

# The Effect of Perceived Value and Customer Satisfaction on Perceived Price Fairness of Airline Travelers in Jordan

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**Abstracts** This paper is a small section from a greater project on airline industry in Jordan. The purpose of this paper is to investigate the effect of perceived value and customer satisfaction on perceived price fairness of airline travelers in new context which is Jordan. A quantitative research design is used based on data collected via a questionnaire from Jordanian passengers at Queen Alia Airport, Amman-Jordan, between July 2013 and September 2013, with focus on economy class passengers. The researchers chose a convenience sample of 20 flights mainly heading to Gulf countries, considering the capacity of each flights and number of passenger onboard, about 20 questionnaires were distributed on each flight. Out of (400) questionnaires distributed a total of (343) answered questionnaire were retrieved, which is (86%) of the total distributed questionnaires. After checking the retrieved questionnaires, about (306) questionnaires were valid. Ultimately, (77%) of the total questionnaires entered the analysis. The statistical analysis show that the three hypotheses were accepted and there is a significant effect of perceived value and customer satisfaction on perceived price fairness of airline travelers

**Keywords** Perceived Value, Customer Satisfaction, Perceived Price Fairness, Airline Travelers, Jordan

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## 1. Introduction

It's impossible for anyone to neglect the impact of air transport business on the world economy. Sir Colin Marshal, the former CEO of British Airways, has describe it as the "the flywheel for the engines of the world's industry". According to the Air Transportation Action Group (2013), the industry at the beginning of this decade produces more than €1.5 trillion worth of economic activities and employs directly and indirectly 57 million people. It is, furthermore, an essential element in the world transport network, as it is currently used by more than two and a half billion passengers per year, and ships around 35 percent of the world's

manufactured products (by value). The industry has, therefore, turned from a sign of military and national power to a key element of business and investment. Technologically driven innovations have boosted the industry, but economic developments have had even more influence on the market. Despite being faced by rising fuel prices, environmental concerns, and small margins – airline business will still face an intensely competitive market.

After the deregulation and privatization policy of international air transport in the 1980s, competition was pushed by free market forces; a development accelerated by the privatization of many flag carriers. As a result, many governments lost control over their national airline and the national air transport markets. In recent years, there has been an industry-wide shakedown, which will have far-reaching effects on the industry's trend towards expanding domestic and international service. Jordan like many other countries followed the route of privatization; all major airlines have come to be privately held. The largest proportion of Airlines revenue is earned from regular and business passengers. For this reason, it is important that we take consumer satisfaction into account on top of the regular factors that one should consider. Internationally, airlines transport more than two billion passengers annually. Passenger transport creates more than \$400 billion in annual airline revenue[1].

Customer Satisfaction is deemed to be the ultimate goal for airline companies and this only can achieved by providing their key passengers with high quality service before, during and after traveling. This trend in turn generates repeat clientele, ensures a preferred supplier status from other enterprises, enhances prospective market shares; revenues would benefit significantly from these upswings[2]. Research into the crucial elements pertaining to customer satisfaction and quality of service has seen exponential growth in recent years. Sufficient evidence has accumulated that consumer behavior has been influenced by public perceptions of the value, cost and benefits of the service and their provider[3,4].

## 2. Research Problem

Airline companies tend to concentrate on a certain variable in relation to consumer's behavioral perception towards price and value. More specifically, it will be very valuable for air line companies to know if perceived value and customer satisfaction have any effect on Perceived Price Fairness. It will be insightful for airline companies to see if both perceived value and customer satisfaction will lead to perceived price fairness paid by customers. If not, this means companies need to figure out other factors that may affect perceived price fairness.

### 3. Significance of the Study

Due to small size of market, there is an intense rivalry among different airlines companies in Jordan. This rivalry has taken the form of severe price competition, with airlines ruthlessly undercutting each other with fare promotions. The service the airlines sell (air transport) is pretty homogenous, and there is not much service differentiation. Airlines strive to create customer loyalty by offering frequent flyer programs, but yet this competitive advantage provided was quickly eroded by almost all airlines offering such programs. At present its much easier for travelers to search around for the best price. In a small size market like Jordan, Intense competition can leads to excess seat capacity due to declining demand because of macro-economic factors, and the high fixed costs and low marginal costs make the airline industry very price competitive. This study will yield better understanding of factors that leads to customers satisfaction and value they are looking for, and ultimately perceived price fairness for the overall service obtained by them.

### 4. Objectives of the Study

The objectives of this research are to investigate the effect of perceived value and customer satisfaction on customers' perceived price fairness in one of the most important sectors in Jordan, which is airline industry. This study can be very beneficial for airline companies in Jordan since it will provide an in-depth overview on customer satisfaction as well as the service perceived value of the services provided by those companies and how customers think about the price of that service and to identify possible research directions in the fields of traveling and consumer decision making in Jordan.

### 5. Literature Review

One of the most important inventions that changed the world was the invention of the airplane. This fact is true in sense that it has change the life of human being and how they conduct business in all aspect. After the World War II, commercial flights started to provoke to different destinations all over the world. Air travel has become an integral part of many people activities including business,

leisure, and for every one that needs to travel in fast, cheap, and save way. The drastic growth in the number of customers and flights has encouraged airline companies to develop programs to better serve those customers. Later on, people spend long hours in planes to get to far and exotic destinations. These developments have awoken governments to benefit from this industry in other sectors such as tourism, driving it to develop that industry. This also encouraged governments to improve and build the required infrastructure such as modern airports to attract tourists from first world countries. Private sector witnessed an enormous growth as well as in terms of companies, travel agents, their supply sources and production chains.

Across the world, the most vibrant growth is centered on the Asia/Pacific region, due to the fast-growing trade and investment. In this region, air travel has been rising by up to 9% a year and is predicted to proceed to grow rapidly. In terms of total passenger trips, however, the main air travel markets of the future will continue to be in and between Europe, North America and Asia. Since competition is growing, with new airline companies emerging and offering air ride for cheaper prices and less fees, current airlines have had to recognize the need for radical change to ensure their survival and prosperity. Many have attempted to cut costs aggressively, to reduce capacity growth and to increase load factors[1].

#### 5.1. Perceived Value

The value concept created by[5] is the most universally accepted and its 'the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given'. It is the comprehensive assessment of the utility of perceived benefits and perceived sacrifices, or as the difference between perceived benefits and paid costs; it is also the ratio of perceived benefits in relation to the perceived sacrifices. Sacrifices encompass all the costs (purchasing price, acquisition costs, installation), while perceived benefits are the combinations of physical attributes of the available service in a given relationship of the product use.

An indication of the complexity that is inherent in price studies can be found by [6] who stated that any price has both objective external properties and subjective internal representations that are derived from an individual consumer's perception of price. [7] further argues that perceived value is the result of consumers' comparisons among different price structures including advertised selling price, advertised reference price and internal reference price. [8] tested actual and reference price as predictors of perceived price and found a positive relationship between objective and perceived price and a negative relationship between reference and perceived price. In line with this research, [9] examine the effects of price bundling on perceived value and state that providing an all-inclusive price package, even if actual monetary outlay is higher, will significantly increase perceptions of value for first time

consumers. When consumers exchange goods or services, it is argued that the value is the primary aspect they pursue from an exchange [10]. In deciding whether or not to use a service provider or exchange once more, the consumer always considers the amount of value he will get for the money paid [11]. Despite the significance of perceived value's effect on customer's assessment of services, little study has been conducted on the link between this variable and its impact on consumer's behavioral intention [12.]

## 5.2. Customer Satisfaction

According to [13] satisfaction has been considered as one of the most important theoretical as well as practical issues for most marketers and customer researchers during the last four decades. Customer satisfaction refers to the degree to which customers perceive that they received products and services that are worth more than the price they paid [14]. Customer satisfaction enables business to measure from behavior of customer after they contact with organization, such as decreasing of customer complain, repurchasing [15], positive word of mouth, and increase the volume of purchases. [16] indicated that customer feedback data (customer knowledge sharing) leading to customer satisfaction. Including properly offering of products and services to individual customer needs (customer responsiveness) has an effect on customer satisfaction [17].

Other researchers suggest that Customer satisfaction refers to the customer's perception that his/her expectations have been met. If the customer's expectations are met, then he is satisfied; if the expectations are surpassed, then he is delighted; but in the event that they are not met, the customer is dissatisfied [18]. From the above definition, one can say that the concept of customer satisfaction fine tunes the marketing concept on customer needs and wants. The concern for the customer and his experience with the company should pervade way and integral art of its philosophy and usher the concept of customer satisfaction. Customer satisfaction has become a business word for organizations that seek distinction and excellence from others. Customer satisfaction has been gaining increasing attention from the researchers and practitioners as a recognized field of scholarly study and is a fundamental tool used by financial institutions for enhancing customer loyalty and ultimately organizational performance and profitability. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising [19]. There is general agreement that: Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations [20]. Based on this review, customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be

satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neutral stage. Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date. This overall satisfaction has a strong positive effect on customer loyalty across a wide range of product and service categories [21].

## 5.3. Perceived Price Fairness

Perceived price fairness is defined as consumers' assessments of whether a seller's price can be reasonably justified [23]. Fairness has been defined as a judgment of whether an outcome and/or the process to reach an outcome is reasonable, acceptable, or just [22]. The cognitive aspect of this definition indicates that price fairness judgments involve a comparison of the price of procedure with a pertinent standard, reference, or norm. Thus, price fairness perceptions may not be critical until consumers perceive a price as unfair [23].

The comprehensive conceptual model developed by [23] aimed to depict how buyers form price fairness judgments by comparing similar transactions. According to this model the choice of comparative other parties (self, other customers, or other sellers), and buyer-seller relationship are believed to influence consumers' judgment of price fairness. To be specific, [23] propose that price discrepancies will only become salient to consumers when the comparison is made between two transactions of high similarity because "a fairness judgment may not even occur if consumers consider the two transactions incomparable." With respect to the impact of price fairness perceptions on consumer attitudinal and behavioral outcomes, [23] proposed that perceived price unfairness may lead to negative behaviors such as self-protection tendency, and even revenge actions, depending on the nature of fairness judgments.

[24] categorized the extant of research on price fairness perceptions into two themes: (1) exploration and identification of antecedents to price fairness perceptions (and (2) examination of the impact of price fairness perceptions on consumers' attitudinal and behavioral outcomes. Based on this empirical study, results show that consumers' perceptions of price fairness are influenced by various factors. Overall, consumers tend to rely on several reference points such as past prices, competitor prices, and cost of goods sold when inferring price fairness to make comparisons [22]. In studies that examine price discrimination strategies, it was found that the price setting strategies (e.g. uniform vs. differential pricing, posted vs. auction pricing) influence price fairness perceptions [25]. Therefore, it is very likely that: (1) most fairness perceptions and judgments are based on comparison [26], and (2) people tend to choose others who are close to themselves as comparative other party [27]. Thus, customers may see others who purchased the same product as a comparative reference and a price paid higher than other customers is likely to be perceived as less fair.

## 6. Previous Studies

[28] study utilizes a model that permits the examination of consumer behavior procedures, regarding satisfaction, loyalty and price acceptance, resulting from individuals' perceptions of price fairness that underlie their transactions with airlines. Based on a theoretical discussion regarding the relationship among price fairness, customer satisfaction, loyalty, and price acceptance, empirical research was conducted to test the proposed relationships. The results from the study provide empirical support, suggesting that perceived price fairness influences customer satisfaction and loyalty. The analysis also suggests that customer satisfaction and loyalty are two important antecedents of price acceptance. This current research will depend mainly on this study hence the variables used as well as the motives behind the both researches are similar to each other.

While [29] study the attitudes of patients towards product quality, perceived price and perceived value regarding drugs produced locally and imported drugs from well – known European companies at *Irbid* city, in Jordan. The study concludes the following findings: Patients stated that the perceived value of the drugs is the first priority for them without any consideration for the manufacturing place. Usually, the patient depended on the opinion of their doctors regarding the quality of medicine. Thus, the patient is ready to pay a higher price to get a better medicine. The study recommended that Jordanian companies must make reconsideration for their pricing policies to match the perceived value.

On the other hand [30] study aimed to evaluate customer satisfaction at Turkish Airlines; the factors affecting customer's experience were analyzed using weighted SERVQUAL methodology. In addition, the gap between Turkish Airline's current service quality and 5-star service quality defined by SKYTRAX (the most accepted airline quality rating organization that uses evaluations of airline customers' from all over the world) was measured. In determining the factors affecting customer's experience, unlike the studies in the literature, SKYTRAX customer satisfaction criteria were considered. The results suggested that image dimension has the highest customer satisfaction level; employees and empathy dimensions followed the image. E-commerce has the lowest satisfaction level; in-flight services and ground handling service followed that. Another result is that meals and passenger transferring services have the highest impact on customer satisfaction.

While [31] is more concerned with perceived value and aimed to understand what cues shoppers use in judging the quality of service when they buy online and go offline for purchase collection. An empirical study is conducted to: (i) develop a scale for measuring service quality; and (ii) examine the relationships between service quality and the variables perceived value and loyalty. Analytical work suggests that service quality is a function of: website efficiency, website reliability, information quality, assurance, responsiveness, personalization and integrated-pickup.

Moreover, the study found that the perception of service quality improves perceived value that in turn influences loyalty. The dimension of integrated-pickup is one of the key dimensions influencing significantly overall service quality, perceived value and loyalty.

Another study focused on perceived service qualifies using SERVQUAL and the role of perceived value as a mediating variable in the service sector of Pakistan [32]. Both descriptive and inferential statistical techniques are used to analyze the effects of independent variables (i.e. perceived service quality) on customer satisfaction (dependent variable) and the role of mediating variable (i.e. perceived value), Stepwise regression analysis is used to examine the effect of the mediating variable (i.e. perceived value) on customer satisfaction. Perceived value was found strongly correlated with satisfaction. Results suggested that perceived value is an important factor in customers' evaluation of satisfaction.

This study aimed to examine the underlying forces of service quality influences on passengers' satisfaction in aircraft transport[33]. The study examines which dimensions have a positive influence on service quality and which dimensions have the most and least important impact on service quality in international air travel, as perceived by airline passengers. The study analyzed the data from passengers of three classes: namely, economy, business and premium. The results suggest that there are different factors of in-flight service quality that are important according to the customer seat class. The dimensionality of perceived service quality in international air travel was explored and three dimensions were identified. These dimensions include in-flight service, in-flight digital service and back-office operations. The findings reveal that these three dimensions are positively related to perceive service quality in international air travel and of these dimensions. Cuisines provided and seat comfort safety are the most important dimension in in-flight service quality. Personal entertainment is the most important dimension as perceived by airline passengers in In-flight digital service quality.

This research [34] aims to examine the effects of transparency in pricing (i.e. disclosure of a price increase and extent of explanation) on perceived price fairness when a firm increases price. Consumers perceive a firm's price increase as more fair when the firm discloses the increase itself as compared to an outside source disclosing it. For a small price increase, a limited explanation was perceived as more fair; for a larger price increase, a more detailed aligned cost explanation was perceived as more fair. Firms who must raise prices may increase consumer perceptions of price fairness by disclosing the price increase and providing an appropriate explanation matched to the size of the increase. Perceived price fairness is affected by who discloses the price increase, the amount of the price increase and the extent to which reasons are revealed and aligned with the firm's costs.

The main purpose of this paper[35] is to create a model, which specifies the determinants of the airline business. This

sector is chosen, as the airline industry is not only influenced by national characteristics, but also characterized by international standards and internationalization processes. In this paper, a systematic analysis of the research published over the past decades is carried out. This analysis incorporates the most acknowledged concepts and works in the field of airline management. The main determinants of the airline business are identified as: national culture, airline alliances, the implementation of the low-fare business model, the influence of the state on business, and the impact of market liberalization. Although various researches have been conducted on describing the way that airline business is done, little focus has been paid on the factors that actually determine and change it. This paper analyzes the unique industry variables by which the airline industry is driven and determined.

Based on the study problem and the literature review, the following research hypotheses were formulated:

H01: There is a significant effect of Perceived Value and Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

In line with this research, [36] examine the effects of price bundling on perceived value and state that providing an all-inclusive price package, even if actual monetary outlay is higher, will significantly increase perceptions of value for first time consumers. In this sense, we can raise a hypothesis about the effect of Perceived Value on Perceived Price Fairness

H02: There is a significant effect of Perceived Value on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

[27] states that perceived price fairness is positively associated with customer satisfaction. The results lend support to the claim that perceived fairness of a given price is linked to customer satisfaction because the estimated parameter between both constructs is both positive and significant [37]. This leads to the following hypothesis:

H03: There is a significant effect of Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

## 7. Methodology

### 7.1. Study Population and Sample

This paper is a small section from a greater project on airline industry in Jordan. The population of this study consisted of the Jordanian passengers at Queen Alia Airport, with focus on both economy Class passengers. To achieve our objectives, we chose a convenience sample of 20 flights mainly heading to Gulf countries, considering the capacity of each flights and number of passenger onboard, about 20 questionnaires were distributed on each flight. Out of (400) questionnaires distributed a total of (343) answered questionnaire were retrieved, which is (86%) of the total distributed questionnaires. After checking the retrieved questionnaires, about (306) questionnaires were valid. Ultimately, (77%) of the total questionnaires distributed

entered the analysis. The language of questionnaire was in English.

### 7.2. Study Tools and Data Collection

In the current study, the researcher relied on descriptive and analytical methods using the practical manner to collect and analyze data. The data collected through a questionnaire were designed to reflect the study objectives and questions and also to test the relationship between the study variables. The questionnaire was divided into the following sections:

Section One: *Demographic Variables*. The demographic information was collected with closed-ended questions, through four factors (Gender, Age, Qualification, and Frequency of Flying). Section Two: Independent variables, this section measure perceived value and customer satisfaction through nine items. In measuring Perceived Value the researcher depends on [38]. While for measuring Customer Satisfaction the researcher depends on [29] using a five Likert scale as follows: 1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4 Agree and 5 = Strongly Disagree. Section Three: Dependent variables, this section measure perceived price fairness through six items on a five Likert scale as illustrated in section two. In measuring Perceived Price Fairness the researcher depends on [39] using a five Likert scale as follows: 1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4 Agree and 5 = Strongly Disagree.

Table 1. Reliability of Questionnaire Variables

No.	Dimensions	No. of Items	Alpha Value ( $\alpha$ )
1	All Variables	21	0.793
2	Perceived Value	9	0.777
3	Customer Satisfaction	8	0.741
4	Perceived Price Fairness	4	0.728

### 7.3. Demographic Variables

Tables (1) show the demographic variables of the study sample. It shows that (38.2%) of the study sample are males and (61.8%) are females. For Age, (53.60%) of the study sample ranged between (30) years or less, while (23.53%) of the study sample ranged between 31 to 34 years, (11.11%) of the study sample ranged between (35– 39) years, and (11.76%) of the study sample were 40 years and above. For academic qualification, Table (1) shows that the majority of respondents of the study sample have a bachelor degree. With regards to frequency of flying, about (30.72%) are flying at least once a week; (19.61%) are flying at least once a year; (11.11%) are flying at least once a month; (13.72%) are flying less than once a year and (24.84%) are flying at least once a quarter.

### 7.4. Statistical Treatment

The data collected from the responses of the study questionnaire was treated through *Statistical Package for*

Social Sciences (SPSS) version 18 for analysis and conclusions. The researcher used statistical methods that consist of: Percentage and Frequency, Cronbach Alpha reliability (a) to measure strength of the correlation and coherence between questionnaire items, arithmetic Mean to identify the level of response of the study sample individuals to the study variables, Standard Deviation to measure the responses spacing degree about Arithmetic Mean, One sample t-test, Multiple and Simple Regression analysis to Measure the impact of study variables, and Relative importance, based on the following equation:

$$\text{Class Interval} = \frac{\text{Maximum Class} - \text{Minimum Class}}{\text{Number of Level}}$$

$$\text{Class Interval} = \frac{5 - 1}{3} = \frac{4}{3} = 1.33$$

Where Low degree from 1- less than 2.33, while Medium degree from 2.33 – 3.66, and High degree from 3.67 and above.

### 7.5 Validity and Reliability

**Validity:** To test the questionnaire for clarity and to provide a coherent research tool, a macro review that covers all the research elements was accurately performed by academic reviewers specialized in marketing and Business Administration as well as professional people working in the traveling industry. Some items were added, based on their valuable recommendations. Some others were reformulated to become more accurate and clear, and this is required for the purpose of enhancing the research instrument.

**Reliability:** The reliability analysis applied to the level of Cronbach Alpha (α) is the criteria for internal consistency, which was at a minimum acceptable level (Alpha ≥ 0.60) suggested by [38]. The results are shown in Table (1).

## 8. Descriptive Analysis of Study Variables

### 8.1. Perceived Value

The researcher used the arithmetic mean, standard deviation, item importance and item level as shown in Table (2). As shown in table 3 the arithmetic mean of Perceived Value range between (3.52- 3.96) compared with General Arithmetic mean amount of (3.68). The researcher observes that the highest mean was for the item "If I Bought the ticket at (selling Price), I feel I would be getting my money's worth" with arithmetic mean (3.96), Standard deviation (0.92). The lowest arithmetic mean was for the item " After evaluating the advertised ticket features, I am confident that I am getting quality features for (Selling Price)" with Average (3.52) and Standard deviation (0.73). In general, it appears that the Perceived Value level from the study sample viewpoint was high.

### 8.2. Customer Satisfaction

The researcher used the arithmetic mean, standard deviation, item importance and item level as shown in Table (3). As shown in table 4 the arithmetic mean of Customer Satisfaction range between (3.12-3.78) compared with General Arithmetic mean amount of (3.48). The researcher observes that the highest mean was for the item "**There are sufficient non-stop flights**" with arithmetic mean (3.78), Standard deviation (0.75). The lowest arithmetic mean was for the item "**Frequencies of flights are acceptable**" with Average (3.12) and Standard deviation (0.94). In general, it appears that the Customer Satisfaction level from the study sample viewpoint was Median.

**Table 2.** Arithmetic mean, SD, item importance and Perceived Value level

No.	Perceived Value	Mean	St.D	t- value Calculate	Item importance	Item level
1	If I Bought the ticket at (selling Price), I feel I would be getting my money's worth	3.96	0.92	18.13	1	High
2	I feel that I am getting ticket for a reasonable price	3.54	0.76	12.42	8	Moderate
3	After evaluating the advertised ticket features, I am confident that I am getting quality features for (Selling Price)	3.52	0.73	12.45	9	Moderate
4	If I compared this ticket features, it is good value for the money that I will spend	3.79	0.75	18.5	2	High
5	I think that given this ticket features, it is good value for money	3.75	0.72	18.21	4	High
6	I feel that acquiring this ticket meets both my high quality and low price requirements	3.58	0.93	10.66	7	Moderate
7	Compared to the maximum price I would be willing to pay for this ticket, the sale price conveys good value	3.61	0.93	11.58	6	Moderate
8	I would value this ticket as it would meet my needs for a reasonable price	3.76	0.74	18.04	3	High
9	This ticket would be a worthwhile acquisition because it would help me travel at a reasonable price	3.63	0.78	14.43	5	Moderate
	Overall Arithmetic mean and standard deviation	3.68	0.51			

**Table 3.** Arithmetic mean, SD, item importance and Customer Satisfaction level

No.	Customer Satisfaction	Mean	St.D	t-Value Calculate	Item importance	Item Level
1	There are sufficient non-stop flights	3.78	0.75	18.07	1	High
2	Frequencies of flights are acceptable	3.12	0.94	2.30	8	Median
3	The amount of fare meets my expectations	3.58	1.02	9.96	4	Median
4	Delays and cancels are rarely happen	3.30	0.77	6.80	6	Median
5	Flight schedules are convenient	3.55	0.73	13.19	5	Median
6	Baggage problem operations were sufficient	3.30	0.85	6.22	6	Median
7	Delayed passengers were tolerated fairly	3.63	0.55	19.82	2	Median
8	Transfer passenger transportation is sufficient	3.61	0.72	14.82	3	Median
General Arithmetic mean and standard deviation		3.48	0.46			

t- Value Tabulate at level ( $\alpha \leq 0.05$ ) (1.649)

t- Value Tabulate was calculated based on Assumption mean to item that (3)

**Table 4.** Arithmetic mean, SD, item importance and Perceived Price Fairness level

No.	Perceived Price Fairness	Mean	St.D	t- value Calculate	Item importance	Item level
1	The price I paid was fair	3.27	1.00	4.79	4	Median
2	The price I paid was justified	3.61	0.71	14.92	1	Median
3	The price I paid was honest	3.54	1.23	7.65	2	Median
4	The price I paid was questionable	3.29	0.81	5.88	3	Median
Overall Arithmetic mean and standard deviation		3.43	0.94			

t- Value Tabulate at level ( $\alpha \leq 0.05$ ) (1.649)

t- Value Tabulate was calculated based on Assumption mean to item that (3)

**Table 5.** Multiple regression analysis test results of the effect of perceived value and customer satisfaction on perceived price fairness

	(R)	(R <sup>2</sup> )	F Calculate	DF	Sig*		$\beta$	T Calculate	Sig*
Perceived price fairness	0.723	0.523	82.646	302	0.000	Perceived Value	0.617	14.817	0.000
				305		Customer Satisfaction	0.374	5.452	0.000

\* the effect is significant at level ( $\alpha \leq 0.05$ )

### 8.3. Perceived Price Fairness

The researcher used the arithmetic mean, standard deviation, item importance and item level as shown in Table (4). As shown in table 5 the arithmetic mean of Perceived Price Fairness range between (3.21- 3.61) compared with General Arithmetic mean amount of (3.43). The researcher observes that the highest mean was for the item "*The price I paid was justified*" with arithmetic mean (3.61), Standard deviation (0.71). The lowest arithmetic mean was for the item "*The price I paid was fair*" with Average (3.27) and

Standard deviation (1.00). In general, it appears that the Perceived Price Fairness level from the study sample viewpoint was Median.

### 8.4. Test of Hypotheses

H01: There is a significant effect of Perceived Value and Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

To test the first hypotheses, the researcher uses the multiple regression analysis to ensure the effect of Perceived

Value and Customer Satisfaction on Perceived Price Fairness, as shown in Table (5).

From table (5) the researcher observes that there is a significant effect of Perceived Value and Customer Satisfaction on Perceived Price Fairness. The R was (0.723) at level ( $\alpha \leq 0.05$ ), whereas the R2 was (0.523). This means the (0.523) of Perceived Price Fairness changeability's results from the changeability in Marketing Variables. As  $\beta$  was (Perceived Value = 0.617; Customer Satisfaction = 0.374), this means the increase of one unit in Perceived Price Fairness concerned will increase Marketing Variables value (Perceived Value = 0.617; Customer Satisfaction = 0.374). Confirms significant impact F calculate was (82.646) and its significance at level ( $\alpha \leq 0.05$ ), and this confirms acceptance of first hypothesis:

There is a significant effect of Perceived Value and Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

The second hypothesis will test the effect of Perceived Value on Perceived Price Fairness, the researchers use the simple regression analysis to test the below hypothesis:

H02: There is a significant effect of Perceived Value on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

To test this hypothesis, the researcher uses the simple regression analysis to ensure the effect of Perceived Value on Perceived Price Fairness. As shown in Table (6).

From table (6) the researcher observes that there is a significant effect of Perceived Value on Perceived Price Fairness. The R was (0.569) at level ( $\alpha \leq 0.05$ ), whereas the

R2 was (0.324). This means the (0.324) of Perceived Price Fairness changeability's results from the changeability in Perceived Value. As  $\beta$  was (0.258), this means the increase of one unit in Perceived Value will increase Perceived Price Fairness value (0.258). Confirms significant effect F Calculate was (29.255) and its significance at level ( $\alpha \leq 0.05$ ) and that confirms valid second hypotheses, and thus we accept the hypothesis:

There is a significant effect of Perceived Value on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

While the third hypothesis will test the effect of customer on Perceived Price Fairness, the researchers use the simple regression analysis to test the below hypothesis and the results are shown in table (7).

H03: There is a significant effect of Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ )

From table (7) we observe that there is a significant effect of Customer Satisfaction on Perceived Price Fairness. The R was (0.411) at level ( $\alpha \leq 0.05$ ), whereas the R2 was (0.169). This means the (0.169) of Perceived Price Fairness changeability's results from the changeability in Customer Satisfaction. As  $\beta$  was (0.452) this means the increase of one unit in Customer Satisfaction will increase Perceived Price Fairness value (0.452). Confirms significant effect F Calculate was (7.850) and its significance at level ( $\alpha \leq 0.05$ ) and that confirms valid hypotheses, and thus we accept the third hypothesis:

There is a significant effect of Customer Satisfaction on Perceived Price Fairness at level ( $\alpha \leq 0.05$ ).

**Table 6.** Simple Regression Analysis test results of the effect of Perceived value on Perceived Price Fairness

	Sig*	(R)	(R <sup>2</sup> )	F Calculate	DF	Sig*	$\beta$	T Calculate
Perceived Price Fairness	0.569	0.324	29.255	1	0.000	0.258	5.409	0.000
				304				
				305				

\*the impact is significant at level ( $\alpha \leq 0.05$ )

**Table 7.** Simple Regression Analysis test results of the effect of Customer Satisfaction on Perceived Price Fairness

	(R)	(R <sup>2</sup> )	F	DF	Sig*	$\beta$ Calculate	T	Sig*
Perceived Price Fairness	0.411	0.169	61.615	1	0.000	0.452	7.850	0.000
				304				
				305				

\* the impact is significant at level ( $\alpha \leq 0.05$ )



## 9. Results and Implications

This article examines the influence of perceived value and customer satisfaction on perceived price fairness. The study finds that perceived value and customer satisfaction affects customer perceived price fairness. These findings confirm the results of previous studies, such as [24] and [38]. The present study provides a theory that permits the examination of consumer behavior procedures, regarding satisfaction, perceived value and price fairness that underlie their transactions with airlines selections decision making. In this case, sensitivity to the total amount of value extracted from a single customer through a set of transactions with a single firm drives aggregate fairness judgments and may have implications for relationship marketing and customer lifetime value [22]. Results show that higher perceived price fairness results when customers received good value and service provided by airline companies meets their expectations. Simply citing improved quality and higher value are the reason for a small percentage price increase can create greater perceived price fairness than providing detailed align able cost increase explanations. Furthermore, consistent with previous research, we showed that overall satisfaction is influenced by consumers' satisfaction with various stages in traveling process. In the context of traveling process, satisfaction can be determined by satisfaction with the agent's service and satisfaction with the services conditions inside the airport and inside the plane such as the meal provided and staff responsiveness.

Finally, this study makes a contribution towards filling the gap in the marketing literature on satisfaction and perceived value by including the role of perceived price fairness. Price is an important element for consumers when purchasing; it therefore has a large influence on consumers' satisfaction judgments. The results indicate that perceived price fairness is directly influenced by satisfaction and value.

### 9.1. Theoretical and Managerial Implications

This study links several important marketing concepts, and demonstrates the influence of customer satisfaction and perceived value on perceived price fairness. In this sense, this research demonstrates that perceived price fairness can be achieved through customer satisfaction and perceived value of service. The study also shows that price transparency and reliability may be particularly relevant when prices are increased or when the pricing structure is relatively complex, such as in the airline industry. When a service provider explains how a price is derived and shows that price increases are due to uncontrollable external factors, such as an increase in fuel costs, the consumer is more likely to accept the price increase and perceive it as being fair, or at least less unfair [23]. This means that a firm should focus more on delivering the right quality at the right price and on treating the customers fairly rather than focusing on competitors' prices. Hence, a better understanding of consumer satisfaction formation will increase marketing

managers' knowledge of how to enhance consumer satisfaction. Taken together, our findings suggest that higher, customer satisfaction and perceived value contribute to better perceived price fairness.

## 10. Study Limitations

This research linking perceived value, customer satisfaction and perceived price fairness and was examined in an airline purchase context. Nevertheless, we believe the results reported in this article can't be generalized to other consumer purchases of products and complex purchase processes. However, whether and how the relationship between perceived value, customer satisfaction and price fairness extends to other product and service purchase contexts needs to be examined. Further, as we suggested, the direction of influence among the components of fairness perceptions and satisfaction judgments depends on the sequence of interactions within the purchase process and the order that consumers receive relevant information. Hence, another area needing additional research is when consumers first receive information about the price as well as the price offer itself.

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