising. What is advertising's contribution to revenue in relation to it's costs?

Kit Narodick, a researcher and writer for the Journal of Retailing, performed a study on consumer motivation with respect to the choice of an airline. He reported that while

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<sup>6</sup>Ibid., p. 69.

<sup>7</sup>Lawrence M. Hughes, "Airline Ads in Five Media Rise to \$188.4 Million," Airtransport World (July 1975), p. 32.

almost all of the respondents surveyed remembered seeing an airline advertisement, only about fifty percent could recall the content of the specific advertisement. He concluded that about fifty percent of his respondents selected an airline based upon it's schedule.<sup>8</sup>

Evidence from Narodick's study as well as that of Randall Schultz suggests that a carrier's market share is very dependent upon it's schedules. With this in mind, it is interesting to review the advertisements produced by the airline industry. Carriers spend millions of dollars to promote an image. Eastern Airlines' campaign touts "the Wings of Man" as a prime example. "Delta is one carrier that has concentrated on such basic information as who, what, where, when and how much."<sup>9</sup> Delta stresses frequency of flights and departure times in it's newspaper advertising. Other carriers seem to be following this trend. "In 1974 most trunk line carriers spent 23.7 percent of their advertising budget on television. Delta's budget was only 6.8 percent. On the other hand, Delta's budget for newspapers and radios was above the other trunk line carriers."<sup>10</sup> Today there is no longer so large a disparity

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<sup>8</sup>Kit G. Narodick, "What Motivates the Consumer's Choice of an Airline," Journal of Retailing, Vol. 48, No. 1 (Spring 1972):30-38.

<sup>9</sup>Randall L. Schultz, "Market Measurement and Planning with a Simultaneous-Equation Model," Journal of Marketing Research, Vol. 8 (May 1971):153-164.

<sup>10</sup>Lawrence M. Hughes, "Airline Ad in Five Media Rise to \$188.4 Million," Airtransport World (July 1975), p. 32.

between carriers in advertising. Yet the overall trend emphasizing Delta's attention to schedules and other carriers' attentions towards image remains.

Competition for passengers traveling the airways is anything but a new situation. Fierce competitive behavior between Delta and Eastern Airlines has developed from that of a complementary relationship during the 1930's. In 1946, Eastern held a position of supremacy in the Atlanta to Miami market due to the financial advantage that Eastern enjoyed. They had more planes to utilize but the supremacy could also have been attributed to "changes in the type of equipment that each contender was using, and the choice of equipment became a prime weapon in competitive strategy."<sup>11</sup>

The Lockheed Constellation, a pressurized plane that cruised at more than three hundred miles an hour represented the first really modern postwar passenger liner. The public promptly expressed a preference for the modern aircraft which was originally utilized by Eastern Airlines. In order to reduce the depletion of their market share, Delta's advertising slogans emphasized that Delta's DC-45 had only four seats across instead of five, that users of the Lockheeds had to pay premium fares, and that Delta was friendlier and more courteous than Eastern. The advertising efforts proved useless as market share continued to plummet

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<sup>11</sup>W. David Lewis and Wesley P. Newton, Delta: The History of an Airline, University of Georgia Press, Athens, Ohio, 1979, p. 110.

until Delta's utilization of comparable aircraft was instituted. In this instance, consumer preference between competitive airlines offering service to the same destination could clearly be connected to the type of aircraft chosen to service the route.<sup>12</sup> This corresponds to a current trend. The Wall Street Journal reports that "people who say nice things about first-class usually indicate that they like the wide-bodied 747, DC-10 and L-1011 jets, which have spacious cabins up front."<sup>13</sup> Airlines should take note as many are presently buying and flying the Boeing-767 which was designed with the coach passenger in mind as part of a movement away from luxury and towards efficiency. As a result, passenger complaints from those first class passengers routed on the 767 instead of a jumbo jet are beginning to be heard.<sup>14</sup> A spokesman for Transworld Airlines reports that "The businessman wants space. He doesn't want to be crammed up with screaming kids." Thus the airlines are relying on help from the business class traveler to provide extra revenue in exchange for wider-than-coach seats. A spokesman for British Airways comments that the company recently invested 12 million dollars in plush 24-inch-wide seats for business passengers. Airlines report that many companies are not willing to pay first-

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<sup>12</sup>Ibid., p. 116.

<sup>13</sup>Wall Street Journal, 14 July 1983, p. 18.

<sup>14</sup>Ibid.

class fares for their traveling employees but will pay for less-expensive business class travel in order that executives are fresh upon reaching their destination.<sup>15</sup> Alitalia, the Italian airline, has taken this into consideration. Thus their advertisements stress that business class is up front where first class used to be. One could then assume that semantics are the real difference between the then first class and new business class. This airline also recognizes that business travelers want space "to stand in, walk in, and stretch your legs in."<sup>16</sup>

It is not uncommon for a company to bestow a token or so-called gift upon it's customers in appreciation of serving the customer. Airlines are not above this promotional ploy and have joined the bandwagon in a variety of cases. In the late 1970's and early 1980's, Delta Airlines promised free champagne to all who chose to fly with the carrier. United Airlines developed a tic-tac-toe style game in which three similar symbols entitled the passenger to a free flight; Air Florida even tried to lure passengers by offering S&H Green Stamps to those who would purchase a ticket on specific routes. Yet none of these programs was aimed directly at the business traveler until 1981 and the development of the frequent flyer programs.

Although each company has it's own version, the general

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<sup>15</sup>Miami Herald, 2 September 1983.

<sup>16</sup>Wall Street Journal, 9 September 1983, p. 21.

gist of these programs is that the business traveler is awarded points based on the number of miles he has flown on the particular airline. These accumulated points can then be used for free travel and related benefits. For instance, as a member of Eastern Airlines Frequent Traveler Bonus program, one who has flown 10,000 miles is entitled to receive a free first class upgrade on an Eastern coach ticket, one way or round trip. One who has flown 60,000 miles may elect to receive a five-year membership in Eastern's Ionosphere Club or he may choose to hold on to the accumulated points and add them to those gained through future travel so that he can amass 80,000 miles and receive travel bonuses of two free Eastern coach tickets, one way or round trip, plus a Hertz sub-compact Ford Escort or similar car for one week. These programs have proved to be overwhelmingly successful. Membership has reached levels which have encouraged the airlines to extend further services to their frequent flyer members. Special unlisted telephone numbers for prompt reservations allow the frequent flyer the courtesy that should be extended to a valued customer.

In reviewing the history of the airline industry, one will find that since its inception the business traveler has been a much sought after customer. In 1937, a special booklet entitled Air Travel for Business was issued by Imperial Airways. About that time, TWA made it known that their coast-to-coast rates were five dollars less than that

of a rail and sleeper train. TWA's fondness of the business traveler could be attributed to the fact that "he gave so little trouble, compared with other kinds of passengers . . . The top-notch business executives seldom complain and are easiest to pacify when they do."<sup>17</sup> During the 1930's, a private British company, Crilly Airlines, developed an innovative program. The airline offered the provision of private secretarial services in the company's offices at each airport visited. A reporter noted that "In the future there should be no need for a busy man to land at an airport and rush, possibly some miles, into a city to keep an appointment. He will simply telephone his friend in advance, meet him at the airport office and there transact his business with dispatch."<sup>18</sup>

"Is the airplane a business tool?"<sup>19</sup> There are a variety of directions with which to attack this question. Unquestionably, air travel is the fastest, most-effective way to take people from one location to another. The size of the world has been reduced with the invention and ubiquitous use of the airplane as the time required to travel from point A to point B has been significantly reduced.

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<sup>17</sup>Kenneth Hudson, Air Travel, A Social History, Rowman and Littlefield, (Totowa, N.J.), 1972, p. 84.

<sup>18</sup>Ibid., p. 85.

<sup>19</sup>Robert J. Whempner, Corporate Aviation, McGraw-Hill, Inc., N.Y., 1982, p. 24.

### Corporate Aviation

Commercial air travel is a panacea for many executives who find it necessary to conduct business in areas besides their home bases or with associates from areas outside the home region. Yet in some instances, commercial airlines don't offer sufficient service to fit the needs of business people. "The airlines serve fewer than four hundred of our thirteen thousand airports and since airline deregulation this number has gradually declined. The nonproductive time in traveling to any destination other than between hub airports is padded with many hours between connecting flights, security checks and baggage delays."<sup>20</sup> Travel to any one of a number of small towns that dot the landscape through much of the United States requires travel to a small airport if commercial aviation even offers service to the area. This results in numerous additional hours of ground time. Either waiting for the one daily flight to take the traveler to his destination or spending time driving to the seemingly remote area from the airport with closest proximity for many is a shameful wast of time. Business airline schedules are not always conducive to a traveler's routine. Frequently, extra nights in different cities will be required to assure attendance at necessary meetings during business hours. This again should be recognized as a

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<sup>20</sup>Robert J. Whemprrer, Corporate Aviation, McGraw-Hill, Inc., N.Y., 1982, p. 24.



gross waste of management time. A feasible alternative is being undertaken by companies who recognize that a company-owned aircraft can best suit their needs. Thus "a three-day business trip via airlines can most frequently become a one-day trip on the company airplane, producing not only two days of executive time but also a happier, more-effective manager."

The company airplane has made it feasible to locate a new plant or branch office in a non-airline-serviced community. These communities in many instances offer a better labor market and environment, lower taxes, a lower cost of living, better employee recreational facilities and sympathetic local government. Small communities that rely on attracting industry to improve their economy are aware of the need for a useable airport. As a result, many seek government grants to build or improve existing airports for service to corporate aviation.

"Fortune Magazine annually presents a digest on the business activities and performance of the top-1,000 American industries. Annually Aviation Data Service, Wichita, Kansas, does a comparative analysis between those industries in the top-1,000 that are operating corporate aircraft and those that are not. At the beginning of 1979, 522 of this elite group of industries were using one or more corporate aircraft as a business tool . . . bottom line indicators showed that the corporations operating aircraft

accounted for 84 percent of the total sales, 86 percent of the total net income, 85 percent of the total assets, and 80 percent of the total employees in the top-1,000 industries."<sup>21</sup> The reader can draw his own conclusions if he considers the question did the airplanes help management perform more effectively or did efficient management find the planes to be effective tools?

Applied Queuing Theory by Alec Lee, director of operation research for Air Canada, provides an interesting anecdote that is worthy of consideration when trying to discover why business people will choose one airline in lieu of another offering comparable service for their business travel.

The story goes: William Overlander is conversing with a fellow member at the Golf Club. He reports that he has just issued an executive order to employees of his company that no one is to use the services of World Airlines when traveling on official business. He relates his wife's experience of the previous day when she dialed four times within thirty minutes to the reservations office and didn't get through once. The fifth attempt was not satisfactory either as, after three rings, a taped voice reported that all lines were presently busy and that the call would be taken by the next available agent. After thirty seconds or so nothing happened and Mrs. Overlander hung up. The execu-

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<sup>21</sup>Ibid., p. 18-23.

tive continued to rave claiming that this was not the first time he had experienced this problem with the airline. An alternate carrier was called and communication was made on the first try. It is interesting to learn that both airlines employ the same number of telephone agents to handle the same number of people. Customers, demanding to be served at specific moments, are often frustrated when forced to wait.<sup>22</sup> Business as a result is lost or (as in the case of the alternate carrier), business is gained. As a result of similar situations, each carrier in the Miami to Atlanta market has developed a frequent travel program to answer business travelers' needs more efficiently than that of the general public. These valued customers need only to pick up the phone, dial the toll-free number and they are quickly accommodated. We can conclude that prompt service is one of the criteria required by the business traveler. By supplying it, the airline can benefit as it will be patronized by the consumer. By failing to provide it, the airline will probably suffer as the traveler grows increasingly antagonistic towards the carrier.

#### Serving the Business Traveler

Service can consist of a variety of things. Airline advertisements stress service and airlines claim to recognize the importance of customer service yet it is far from

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<sup>22</sup>Alec M. Lee, Applied Queueing Theory, St. Martin's Press, Inc., N.Y. 1966, p. 4.

unique to hear an irate person claiming they received lousy service on airline X. Poor service is just one of the many ways to lose the much sought after customer. Numerous advertising dollars are spent to attract the potential passenger to a specific airline yet a simple error on the part of service personnel can have the same result as throwing those advertising dollars down the drain. "According to the Civil Aeronautics Board, Delta has had the fewest complaints per passenger boarded of any major airline."<sup>23</sup> The company attributes this fortunate situation to the lack of unionization. Delta is the only trunk line carrier and one of a select few airlines to remain nonunion. The company is thus free to switch employees to different jobs as the need prescribes. Delta believes that cross training helps employees understand how their jobs fit in with overall company goals. During peak periods, pilots and gate agents frequently help baggage handlers to speed up departures. This allows the customer to be best served.<sup>24</sup> Contrary to what happens at other airlines, no Delta supervisor ever hears an employee say, "That's not my job."<sup>25</sup>

Airline employees' attitude and performance can enhance or detract from a traveler's experience.

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<sup>23</sup>Wall Street Journal, 7 July 1980, p. 16.

<sup>24</sup>Ibid.

<sup>25</sup>David Martindale, Frequent Flyer Magazine, May 1982, p. 40.

The airline passenger and the business traveler in particular expects courteous attitudes to be extended to him at all times. One needs to have only a basic understanding of the corporate structure within a business environment to understand that if employees are not satisfied with their job that this is apt to reflect in their performance.

Business Atlanta magazine supports this concept through a discussion of Delta Airlines. A study by Professor William Heier of Arizona State University notes that employee loyalty can no longer be taken for granted. In generations past, attitudes about employment tended to suggest that working for the company and being loyal to the company were synonymous. Today, it is not uncommon to see employees who do not make a complete effort to get their job done as effeciently as possible or to hear an employee berate the company that pays their salary. Often an employee sees himself as a force opposing the company instead of a vehicle of the company. Positive representation of a company cannot be relied upon under these circumstances. The company suffers, the passenger suffers. Delta recognizes this peril and has made employee relations a top priority. The company is proud that the employees have remained non-union and stress that they see no need to bring in the union to serve their best interest. "Delta's freedom from union harrassment is one result of the company's family attitude. Workers are simply too loyal to

be interested in unionization; they trust the family."<sup>26</sup>

Air Florida has introduced an innovative way to capture the attention of the business flyer. Their program, aimed at secretaries, has, says an Air Florida spokesman, "been highly successful." A punch-out card, conveniently cut to fit perfectly in a roll-a-dex desk file, is included in the brochure explaining the Ten-For-One Flying Secretary Program. For every ten flights the secretary's boss flies on Air Florida, the secretary may receive one free flight anywhere that Air Florida flies with the exception of Europe. Officials at Air Florida developed this program in response to competitive airlines' frequent traveler programs. The slightly different approach seems to be working well for the company.

Airline bonus programs have proved to be so successful that some foreign airlines have attempted to capitalize on their success. "Every airline wants the business man" says Jan Carlzon, president of the Scandinavian Airlines System. "The question is, who gets him."<sup>27</sup>

The situation at SAS has proved to be quite interesting. In 1983, SAS began advertising that travel with their company would earn the traveler credit towards bonuses with Eastern and United Airlines' frequent traveler programs. They proudly tout "You can fly the only airline

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<sup>26</sup>Business Atlanta, November 1980, p. 43.

<sup>27</sup>Business Week, 13 December 1982, p. 38.

that earns you free mileage on Eastern and United."<sup>28</sup>

"Euro Class, the business class program launched by SAS in November, 1981, has attracted enough high ticket travelers to turn 1981's record \$8.2 million operating loss for the SAS group, including traditionally profitable hotels, catering and other subsidiaries, into a record profit of \$71.3 million on revenues of \$2 billion in the fiscal year ended September 30. The big turnaround was in the airline which earned \$53.3 million on sales of \$1.5 billion."<sup>29</sup>

"Increased business traffic has revitalized SAS. It's passenger traffic in Europe declined by one percent in 1981 but full-fare business was up by eight percent. Traffic on intercontinental routes fell by two percent but was up sixteen percent in business class. The shifting traffic mix drove SAS's all-important yield, or revenue per passenger mile, up by 23% in fiscal 1982 to an enviable 16¢."<sup>30</sup>

This drastic turnaround occurred at a time when the airline industry suffered from unprecedented losses. Perhaps filling an abundance of the high-priced business-class seats would prove beneficial for the United States' airlines as well. The airlines are in dire need of help to allow them to return to profitability. "Here is how the ten largest U.S. airlines fared in the three months ended June 30: (1983)

United	\$109.7 million profit
American	\$ 39.6 million profit
Pan American	\$ 10.4 million profit
Eastern	\$ 33.7 million loss

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<sup>28</sup>Ibid.

<sup>29</sup>Miami Herald, 28 September 1983, p. 34.

<sup>30</sup>Business Week, 12 December 1983, p. 38.

TWA	\$16.2 million loss
Delta	\$25.5 million loss
Northwest	\$14.4 million loss
Continental	\$26.5 million loss
Republic	\$43.9 million loss
Western	\$23.8 million loss <sup>31</sup>

### The Female Business Traveler

The role of the female business traveler is one that is currently being studied at a variety of levels. Women's positions within the hospitality industry are being evaluated to determine how to best fill their needs and turn female business travelers into loyal customers. Eastern has taken a variety of approaches to address the female executive.

Eastern instituted a program in which airline representatives conducted seminars and panels in major cities on how women could travel more easily. A twice-yearly newsletter was also tried. To date, all of Eastern's attempts to capture the attention and business of the female executive have failed.<sup>32</sup>

Women's presence in the business travel world has increased substantially in the last decade. In 1973, according to the target group index, one in four business travelers was likely to be a woman. As of the Spring of 1982, the Journal of Travel researchers reported that "women are approximately 40% as likely as men to have participated

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<sup>31</sup>Miami Herald, 28 September 1983, p. 34.

<sup>32</sup>Signature Magazine, August 1983, p. 12.



in a business trip." SAVVY Magazine, a publication aimed at the female executive, conducted a travel survey in their July 1983 issue. Travel is an important, sometimes integral, part of the savvy woman's career. Increasing numbers of women are traveling for their work and response to the survey was overwhelming. 92.3% of the respondents traveled for business in the past 12 months and 94% plan to travel for business in the up-coming year. The survey reported some interesting findings which could aid marketers in tapping this market segment. Random questions were selected to be discussed:

Who makes your travel arrangement?

Travel Agent	68.8%
Self	37.4%
Other	8.2%

Base: 551\*

\* (Percentages may add up to more than 100% due to multiple answers.)

Are you a member of any airline club?

Yes	30.9%
No	69.1%

What are your main considerations in choosing an airline?

Schedule	92.0%
Price	59.2%
Special Promotions	28.2%
Reputation	23.7%
Ground Services	21.3%
Plane Preference	12.4%
Other	0.4%

Base: 549

What is your average total expenditure on a business trip?

Under \$100	0.8%
\$100 - \$499	30.0%
\$500 - \$999	49.0%
\$1,000 - \$1,999	17.5%
\$2,000 or more	2.7%

Average: \$764.69      Median: \$604.84

Base: 480

### Vacation/Personal Trips

Have you taken any vacations or personal trips in the past 12 months?

Yes	96.6%
No	3.4%

Do you plan any vacations or personal trips in the next 12 months?

Yes	98.9%
No	1.1%

A Respondent Profile reports that 99.8% of the replies were from women, 0.2% were from men. 96.6% described their occupational status as employed full-time; 1.8% as employed part time; and 1.6% as not employed.

### Business Travel

In the past 12 months have you traveled for business purposes?

Yes	92.5%
No	7.5%

If yes, how many trips did you take?

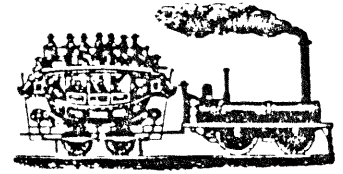
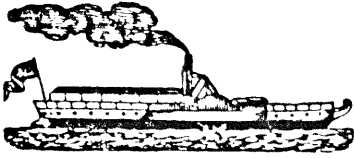
1-2	16.9%
3-4	20.2%
5-6	13.5%
7-9	7.7%
10-14	15.5%
15 or more	26.1%

Average: 9.35

Median 6.93

Do you plan to travel for business in  
the next 12 months?

Yes	94%
No	6%



# TRAVEL SURVEY

Your responses to the following questionnaire will help us determine the needs and preferences of the woman traveler. Replies will be treated in confidence (you need not identify yourself) and used only for research purposes. Please return your completed survey to: Savvy Travel, P.O. Box 683, Old Chelsea Station, New York, NY 10113.

## GENERAL

### 1. Who makes your travel arrangements?

- 6-1 \_\_\_\_\_ use travel agent                      3 \_\_\_\_\_ other  
 2 \_\_\_\_\_ make reservations myself

### 2. Do you usually travel

- 7-1 \_\_\_\_\_ by yourself                      4 \_\_\_\_\_ with children  
 2 \_\_\_\_\_ with spouse                      5 \_\_\_\_\_ other  
 3 \_\_\_\_\_ with friends

### 3. Would you be more likely to stay at a hotel with special services for women?

- 8-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no

### 4. Are you a member of any airline clubs?

- 9-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no

## BUSINESS TRAVEL

### 1. In the past 12 months have you traveled for business purposes?

- 10-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no  
 If yes, approximately how many trips did you take? 11 \_\_\_\_\_

### 2. Do you plan to travel for business in the next 12 months?

- 12-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no

### 3. On an average, how many nights do you spend in a hotel per business trip?

- 13-1 \_\_\_\_\_ none                                      4 \_\_\_\_\_ three or four  
 2 \_\_\_\_\_ one                                              5 \_\_\_\_\_ five or more  
 3 \_\_\_\_\_ two

### 4. What are your main considerations in choosing a hotel? (Please check as many as apply.)

- 14-1 \_\_\_\_\_ location  
 2 \_\_\_\_\_ price  
 3 \_\_\_\_\_ security  
 4 \_\_\_\_\_ special services for women  
 5 \_\_\_\_\_ luxury services (health club, pool, etc.)  
 6 \_\_\_\_\_ conference facilities  
 7 \_\_\_\_\_ reputation  
 8-7 \_\_\_\_\_ other, please specify \_\_\_\_\_

### 5. What are your main considerations in choosing an airline? (Please check as many as apply.)

- 15-3 \_\_\_\_\_ price  
 4 \_\_\_\_\_ schedule  
 5 \_\_\_\_\_ special promotions (discount coupons, rental car tie-ins, etc.)  
 6 \_\_\_\_\_ ground services (one stop check-in, luggage handling, etc.)  
 7 \_\_\_\_\_ plane preference (DC-10, 767, etc.)  
 8 \_\_\_\_\_ reputation  
 9-7 \_\_\_\_\_ other, please specify \_\_\_\_\_

### 6. Have you rented a car during the past year?

- 16-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no  
 If yes, how many times?

- 17-1 \_\_\_\_\_ 1-2  
 2 \_\_\_\_\_ 3-4  
 3 \_\_\_\_\_ 5-9  
 4 \_\_\_\_\_ 10-14  
 5 \_\_\_\_\_ 15+

### 7. What were your reasons for renting a car?

- 18-1 \_\_\_\_\_ business travel  
 2 \_\_\_\_\_ vacation or personal travel

### 8. What were your main considerations in choosing a rental car company? (Please check all that apply.)

- 19-1 \_\_\_\_\_ price  
 2 \_\_\_\_\_ location  
 3 \_\_\_\_\_ corporate discount  
 4 \_\_\_\_\_ credit card  
 5 \_\_\_\_\_ other

### 9. What is your average total expenditure on a business trip? \$<sub>20</sub> \_\_\_\_\_

## VACATION/PERSONAL TRAVEL

### 1. Have you taken any vacations or personal trips in the past 12 months?

- 21-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no

### 2. Do you plan any vacations or personal trips in the next 12 months?

- 22-1 \_\_\_\_\_ yes                                      2 \_\_\_\_\_ no

3. Please indicate the types of vacation you have taken or plan to take (check as many as apply):

	<i>Have Taken</i>	<i>Plan To Take</i>
club vacation	23-1 _____	24-1 _____
cruise	2 _____	2 _____
health spa	3 _____	3 _____
camping/sports vacation	4 _____	4 _____
Hawaiian vacation	5 _____	5 _____
Caribbean vacation	6 _____	6 _____
European vacation	7 _____	7 _____
other (specify)	8-Y _____	8-Y _____

4. What season do you prefer for vacation?

- 25-1 \_\_\_\_\_ winter      3 \_\_\_\_\_ summer  
 2 \_\_\_\_\_ spring      4 \_\_\_\_\_ fall

5. If you vacationed in the past 12 months, what was your total expenditure for transportation, accommodations, food, and entertainment?

26 \$ \_\_\_\_\_

.....  
**QUESTIONS**

Q: What is your sex?

- 27-1 \_\_\_\_\_ female      2 \_\_\_\_\_ male

Q: What is your marital status?

- 28-1 \_\_\_\_\_ married      4 \_\_\_\_\_ single, living  
 2 \_\_\_\_\_ single                      with someone  
 3 \_\_\_\_\_ separated or      5 \_\_\_\_\_ widowed  
 divorced

Q: What is your occupational status?

- 29-1 \_\_\_\_\_ employed      4 \_\_\_\_\_ not employed  
                                          full time  
 2 \_\_\_\_\_ employed  
                                          part time

Q: What is your title or position? (Please be specific, e.g., partner, owner, office manager, vice president of personnel, sales manager)

\_\_\_\_\_

Q: What is the highest level of formal education you have attained to date?

- 30-1 \_\_\_\_\_ attended high school      5 \_\_\_\_\_ postgraduate  
                                          study—no degree  
 2 \_\_\_\_\_ graduated from high school      6 \_\_\_\_\_ Master's degree  
                                          or MBA  
 3 \_\_\_\_\_ attended college      7 \_\_\_\_\_ PhD, MD or  
                                          JD degree  
 4 \_\_\_\_\_ graduated from college      8 \_\_\_\_\_ other  
                                          professional  
                                          degree

Q: What is your age?

- 31-1 \_\_\_\_\_ under 18      6 \_\_\_\_\_ 40-44  
 2 \_\_\_\_\_ 18-24      7 \_\_\_\_\_ 45-49  
 3 \_\_\_\_\_ 25-29      8 \_\_\_\_\_ 50-54  
 4 \_\_\_\_\_ 30-34      9 \_\_\_\_\_ 55 +  
 5 \_\_\_\_\_ 35-39

Q: Please check the range that comes closest to your own individual employment income before taxes in 1982. (Please include all income related to your employment such as salary, bonuses, and share of profits, but do not include other types of income such as investment income, interest, rentals, etc., or income from other household members.)

- 32-1 \_\_\_\_\_ none  
 2 \_\_\_\_\_ under \$10,000  
 3 \_\_\_\_\_ \$10,000-\$14,999  
 4 \_\_\_\_\_ \$15,000-\$19,999  
 5 \_\_\_\_\_ \$20,000-\$24,999  
 6 \_\_\_\_\_ \$25,000-\$29,999  
 7 \_\_\_\_\_ \$30,000-\$34,999  
 8 \_\_\_\_\_ \$35,000-\$39,999  
 9 \_\_\_\_\_ \$40,000-\$49,999  
 0 \_\_\_\_\_ \$50,000-\$74,999  
 X \_\_\_\_\_ \$75,000-\$99,999  
 Y \_\_\_\_\_ \$100,000 or more

Q: Please check the range that best describes your total household income before taxes in 1982. (Please include income you and other household members received from all sources, such as wages, bonuses, profits, dividends, rentals, interest, etc.)

- 33-1 \_\_\_\_\_ none  
 2 \_\_\_\_\_ under \$15,000  
 3 \_\_\_\_\_ \$15,001-\$19,999  
 4 \_\_\_\_\_ \$20,000-\$24,999  
 5 \_\_\_\_\_ \$25,000-\$29,999  
 6 \_\_\_\_\_ \$30,000-\$34,999  
 7 \_\_\_\_\_ \$35,000-\$39,999  
 8 \_\_\_\_\_ \$40,000-\$49,999  
 9 \_\_\_\_\_ \$50,000-\$74,999  
 0 \_\_\_\_\_ \$75,000-\$99,999  
 X \_\_\_\_\_ \$100,000-\$149,999  
 Y \_\_\_\_\_ \$150,000 or more

Q: Do you feel you have special travel needs because you're a woman?

- 34-1 \_\_\_\_\_ yes      2 \_\_\_\_\_ no

.....  
 Savvy is interested in conducting research on a variety of subjects. We need your help. If you are interested in participating in panels and surveys, please fill in the information requested below.

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Business Phone: ( ) \_\_\_\_\_

We would like to know your views on the special needs of women travelers. We encourage you to attach your comments to this questionnaire and mail to:

**SAVVY Travel**  
 P.O. Box 683  
 Old Chelsea Station  
 New York, NY 10113

As a substantial 68.6% of the respondents book reservations through travel agents, the reader is left to question: Who chooses the airline the customer is to fly? Does the executive specify a particular carrier for their travel needs or is that choice contingent upon schedule? Is the travel agent responsible for the choice of the selected carrier? This information cannot be derived from the information given. The observer must note the overwhelming response given to the question: What are your main considerations in choosing an airline? An overwhelming 92% chose schedule as the first criteria in carrier selection.<sup>33</sup>

Only 30.9% report belonging to any airline club. Airlines should recognize the potential customer loyalty that can be derived from membership in an airline club. (A club in this instance may refer to a private lounge for members who pay a yearly fee or to a bonus travel program as previously described.) Some do; TWA and Eastern recently said they will offer a joint program that, with a few exceptions, allows travelers to combine mileage credits from the two airlines to get free trips from either one. "Airlines believe the frequent flyer programs are helping them increase traffic."<sup>34</sup> Dennis Day, a Chicago travel consultant, is quoted in the Wall Street Journal as saying, "The programs encourage employees to be dishonest." This

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<sup>33</sup>SAVVY Magazine, "Travel Survey," July 1983, p. 79-80.

<sup>34</sup>Wall Street Journal, 5 October 1983, p. 31.

situation is attributed to the fact that there is a temptation to book more-costly or time-consuming flights to build up mileage credits.

If an employee is flying for business purposes, the question arises as to who should receive the benefit of frequent flyer bonuses? Technically, the company should be the recipient; yet Runzheimer and Company, a travel management concern, says "two-thirds of the 30 companies it surveyed let employees use benefits for personal travel. Some companies figure its too complicated or too expensive to police the program. Others believe that, because traveling can be rough on employees and their families, they deserve the reward."<sup>35</sup>

#### Who Chooses the Carrier the Traveler Will Fly?

In many cases, the person delegated to book the flight ultimately chooses the airline. Travel agents provide their customers with flights on airlines offering the most convenient service; or do they? Ideally, this is the case. "Deregulation has now freed the airlines to pay any size commission but so far they have generally held to 3 percent."<sup>36</sup> Thus agents need not favor one carrier in lieu of another for financial consideration. Yet it has been noted by the press that, since the industry has become

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<sup>35</sup>Ibid.

<sup>36</sup>Fortune, 27 December 1982, p. 32.

computerized, the company providing the computer is supplying a biased system which shows favoritism to that company's flights.

Thus, it is necessary to examine the computer systems utilized by travel agents. "More than 60% of all airline tickets issued in the U.S. are sold by travel agents using computerized reservations systems."<sup>37</sup> An abundance of the terminals have been installed by just a few carriers. United and American Airlines' systems are installed in 65% of the travel agencies throughout the United States. The airlines without the benefit of these computer networks are gaining government support in an attempt to restrain the vendors of these systems which produce distinct competitive advantages. The host carriers are formed by United and American with smaller systems belonging to TWA, Delta and Eastern. Collectively, they have spent more than \$500 million on reservations computers for travel agents in the last 10 years and the claim that this expenditure entitles them to retain certain benefits can clearly be understood. The Justice Department is presently studying this situation reportedly looking for competitive abuses now that the industry is no longer regulated and the antitrust immunity is gone.<sup>38</sup>

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<sup>37</sup>Ibid.

<sup>38</sup>Ibid.



### Consumer Relations

"Marketing firms have traditionally been interested in consumer satisfaction, and with good reason. Customers continue to purchase those products with which they are satisfied and, in telling others about particularly-pleasing products, they may influence the brand perceptions of those with whom they communicate."<sup>39</sup>

Dissatisfaction with a service may work very much the same way. Unhappy passengers resulting from poor service, unexplained schedule changes or seemingly unnecessary lateness, are seldom mute. Many describe their plight to whomever will listen. This, in turn, can negatively affect the attitude of any and all who hear tales from the displeased travelers. One nationwide study (Technical Assistance Research Programs 1979) reported that, depending on the nature of the dissatisfaction, from 30 to over 90 percent of dissatisfied respondents did not intend to repurchase the brand involved.<sup>40</sup> When the product concerned is an airline flight, the situation is slightly different. In some cases, the consumer's choice is very limited and the option then becomes choosing between the airlines and other methods of transportation. For instance, only two carriers offer service between New York airports and Ithaca, N.Y.

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<sup>39</sup>Marsha L. Richins, Journal of Marketing, "Negative Word of Mouth by Dissatisfied Customers: A Pilot Study," Volume 47, Winter 1983, p. 68-78.

<sup>40</sup>Ibid.

USAir is the only carrier on this route offering jet service between the two locations. A negative experience with USAir would have to be very negative in order to compel the traveler to forego the convenience of flying and to drive the four hours by car that the trip requires. In the Miami to Atlanta market, which is to be the focus of this study, the consumer is given more of a choice. Three carriers offer comparable jet service five, six or seven times daily depending on the carrier. Republic, Delta and Eastern Airlines are the three carriers in this market.

In evaluating consumer behavior, some generalizations have emerged from research on consumer complaining. The technical Assistance Report Programs Study of 1979 observed "that those dissatisfied customers who made a complaint about their dissatisfaction reported higher repurchase intentions than those who did not complain, even if their complaint was not satisfactorily handled."<sup>41</sup>

Passenger complaints against U.S. airlines have been on the decline for the past few years according to the Civil Aeronautics Board. Complaints in 1982 were down 21% from 1981.<sup>42</sup> Complaints against United States airlines have been on the decline for the last few years. This leads one to question if the airlines are better serving their customers or if consumers' attitudes have changed in such a way that

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<sup>41</sup>Ibid., p. 69

<sup>42</sup>Airtransport World, May 1983, p. 90

passengers refrain from making their displeasure known. Of the major carriers, Delta wins the prize for having received the fewest complaints in 1982.

1982 Majors	Complaint Rate Per 100,000 Passengers
1) Delta	0.79%
2) Continental	1.55%
3) Eastern	1.56%
4) Western	1.95%
5) Republic	2.02%
6) United	2.10%
7) USAir	2.25%
8) American	2.29%
9) Northwest	2.34%
10) Pan Am	4.61%
11) TWA	5.15% <sup>43</sup>

Further studies of consumer behavior have identified some interesting trends.

"Those who complain when dissatisfied tend to be members of more upscale socioeconomic groups than those who do not complain (Warland, Herrmann and Willitts 1975)."<sup>44</sup> Business travelers for the most part are thought to complain less than the general flying public. Yet business travelers would probably fall into the category of members of a more upscale socioeconomic group. This leads one to believe that business travelers handle their complaints in a more professional manner by writing a letter or reporting on the problem after its occurrence instead of aggravating an already volatile situation.

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<sup>43</sup>Ibid.

<sup>44</sup>Ibid.

A study by Settle and Golden 1974, Zaichkowsky and Liefeld 1977 reported "personality characteristics, including dogmatism, locus of control, and self confidence, are only weakly related to complaint behavior, if at all." In another study it was concluded that "the severity of the dissatisfaction on problems caused by the dissatisfaction is positively related to complaint behavior (Lawther, Krishman and Valle 1979; Swan and Longman 1973)."<sup>45</sup> Thus, it seems that people will refrain from complaining if they perceive their complaints as trite or trivial. One is thus led to believe that statistics on complaint reports registered by the C.A.B. are the result of major foul-ups on the part of the carriers.

Also derived from studies on consumer complaint behavior is the thought that the consumer will refrain from expressing dissatisfaction if they consider themselves instrumental in causing the situation about which they are displeased. "The greater the blame for the dissatisfaction placed on someone other than the one dissatisfied, the greater the likelihood of complaint action." (Lawther, Krishman & Valle 1979; Valle & Roeske 1977).<sup>46</sup>

Consumers appreciate recognition. When something goes wrong "the more positive the perception of retailer responsiveness to customer complaints, the greater the

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<sup>45</sup>Ibid.

<sup>46</sup>Ibid.

likelihood of complaint action" (Grabicke 1980; Granbois, Summers and Fraizer 1977). Thus one can conclude that the airlines are familiar with these findings on consumer behavior and that they too have conducted studies on the subject. Customer Service Departments handle customer complaints and make every attempt to understand the passenger's situation. Efforts are taken to rectify any problems and to make it clear to the customer that their voice has been heard, their information appreciated, and their business valued.

THE DATA  
AND THE TREATMENT OF THE DATA

The Data

The data of this research is of two kinds: primary data and secondary data. The nature of each of these two types of data will be given briefly below:

The Primary Data. The information received from written surveys of travelers at the Miami International Airport en route to the William B. Hartsfield Atlanta International Airport constitute primary data.

The Secondary Data. The compiled responses to the questionnaire distributed by SAVVY: The Magazine for Executive Women through a travel survey circulated in July 1983 constitute secondary data.

The Criteria for the Admissibility of the Data

Only the responses completed in accordance with specifications will be used in the study. Only the responses submitted by self-described business travelers, completed in full, will be used in the study.

## The Research Methodology

The information used to compile the data and to accept the hypothesis determines how the data may be collected.

The historical method lends itself to information that has been published and is retrievable through libraries or research of other sources such as government reports. This method is effective for collecting data of secondary nature.

The analytical survey method is useful in evaluating statistical data that are quantitative in nature. This type of data is used to determine if meaning can be extracted from the statistics in order to make predictions or judgments. This type of methodology does not lend itself to research involving motivational factors and marketing strategy with which this study will be primarily concerned.

The descriptive survey method involves observing the population which falls within the research parameters and recording what is observed. According to Paul D. Leedy, the primary characteristics of this method are:

- "1. The descriptive survey method deals with a situation that requires the technique of observations as the principal means of collecting the data.
2. The population for the study must be carefully chosen, clearly defined, and specifically delimited in order to set precise parameters for ensuring discreteness to the population.
3. Data in descriptive survey research are particularly susceptible to distortion through the introduction of bias into the research design. Particular attention should be given to safeguard the data from the influence of bias.

4. Although the descriptive survey method relies upon observation for the acquisition of the data, those data must then be organized and presented systematically so that valid and accurate conclusions may be drawn from them."<sup>47</sup>

There are four techniques by which data may be collected using the descriptive survey method. These techniques are personal observation, personal interview, written surveys, and telephone interviews.

Due to the nature of this study, written interviews will be best suited for collecting data. Surveys will be distributed to departing air travelers. This population will include the general public. Self-described business travelers, as indicated by a preface in the survey, will provide the necessary data for the focus of this study.

#### Specific Treatment of Data for the Problem

1. Subproblem One. The problem is to determine the motivation compelling the business traveler to select a particular carrier in the Miami to Atlanta market.

#### The Data Needed

The data needed for the solving of subproblem one are the opinions of business travelers, flying on a major carrier, which result in the action of choosing a specific carrier in lieu of another.

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<sup>47</sup>Leedy, Paul D., Practical Research, (New York: MacMillan Publishing Co., Inc., 1980), p. 98.



#### The Location of the Data

The primary data will be located in the minds and experiences of the business travelers.

#### The Means of Obtaining the Data

The primary data will be obtained through written surveys distributed to passengers at the Miami International Airport.

#### The Treatment of the Data

The primary and secondary data will be screened to meet the criteria of the researcher.

2. Subproblem Two. The problem is based on the data received in the first subproblem. Subproblem two is to develop a marketing strategy to penetrate the market of people utilizing air travel for business purposes.

#### The Data Needed

The data needed for solving this problem will result from the responses from the written surveys that are collected.

#### The Location of the Data

Data collection and treatment to be conducted as part of subproblem one will obtain the responses of air travelers traveling for business purposes.

### The Means of Obtaining the Data

The responses of the air travelers flying for business purposes will be available at the conclusion of the prior subproblem.

### The Treatment of the Data

The primary and secondary data will be screened to meet the criteria of the researcher. Conclusions will be set up to help develop a marketing strategy to penetrate the business travel market.

## THE SURVEY AND THE RESULTS

Air travel time between Miami and Atlanta is about one hour forty-five minutes. Throughout the course of a day, eighteen flights provide travel from Miami to Atlanta making these two cities amongst the best-connected cities in the United States.

In an attempt to select flights which carry an abundance of business travelers, airline personnel were consulted. At the suggestion of reservationists and gate agents, it was determined that the period from Sunday afternoon through Tuesday evening was the best time to survey travelers as this is a heavily-traveled time when the majority of business travel between these two cities is undertaken. Early morning flights are also often flown by business travelers. This allows them to have a full workday in Atlanta or their destination city.

Eastern Airlines, based in Miami, has eight daily flights between Miami and Atlanta. Delta Airlines, whose home base is in Atlanta, offers seven daily flights and Republic Airlines provides service three times daily between these two Southern cities.

Non-stop scheduled service from Miami to Atlanta is offered eighteen times every weekday and seventeen times every weekend day.

FLIGHT TIMESPLANE TYPES

## EASTERN

6:30 A.M. - 8:15 A.M.	DC-9
9:24 A.M. - 11:05 A.M.	727
11:22 A.M. - 1:05 P.M.	DC-9-50
12:35 P.M. - 2:21 P.M.	A-300
2:15 P.M. - 4:05 P.M.	757
4:00 P.M. - 5:44 P.M.	L-1011
6:00 P.M. - 7:42 P.M.	A-300
7:50 P.M. - 9:35 P.M.	L-1011

## DELTA

6:45 A.M. - 8:28 A.M.	767
9:10 A.M. - 10:54 A.M.	L-1011
12:00 P.M. - 1:44 P.M.	L-1011
*1:30 P.M. - 3:14 P.M.	DC-8
3:00 P.M. - 4:44 P.M.	L-1011
5:45 P.M. - 8:29 P.M.	L-1011
9:25 P.M. - 11:08 P.M.	L-1011

## REPUBLIC

10:40 A.M. - 12:17 P.M.	DC-9-50
2:45 P.M. - 4:25 P.M.	DC-9-50
6:00 P.M. - 7:42 P.M.	DC-9-50

\* indicates weekdays only

It is at this point that one should note that an amazing seventy percent of the 37.5 million air travelers who arrived at the William B. Hartsfield Atlanta International Airport stayed only long enough to change planes.<sup>47</sup>

Opened in 1980, the airport has 138 gates - more than any other airport in the world. It is also arguably the world's busiest, having sent 256,753 planes on their way in 1981, compared with the 245,692 sent forth from Chicago's O'Hare. (O'Hare has the edge in passengers - 37.9 million in 1981.) Travelers get from the main terminals to the departure gates through underground tunnels. They can move between gates without having to go through repeated security checks. The tunnel with moving sidewalks also has its own subway system. So busy is the Atlanta airport that even the subway is nationally ranked as the sixth most active in the U.S., carrying 85,000 people a day.<sup>48</sup>

### The Survey

Questionnaires were presented to departing travelers as they waited to board their flights at the departure gate holding area. The questionnaires were distributed as close to the departure time as possible to allow for those passengers who utilized the airline's lounge facilities to be present. The questionnaires, presented as follows, were

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<sup>47</sup>Fortune, 15 November 1982, p. 104.

<sup>48</sup>Ibid.

collected by this researcher as the passengers passed through the door which led them to the waiting plane.

### TRAVEL SURVEY

This anonymous survey is being undertaken to gather information on the attitudes of airline travelers for a student's master thesis at Florida International University. Your help is sincerely appreciated.

1) Is this trip being undertaken for business purposes?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

2) Who makes your travel arrangements?

\_\_\_\_\_ Self

\_\_\_\_\_ Travel Agent

\_\_\_\_\_ Other -- Please specify.

3) What are your main considerations in choosing an airline? Please check as many answers as apply.

\_\_\_\_\_ Schedule

\_\_\_\_\_ Reputation

\_\_\_\_\_ Price

\_\_\_\_\_ Ground Service

\_\_\_\_\_ Special Promotions

\_\_\_\_\_ Plane Preference

\_\_\_\_\_ Other -- Please Specify

4) Are you a member of any airline club?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

- 5) Do you participate in frequent traveler programs?  
\_\_\_\_\_ Yes  
\_\_\_\_\_ No
- 6) Do you have a favorite carrier that you choose to fly?  
\_\_\_\_\_ Yes  
\_\_\_\_\_ No
- 7) If the answer to No. 6 is Yes, then does this preference  
\_\_\_\_\_ Strongly influence  
\_\_\_\_\_ Somewhat influence  
\_\_\_\_\_ Moderately influence  
your decision to choose this airline over the others?
- 8) Is there any airline that you refuse to fly?  
\_\_\_\_\_ No  
\_\_\_\_\_ Yes  
If Yes, why?

THANK YOU

For the most part, respondents were polite and helpful. All were approached by the researcher who inquired, "Would you like to fill out a travel survey?" The researcher wore a badge which said "Travel Survey" with her name and "Florida International University" printed beneath it.

Respondents were assured that the survey "will only take a minute to fill out." A pencil was handed out with each questionnaire to allow the travelers to avoid being inconvenienced as much as possible.

500 surveys were distributed over a two-day period. 195 surveys were returned by persons who described themselves as business travelers.

A substantial number of people, when approached to fill out a questionnaire, identified themselves as airline employees flying on passes (allowing them virtually free passage as the only cost incurred is tax). These people refrained from filling out surveys as their input would reflect biases toward their employer.



## SUBPROBLEM ONE

The survey results provide much information which can be utilized to identify the motivation compelling the business traveler to choose a specific airline in the Miami to Atlanta market and thus answer the first subproblem of this study. Survey results are as follows:

2) Who makes your travel arrangements?

35% Self

68% Travel Agent

\* 15% Other

3) What are your main considerations in choosing an airline? Please check as many answers as apply.

85% Schedule

28% Reputation

45% Price

2% Ground Services

23% Special Promotions

8% Plane Preference

11% Other

\* Percentages equal more than 100 percent in cases where more than one answer may be applicable.

- 4) Are you a member of any airline club?  
49% Yes  
51% No
- 5) Do you participate in frequent traveler programs?  
57% Yes  
43% No
- 6) Do you have a favorite carrier that you choose to fly?  
69% Yes  
31% No
- 7) If the answer to No. 6 is Yes, then does this preference  
35% Strongly influence  
20% Somewhat influence  
14% Moderately influence  
your decision to choose this airline over the others?
- 8) Is there any airline that you refuse to fly?  
71% No  
29% Yes  
If Yes, why?

### Related Data and Interpretation

As 68% of the respondents reported that a travel agent makes their reservations, one can assume that in some instances the travel agent is primarily responsible for choosing the carrier. With this in mind, it is necessary to

recognize that a strong 69% of those surveyed specify that they have a preferred airline. The survey results do not provide information indicating whether or not the 68% who use a travel agent are a majority of the 69% who have a favorite carrier. The researcher can only assume that this is the case. Of the 15% of respondents who use other people to make their reservations for them, 10% report that this other person is a secretary. This figure does not seem significant enough to warrant the development of a program to entice secretaries to choose a specific carrier for their boss unless it can be done at minimal cost. Air Florida has effectively handled this situation. (See page 21)

Although the delimitations of this study clearly state that "this study will not attempt to evaluate the role that price plays in the choice between airlines," the subject cannot be ignored. A sizeable 45% of the respondents report that price is a major consideration in choosing an airline. This suggests that this researcher has incorrectly assumed "that since the business traveler is not personally affected by the price of the ticket, the price is not a factor in this study."

Price may, in fact, play an important role in the consumer's mind. Yet in the case of air travel between Miami and Atlanta, the price amongst the various carriers is identical. At this writing, in the Spring of 1984, this price is \$219 one-way for a coach seat with no restrictions

on when travel must be undertaken or when the ticket must be purchased. This rate is disproportionate when the distance between the two cities is considered as compared to a Miami-New York route. The reason, explains an airline reservationist, is that "the rate is heavily utilized by business travelers who have to go and thus are forced to pay whatever the rate is for what is deemed to be mandatory transportation."

The survey results report that 86% of the respondents chose schedule as a major consideration in choosing an airline. This figure is in line with the SAVVY Magazine Travel Survey discussed previously. This factor is overwhelmingly the single most-important reason that business people select a carrier. As a result, it can be said that the traveler does not really select a favored carrier as much as he selects a convenient time to travel.

Special promotions are an enticing factor in 23% of the respondents' travel considerations. And these promotions often tie in with frequent traveler programs. Membership in these programs, shown as 57% in this survey, is steadily increasing report the three carriers, Eastern, Delta and Republic.

### Hypothesis One

The first hypothesis is that schedule can be identified as the single most-important motivating factor that compells the business traveler to choose a specific airline in the

Miami to Atlanta market. Thus the traveler does not really select a favored carrier as much as he selects a convenient time to travel.

## SUBPROBLEM TWO

### The Second Subproblem.

The second subproblem of this study is to develop a marketing strategy to penetrate the business travel market.

### Related Data and Interpretation

In order to be successful with business travelers, an airline would do well to represent itself as a business-person's airline. Convenient schedules would be of major importance and price would have to be in line with the competition. As almost 7 out of 10 travelers state a preference in carriers, it is evident that by fulfilling consumer needs brand loyalty can be achieved.

Frequent traveler programs have been extremely successful in promoting brand loyalty. A substantial 57% of the respondents report belonging to frequent traveler programs. The airlines to whom these loyalties are held have benefited greatly. A successful marketing campaign should certainly include a frequent traveler program as long as give-aways of this sort are prominent within the industry.

"Since The Airline Deregulation Act of 1978, the number of scheduled carriers has tripled to 150; commuter airlines have nearly doubled to 296."<sup>49</sup> This anticipated growth in competition, as of the Spring of 1984, will be affecting the Miami to Atlanta market.

Air Atlanta touts itself as "The Airline Born to Serve Business." The advertising copy directed specifically at business travelers says:

"THE AIRLINE BORN TO SERVE BUSINESS IS HERE."<sup>50</sup>

"If you fly for business, you just got a promotion.  
To the airline created to serve the business flyer.  
Your schedule. Your needs. Your comfort.

Air Atlanta.

The airline designed from the ground up to eliminate the hassles that bother business travelers.  
While adding extra perks at no extra cost.  
We'll make flying to the business capitol of the South a whole new experience.

#### STREAMLINED CHECK-IN

Business flyers told us how they felt about long lines to get a boarding pass.  
So we've increased the gate staff and added other features to make check-in painless.  
Giving you more time to work or relax in our club-like Atlanta lounge.

THIS VALET PARKS YOUR HANGING BAGS ON BOARD.

Even your extra suit gets great treatment.

---

<sup>49</sup>Newsweek Magazine, January 30, 1984, p. 24.

<sup>50</sup>The Miami Herald, March 25, 1984, p. 8B.

Our exclusive roll-on valet takes hanging bags  
 off your hands at the gate.  
 Then rolls them off first at arrival,  
 so you don't get held up in the aisle  
 while everyone plays grab bag.

#### BIGGER SEATS AND FEWER OF THEM ON OUR 727'S

Instead of the 100 plus seats that most airlines squeeze  
 into the Boeing 727, Air Atlanta has  
 20 First Class and 68 Coach seats.  
 They're wider and cushier with more elbow room to work.  
 And there's more legroom to stretch out and relax.  
 Even more comforting is the fact that  
 each seat is guaranteed.  
 Air Atlanta announces a policy of no overbooking.  
 So your days of being bumped are over.

#### FRESH FOOD THAT MAKES BUSINESS A PLEASURE.

Because airline food may be your only chance to eat  
 during a busy business day, ours is fresh and delicious.  
 With gourmet snacks on every flight.  
 And your choice of savory entrees on meal flights.

#### WE SCHEDULE AROUND YOUR SCHEDULE.

Our schedules were set for business flyers,  
 not the pleasure traveler.  
 So we can fly at your convenience.  
 Getting you out at a reasonable time  
 and back home at a desirable hour.

#### BONUS MILEAGE ON PAN AM'S WORLDPASS.

As a Pan Am Express partner, you get mileage credit on  
 on every Air Atlanta flight. And until May 15,  
 you'll get 500 bonus miles for each Air Atlanta flight.  
 So that's even more reason to fly Air Atlanta  
 for your next business flight to Atlanta or Memphis.

#### ALL AT CURRENT COMPETITIVE FARES.

More service doesn't cost you or your company any more.  
 And our veteran pilots and efficient attendants  
 will make every flight an experience  
 you'll actually look forward to.



So try Air Atlanta on that next trip to Atlanta.

If you're going on business,  
we're the only way to fly."

Evidence suggests that this approach is exactly the type needed to capture the business traveler. (See Appendix)

Air Atlanta seems to have done their homework by thoroughly researching the business traveler's needs. Most of the major carriers offer a way to get around standing in line for a boarding pass. This relatively new system allows the traveler to select a seat when a reservation is made. Boarding passes for flights to and from one's destination are supplied when the ticket is received by the passenger. Air Atlanta has also recognized that a potential problem exists and they join the industry in attempts to keep the passenger happy and patronizing the airline.

Air Atlanta has been innovative in many areas yet their execution in regard to the way carry-on luggage is handled must be noted and applauded. The business traveler is well accommodated as he can put his luggage on the "roll-on valet" and reclaim it in the gate area through a system that appears to be hassle free.

Air Atlanta uses the fact that they have "bigger seats and fewer of them on our 727's" as an advertised advantage. Wider seats are frequently used as a selling point when the business traveler is the target market thus the airline is not unique in this aspect. However, Air Atlanta is unique in their policy of no overbooking. Thus the traveler is

virtually assured that his seat is waiting. When Air Atlanta representatives were questioned about this their response was "we don't have many no-shows" (which is a hazzard in the industry and the reason most airlines overbook) "because once a passenger flies us they are so impressed they return." This is an honorable policy yet one must question the business sense of such a policy. It would seem that in a situation such as this the airline would never fly full thus potential profits are lost. Yet Air Atlanta claims the totally-refundable ticket guarantees the traveler a seat as "good service is our goal."

Fresh food is also a reason for flying Air Atlanta. Passeengers can expect to be fed on every flight which is not often the case on the route between Miami and Atlanta. The entire advertising emphasis is towards the business traveler. "Because airline food may be your only chance to eat during a busy business day . . ." Astute advertising copywriters have developed a campaign which should successfully tempt the business traveler to try Air Atlanta. Then the airline is on its own to win over the customer and maintain his business.

Eastern Airlines has responded to Air Atlanta and is the only carrier to date to take action. In the hopes of maintaining their customers, Eastern is offering "double bonus mileage on non-stops to and from Atlanta." This practice of offering extra rewards for continued passenger

loyalty is commonly undertaken in this situation. Airlines go as far as sending information of the extra rewards to members of their frequent traveler programs through direct mail.

### Hypothesis Two

The second hypothesis is that marketing strategies can be developed which highlight those factors most significant in the minds of business travelers which will cause them to act favorably and thus choose the specific airline for their travel needs.

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### Summary

At the time this study was undertaken, the airline industry was and is still going through a period of change. These changes, which are a result of deregulation, should ultimately allow for the flying public through their patronage to determine the fate of carriers who are in competitive markets.

In the time that this study has gone from its inception to its completion, the market between Miami and Atlanta has seen the introduction of a new carrier whose target market is specifically the business traveler. It remains to be seen if Air Atlanta, this newcomer, can capture a segment of the market which will allow it to become profitable as three already well-established carriers service this route.

The study has shown that travelers choose schedule as the first factor in choice of an airline. Thus it would seem that each carrier, flying at different times, would fulfill the needs for a particular market segment. Yet each

seeks to become the airline for the business traveler and, as Air Atlanta directs their advertising specifically at this group, they should benefit greatly in the future. In the industry's present state of change, only time will tell.

### Conclusions

The related literature and this study, aiming to determine the factors which cause the business person to chose an airline in a market with many choices, indicate that schedule is the most-important factor. With this in mind, it seems unnecessary to have advertising campaigns which promote an airline on the basis of a catchy slogan, or on an image created to show the carrier's planes flying through the sky suggesting the particular company's services as the only way to fly.

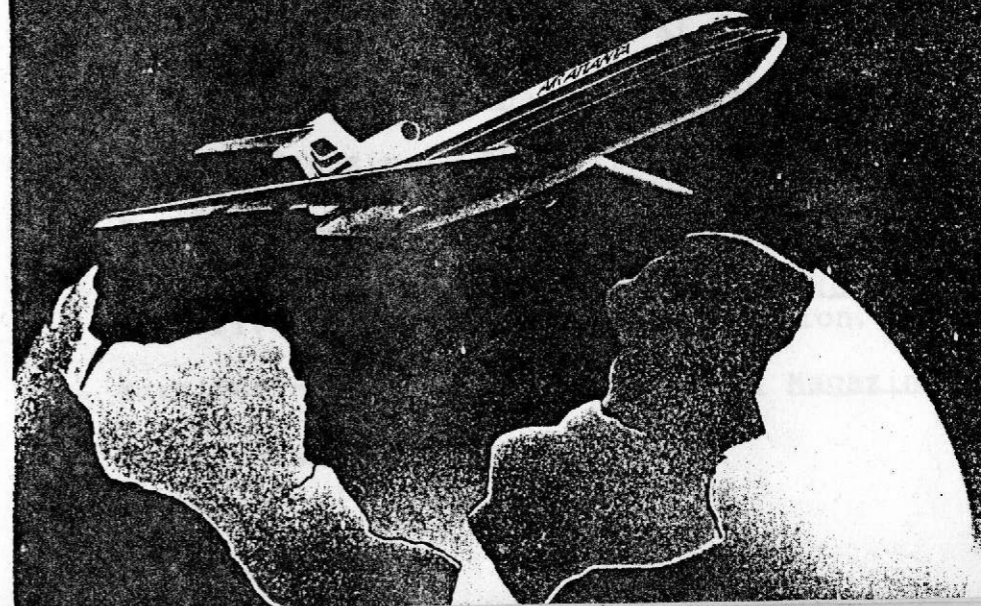
### Recommendations

Marketing strategies and advertising campaigns should highlight the factors which are determined to be of major concern to a carrier's target market. The suggested approach proposed by the researcher throughout subproblems one and two provides examples of this technique.

APPENDIX

# THE AIRLINE BORN TO SERVE BUSINESS IS HERE.

## AIR ATLANTA.



**BREAKING APRIL 1, MIAMI'S MOST CONVENIENT NON-STOPS TO ATLANTA DURING BUSINESS HOURS. AND DIRECT SERVICE TO MEMPHIS.**

If you fly for business, you just got a promotion. To the airline created to serve the business flyer. Your schedule. Your needs. Your comfort.

**Air Atlanta.** The airline designed from the ground up to eliminate the hassles that bother business travelers. While adding extra perks at no extra cost.

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**STREAMLINED CHECK-IN.**

Business flyers told us how they felt about long lines to get a boarding pass.

So we've increased the gate staff and added other

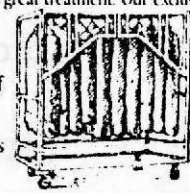


features to make check-in painless. Giving you more time to work or relax in our club-like Atlanta lounge.

**THIS VALET PARKS YOUR HANGING BAGS ON BOARD.**

Even your extra suit gets great treatment. Our exclusive roll-on valet takes hanging bags off your hands at the gate.

Then rolls them off first at arrival, so you don't get held up in the aisle while everyone plays grab bag.



**BIGGER SEATS AND FEWER OF THEM ON OUR 727'S.**

Instead of the 100 plus seats that most airlines squeeze into the Boeing 727, Air Atlanta has 20 First Class and 68 Coach seats.

They're wider and cushier with more elbow room to work.

And there's more legroom to stretch out and relax. Even more comforting is the fact that each seat is guaranteed. Air Atlanta announces a policy of no overbooking. So your days of being bumped are over.



**FRESH FOOD THAT MAKES BUSINESS A PLEASURE.**

Because airline food may be your only chance to eat during a busy business day, ours is fresh and delicious.

With gourmet snacks on every flight.

And your choice of savory entrees on meal flights.



**WE SCHEDULE AROUND YOUR SCHEDULE.**

Our schedules were set for business flyers, not the pleasure traveler. So we can fly at your convenience.

Getting you out at a reasonable time and back home at a desirable hour.

**BONUS MILEAGE ON PAN AM'S WORLDPASS.**

As a Pan Am Express partner, you get mileage credit on every Air Atlanta flight. And until May 15, you'll get 500 bonus miles for each Air Atlanta flight. So there's

**AIR ATLANTA**  
BORN TO SERVE BUSINESS

**AIR ATLANTA FLIGHT SCHEDULE**

MIAMI TO ATLANTA		MIAMI TO MEMPHIS	
Days	Depart	Days	Depart
Monday	8:30A	Monday	10:45A
Tuesday	8:30A	Tuesday	10:45A
Wednesday	8:30A	Wednesday	10:45A
Thursday	8:30A	Thursday	10:45A
Friday	8:30A	Friday	10:45A
Saturday	8:30A	Saturday	10:45A
Sunday	8:30A	Sunday	10:45A
Days	Depart	Days	Depart
Monday	10:15A	Monday	4:10P
Tuesday	10:15A	Tuesday	4:10P
Wednesday	10:15A	Wednesday	4:10P
Thursday	10:15A	Thursday	4:10P
Friday	10:15A	Friday	4:10P
Saturday	10:15A	Saturday	4:10P
Sunday	10:15A	Sunday	4:10P

Service: Breakfast & Snack  
Lunch & Snack

FOR RESERVATIONS CALL YOUR TRAVEL AGENT, CORPORATE TRAVEL DEPARTMENT, OR AIR ATLANTA AT (305) 371-6534 OR 1-800-241-5408.

So fly Air Atlanta on that next trip to Atlanta. If you're going on business, we're the only way to fly.

will make every flight an experience you'll actually look forward to.



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## VITA

Anne L. Applefeld, born in Baltimore, Maryland, attended the Park School for her primary and secondary education. A 1981 graduate of the University of Miami, Coral Gables, Florida, Ms. Applefeld majored in Spanish and minored in Marketing. After a brief stint working for a tour operator, she was inspired to return to school. Ms. Applefeld anticipates receiving her Masters degree in Hospitality Management in the Spring of 1984.