

CONSUMER ATTITUDES TOWARD AND EXPERIENCES WITH  
AIRLINE COMPANIES

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Consumer Attitudes Toward and Experiences With  
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## Thesis Abstract

Hakan Uyanık, “Consumer Attitudes toward and Experiences with Airline Companies”

The main purposes of this study can be summarized as a) to investigate consumers’ brand name and web address recall of airline companies, b) to determine consumers’ overall satisfaction level and to examine whether the three groups of customers differ in their overall satisfaction with the service provided by the current airline company, c) to investigate whether the groups differ in their loyalty behavior toward the company, d) to investigate the involvement of consumers in terms of interest during the purchase process and the importance of the service to the individual, e) to investigate online privacy concerns of consumers, f) to determine consumers’ satisfaction from online booking services of their primary airline company and g) to make comparisons about online and traditional booking systems.

Data collected from an online survey was analyzed by using descriptive, factor, correlation and ANOVA analyses. The results show that the three customer groups significantly differ in terms to their overall satisfaction, involvement with and loyalty towards their current airline company. Further more there is a significant difference among the three customer groups about their attitude toward loyalty programs, satisfaction from online services of their primary airline companies. In addition, the three customer group respondents make different comparisons about online and traditional booking systems.

## Tez Özeti

Hakan Uyanık, “Hava Yolu Şirketlerinde Tüketici Davranışları ve Deneyimleri”

Bu çalışmanın genel amaçları a) tüketicilerin hava yolu şirketlerin marka ve web sitesi anımsamalarını araştırmak, b) tüketicilerin genel memnuniyet düzeylerini ve üç tüketici grubunun kullanmakta oldukları hava yolu şirketi tarafından sunulan hizmetten memnuniyetlerinin farklı olup olmadığının belirlenmesi, c) grupların şirkete karşı sadakatlerinin farklı olup olmadığının araştırılması, d) tüketicilerin satın alma işlemi sırasındaki alakaları ve servisin bireyler için önemi bakımından katılımlarının araştırılması, e) tüketicilerin online güvenlik kaygılarının araştırılması, f) tüketicilerin temel hava yolu şirketlerinin online rezervasyon servisinden memnuniyetlerinin belirlenmesi ve g) online ve geleneksel rezervasyon sistemlerini karşılaştırılmasıdır.

Online bir anketle toplanan veri tanımlayıcı, faktör, korelasyon ve ANOVA analizleri ile analiz edilmiştir. Sonuçlar göstermiştir ki üç tüketici grubu genel memnuniyetleri, kullanmakta oldukları hava yolu şirketine katılımları ve sadakatleri bakımında önemli şekilde farklılaşmaktadır. Bunun yanında, üç tüketici grubu arasında sadakat programlarına tavırları, temel hava yolu şirketlerinin online servislerinden memnuniyetleri açısından önemli farklar mevcuttur. Ek olarak üç tüketici grubu online ve geleneksel rezervasyon sistemleri arasında farklı karşılaştırmalarda bulunmuşlardır.

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## CHAPTER 1

### INTRODUCTION

This thesis is composed of the following chapters. Chapter 1 includes the introduction stating the importance of branding, benchmarking offline and online branding in brief, giving top 10 offline brands and top 10 future online brands. Chapter 2 reviews the literature on brand, branding and brand management concepts. Chapter 3 introduces the research methodology and the hypotheses of the study. Chapter 4 includes the descriptive statistics and multivariate analyses, and the findings with the results of the analyses. And finally chapter 5 includes the conclusion and interpretation of the study.

#### Importance of Branding

The first impressions on customers play a crucial role. The company logo and corporate identity will be seen by thousands even millions of people depending on business area, and is marketing managers' first chance to make a long lasting impression on company's target customers. The brand gives companies a chance to communicate their corporate vision and set them apart from their competitors. It is really important to have a perfect strategy behind the company brand, which will allow the transition of managers' ideas to reality. Firms can stand out over and stay above the competition instead of getting lost in the crowd by the help of a strong and memorable brand. According to branding experts of Potential Difference, a brand management consultancy firm, a strong brand is firstly built on trust and reinforced over time with every kind of communication channels which are displaying a clear and consistent message, all contributing to its success in the marketplace.

In an increasingly complex world, individuals and businesses are faced with more and more choices, but seemingly have less and less time to make those decisions. The ability of a

strong brand to simplify consumer decision making, reduce risk and set expectations is thus invaluable. Creating strong brands that deliver on that promise and maintaining and enhancing the strength of those brands over time is thus a management imperative (Keller, 2003).

According to Kapferer (2004, p 33) branding means much more than just giving a brand name and signalling to the outside world that such a product or service has been stamped with the mark and imprint of an organisation. It requires a corporate long-term involvement, a high level of resources and skills.

Branding adds value to products and services. This value arises from the experience gained from using the brand; familiarity, reliability, and risk reductions; and from association with others who use the brand (Palumbo and Herbig, 2000).

Generally, consumers really don't think much about the importance of branding in their daily life. They just go and buy the brand, they trust like most people do. But the name of a brand comes crucial when the business point of view is under discussion. For instance the importance of a brand name can be expressed with the help of a well known brand "Nokia", when consumers hear Nokia; they think mobile phones and the slogan of Nokia: "Nokia, connecting people." came in their mind. A strong brand name and slogan has taken Nokia to the top of its industry.

Choosing a brand name is not a process happening by chance. It is a well thought out process which really needs to think about the analysis of names and meanings. Creating a simple name for the company is the starting point of branding, so it can be said it is the most important step of branding. Because usually consumers remember simple and short names, there is a need to find a simple name which is associated with a positive value or characteristics (Kapferer, 2004, p. 155). An example can be given from Turkey about the shortness of a brand name; Dogus Group use "Garanti" instead of "Garanti Bankası".

Another vital point in choosing the brand name is that the brand name must be different and unique (Fuchs, 2005). It will result as revenue lost if the company brand name is too close to one of its competitors which will cause its customers' to mix it up. Also companies can not reach success by using a close name of a brand which came in market before them.

In today's global business world organisations need teach the importance of branding to their internal customers (employees). Employees who know their jobs' importance in their brand's success will contribute more than who doesn't know. Believe in your brand name, what it means, and customers will follow.

Time, money and effort spent on branding come back many times over when the process plays out intelligently. According to a privately held online publisher of home business and small business information *Powerhomebiz*, branding fattens companies' bottom line for the reasons stated below:

1. Memorability: It is much easier to remember a branded product than a unknown, what was its name? product.

2. Loyalty: People tend to buy brands that they tried in the past and have positive experience with those products. We can say consumers are loyal to the brands they trust and are pleasant to buy them.

3. Familiarity: Psychological studies have shown that familiarity induces liking which makes even non-customers more likely to recommend a brand they know.

4. Premium image - premium price: Generally customers are willing to pay more for the well-branded products or services.

5. Extensions: It is much easier to introduce a new product or service with the help of your gained respect and success with your existing well-known brand.

6. Greater company equity: Companies with more brand value cost more than the companies with the same size but not well-branded when they are under sale.

7. Lower marketing expenses: You need to invest really big money to create a strong brand but once it is created you get big advantage over your competitors in every kind of marketing campaigns.

8. For consumers, less risk: When you are afraid of the consequences of a mess-up you tend to choose the brand-name seller instead of the no-name one.

Keller (2003) stated the roles of brands to consumers and firms. According to Keller (2003) there are seven roles of brands to consumers. Brands provide:

- ✓ identification of source of product
- ✓ assignment of responsibility to product maker
- ✓ risk reducer
- ✓ symbolic device
- ✓ signal of quality
- ✓ search cost reducer
- ✓ promise, bond or pact with maker of product.

Keller (2003) claimed six different roles of brands to firms, they provide:

- ✓ means of identification to simplify handling or tracing
- ✓ signal of quality level to satisfied customers
- ✓ source of competitive advantage
- ✓ source of financial returns
- ✓ means of legally protecting unique features
- ✓ means of endowing products with unique associations

#### Offline – Online Branding

To brand a product or service, it is necessary to teach consumers ‘who’ the product / service is – by giving it a name and using other brand elements to help identify it – as well as ‘what’ the product / service does and ‘why’ consumers should care. In other words, to brand a product or

service it is necessary to give consumers a label for the product and to provide meaning for the brand to consumers (Keller, 2003).

According to Keller (2003), branding involves creating mental structures and helping consumers organise their knowledge about the products and services in a way that clarifies their decision making and, in the process, provide value to the firm. For branding strategies to be successful, consumers must be convinced that there are meaningful differences among brands in the product or service category. The key to branding is that consumers must not think that all brands in the category are the same.

Rowley (2004) claimed that online branding is at an interesting point of development. Many organisations recognise the need for integrated marketing communications across offline and online channels. This makes it difficult to differentiate, both practically and theoretically, between online and offline branding. On the other hand, branding in online environment poses a sufficient range of challenges and opportunities that it is important to shine the spotlight on branding in digital environments, and to explore some of the potential impacts of online channels for branding strategy.

It is crucial to ensure the consistency of the brand is not lost when the company's brick-and-mortar brand is coming online. The functionality of a web site can sometimes be forgotten in place of look, feel and sound of the brand. If a marketing manager wants the company's brand to relay reliability, focus and dependability - by cramming a web site full of Flash animations which will take considerable time to load and isn't compatible for every browser may not lend itself to his initial aim.

Websites arguably present more demands than any other brand touch-point. For some web users, the site is the entire customer experience. Business strategy, brand strategy, communications strategy, product quality and customer service strategy are transparent. The site is a pressurized environment, since it exposes every dimension of the company.

Jackson (2006) argued that to delay updating or addressing site problems because of budget concerns is a false economy. Think of a customer who is prepared to pay a substantial premium for consumer electronics but who discovers, upon visiting a company website, that product images take interminably long time to build – or that crowded pages and unclear navigation make it next to impossible to locate a product’s detailed technical specifications. This situation would undermine this customer’s confidence in the brand and his or her motivation to purchase.

It’s important to remember that the company website offers a better understanding of customer behavior than other traditional brand touch-points. Reicheld and Schefter (2000) mentioned that while the Internet may seem like an anonymous space, in reality it is far easier to track customers, their purchase histories, and their preferences online than in a traditional business setting. Customers in bricks-and-mortar stores leave no record of their behavior unless they buy something – even then, the data are often sketchy. But in virtual stores, their shopping patterns are transparent. Every move they make can be documented, click by click. If a customer exits a website when the price screen appears, it’s a fair bet that he’s price sensitive. If he jumps from page to page without ever initiating a transaction, he’s probably frustrated at being unable to find what he wants.

According to Miniwatts Marketing Group data (2008), internet users all over the world dispersed like the Figure 1 below. Not surprisingly Asia has the most users (530 millions) and Australia has the least users (19 millions).

## Internet Users in the World March 2008

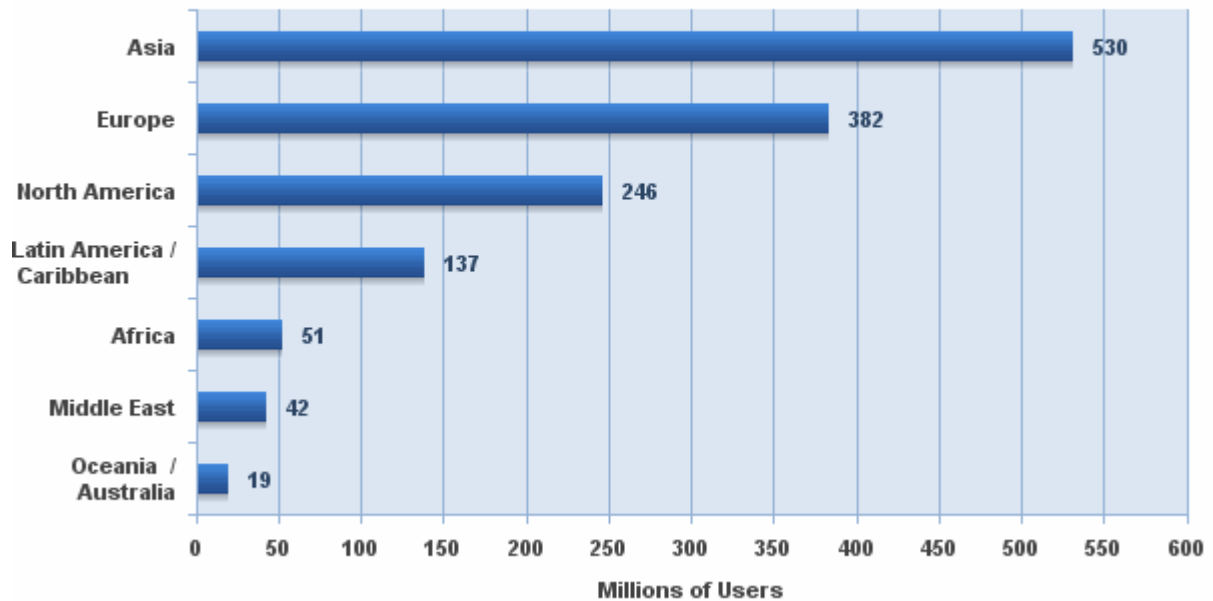


Figure 1: Worldwide internet users by region

Source: World Internet Usage Statistics News and World Population Stats,

<http://www.internetworldstats.com/stats.htm>

Table 1 displays the population, number of internet users and usage growth from 2000 to 2008 statistics for every region. Table stats show that 56.6% of all world citizens are living in Asia. Since the population of Asia is far more than other regions most internet users are living in Asia (37.6%). However, the internet penetration of Asia is 14.0% which is just higher than that of Africa (5.3%) only. North America has the biggest population penetration ratio to internet (73.1), which means that every seven people from ten can reach internet.

Table 1: World Internet Usage and Population Statistics

World Regions	Population (2008 Est.)	Population % of World	Internet Usage, Latest Data	% of Population (Penetration)	Usage % of World	Usage Growth 2000 - 2008
Africa	955,206,348	14.3%	51,022,400	5.3%	3.6%	1030.2%
Asia	3,776,181,949	56.6 %	529,701,704	14.0 %	37.6 %	363.4 %
Europe	800,401,065	12.0 %	382,005,271	47.7 %	27.1 %	263.5 %
Middle East	197,090,443	3.0 %	41,939,200	21.3 %	3.0 %	1176.8 %
North America	337,167,248	5.1 %	246,402,574	21.3 %	17.5 %	127.9 %
Latin America	576,091,673	8.6 %	137,300,309	23.8 %	9.8 %	659.9 %
Australia	33,981,562	0.5 %	19,353,462	57.0 %	1.4%	154.0 %
WORLD TOTAL	6,676,120,288	100.0 %	1,407,724,920	21.1 %	100.0 %	290.0 %

Source: World Internet Usage Statistics News and World Population Stats,

<http://www.internetworldstats.com/stats.htm>

The figure and table above show the internet usage and world population statistics by regions. If the usage growth from year 2000 to today is investigated it can be seen that number of people who can reach internet nearly tripled. This is an important and clear message about how important the online branding is.

#### Top 10 Offline Brands

The 10 top brands data has been taken from Interbrand. The Interbrand Foundation helps deserving nonprofit organizations to create and manage world-class brands. Interbrand has

been chosen because it takes into account lots of ingredients while ranking the world's most valuable brands. Each brand must earn about one third of its earnings outside its home country, be recognisable outside of its base of customers and has publicly available marketing and financial data to be qualified for the top brands list. Visa, Wal-Mart, Mars and CNN are eliminated because of one or more of these criteria. Parent companies like Procter & Gamble are not ranked in the list. Because it is too hard to separate their brands' impact on sales from factors such as routes and schedules, airline companies are not also ranked in the list.

Table 2: Top 10 Brands of 2006

2006 Rank	2005 Rank	Name	Country	2006 Value (\$Mil)	2005 Value(\$Mil)	Change in Value(%)
1	1	Coca-Cola	U.S.	67,000	67,525	-1%
2	2	Microsoft	U.S.	59,926	59,941	-5%
3	3	IBM	U.S.	56,201	53,376	5%
4	4	GE	U.S.	48,907	46,996	4%
5	5	Intel	U.S.	32,319	35,588	-9%
6	6	Nokia	Finland	30,131	26,452	14%
7	9	Toyota	Japan	27,941	24,837	12%
8	7	Disney	U.S.	27,848	26,441	5%
9	8	McDonalds	U.S.	27,501	26,014	6%
10	11	Mercedes-Benz	Germany	21,795	20,006	9%

Source: BusinessWeek Online: Top 100 Global Brands Interactive Table,  
<http://bwnt.businessweek.com/brand/2006>

Interbrand branding experts interpreted these 10 companies' positions briefly in one sentence as the following:

Coca-Cola: Flagging appetite for soda has cut demand for coke, but the beverage giant has a raft of new products in the pipeline that could reverse its recent value.

Microsoft: Threats from Google and Apple haven't yet offset the power of its Windows and Office monopolies.

IBM: Having off-loaded its low-profit PC business to Lenovo, IBM is marketing on the strategic level to corporate leaders.

GE: The brand Edison built has extended its reach from ovens to credit cards, and the "Ecomagination" push its making GE look like a protector of the planet.

Intel: Profits and market share weren't the only things slammed by rival AMD. Intel's brand value tumbled 9%, as it loss business from high-profile customers.

Nokia: Fashionable designs and low-cost models for the developing world enabled the mobile phone maker to regain ground against competitors.

Toyota: Toyota is closing in on GM to become the world's biggest automaker. A slated 10% increase in U.S. sales this year will help even more.

Disney: New CEO Robert Iger expanded the brand by buying animation hit-maker Pixar and beefing up digital distribution of TV shows through the Internet and ipods.

McDonalds: A new healthy-living marketing campaign- and the premium- priced sandwiches and salads that came with it- have led to a fourth year of sales gains for McDonalds.

Mercedes-Benz: The new S-Class sedan and M-Class SUV are helping repair a tarnished quality reputation. High costs and weak margins will take longer to fix.

### Future Online Brands

As seen from increase in the number of internet users around the world, people will buy almost everything from meals to even cars or houses online in a near future. And at that time best online brands will dominate their sectors by using their capabilities and brand loyalty. To

decide on the future top 10 brands, Futurelab 100 was investigated and found suitable and logical to use.

The Futurelab 100 ranks the online relevance of the world’s 100 most valuable brands as listed by Business Week/Interbrand. Its objective is to highlight to senior executives the importance of paying close attention to their brand’s performance in the online arena. The ranking is based on the number of times the brand’s name appears in leading search engines like Google, Baidu (leading Chinese search engine) and Technorati (a search engine for searching blogs), the number of links to the brands website, its reach and Page-rank relevance, and the number of times people express their “love” or “hate” for the brand.

Table 3: Future Online Brand (Futurelab 100)

Futurelab Rank	Brand	Interbrand Rank (2005)
1	Google	38
2	eBay	55
3	Apple	41
4	Amazon.com	68
5	Disney	7
6	Yahoo!	58
7	Microsoft	2
8	Canon	35
9	Nokia	6
10	Sony	28

Source: <http://www.futurelab.net/blog/FUTURELAB100.pdf>

The table above is obtained by a manual calculation for each brand in terms of the following criteria (Futurelab, 2006):

- the number times a brand is mentioned in Google

- the number of times a brand is mentioned in Baidu
- the number of Technorati blogposts about the brand
- the number of links to the brand's dot-com (.com) website (URL Trends)
- the google page rank for the brand's dot-com (.com) website
- the relative reach of the brand's website (as per Alexa ranking)
- the number of times the wording "I love (brand)" and "(brand) is great" appeared in Google
- the number of times the wording "I hate (brand)" and "(brand) sucks" appeared in Google (in spite of its crudeness, this word has substantial statistical significance within a US context).

From the table it can be seen that Google is the most valuable online brand in the future and only 3 of top 10 offline brands found a place in top 10 online brands which are Microsoft, Disney and Nokia. eBay and amazon.com are recently known as the top performing online brands and according to futurelab's study they will sustain their success in the future.

## CHAPTER 2

### LITERATURE REVIEW

“A brand is a name, term, sign, symbol, design, or combination of these which is used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” (Kotler et al, 2002, p 16)

According to the definition of American Marketing Association (A.M.A.) a brand is “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name.” Technically speaking, whenever a marketer creates a new name, logo, symbol, etc for a new product or service, he or she has created a brand (Keller, 2003).

A brand is both a physical and a perceptual entity. The physical aspect of a brand can be found located on a market shelf or in the delivery of a service. The perceptual aspect of a brand exists in psychological space – in the minds of consumers’ (American Demographics, 1994).

In the 19<sup>th</sup> century with the advent of packaged products the term brand and branding came into place in the field of marketing. With the help of industrialization the production of many household items moved from local producers to centralized factories. When shipping their ordered goods, the producers would literally brand their logo on the barrels used, which is where the term comes from.

Keller (2003) summarised the marketing advantages of strong brands as:

- ✓ improved perceptions of product performance
- ✓ greater loyalty
- ✓ less vulnerability to marketing crises

- ✓ less vulnerability to competitive marketing actions
- ✓ more inelastic consumer response to price increases
- ✓ more elastic consumer response to price decreases
- ✓ larger margins
- ✓ greater trade cooperation and support
- ✓ increased marketing communication effectiveness
- ✓ possible licensing opportunities
- ✓ additional brand extension opportunities

A brand carries both physical and perceptual views. The physical view of a brand can be found located on a supermarket shelf or in the delivery of a service. On the other hand, the perceptual view of a brand exists in psychological space: in the minds of consumers.

The concept of brand management has some important topics which need to be explained in detail in the following part.

### Brand Name

A strong brand name is one of a company's greatest assets. It enables the company to earn above average return by creating a loyal consumer who protects the firm from competition.

A brand name is part reputation, part familiarity - not to mention the unquantifiable / psychological thrills that a consumer gets when he or she purchases something that bears his or her favourite brand name. The concept of the brand name first arose with the advent of advertising and mass media in the 1930s and further compounded by the advent of the 40-hour work week, which allowed consumers more time to enjoy the things that they bought. It is not a coincidence that Disney was founded during this time - as people were working too much to watch cartoons prior to the 1930s and as its major asset was its brand name. (To, 2005)

American Marketing Association (A.M.A.) defined the brand name as: “The brand name is that part of a brand that can be spoken. It includes letters, numbers, or words. The term trademark covers all forms of brand (brand name, brand mark, etc.), but brand name is the form most often meant when trademark is used.”

A brand name performs many key functions, according to Palumbo and Herbig (2000):

- ✓ It identifies the product or service and allows the customer to specify, reject or recommend.

- ✓ It communicates messages to the consumer. Information provided could include statements regarding their users’ style, modernity or wealth.

- ✓ It functions as a piece of legal property in which the owner can invest and through laws is protected from competitor trespass.

A study about the effect of brand names on consumers’ choices about brands shows that a real brand name for a product has a powerful effect on the product’s total consumer appeal, contributing 55% of its share of choice nearly (Gibson et al., 2005).

Haltner (2004) mentioned the importance of choosing a suitable name for a bank. While considering a name for a new bank there is a need to think globally, and also online and e-commerce activities of the bank. As online banking and e-commerce continue to grow, thinking about customers when deciding on a new name becomes very important step. Long geographic names may be confusing and difficult for customers to find on the net. Customers sometimes have difficulty with long, drawn out names. They start searching using initials. This won’t help when trying to find out the new bank online, ever tried doing an online search and 500 sites pop up? Firms don’t want this to happen. They want their customers to find them preferably in the first 10 sites. Will this happen if they use First or United? There are lots of Firsts and Uniteds out there.

When H.G. Sanders, founder of Espoma Company (is a leading manufacturer and marketer of natural and organic based plant foods for the lawn and garden industry), launched an organic and specialty plant food company in Millville, he named the venture after his first product, a proprietary blend called Espoma. The moniker appeared to violate a commonly held belief – pick a corporate name that describes your company’s business – but 89 years later The Espoma Co. is still growing (Daks, 2007).

Selecting the right name for a company can be tricky. Picking one that ties into the company’s activities gives brand managers the ability and chance to speed their brand awareness. But that can turn into a liability if a firm later decides to expand into other areas, i.e. how many people would buy food from the Ford Motor Co., or a car from a firm called General Mills. “A name can be important in the sense that it’s one more way to communicate with customers,” says Chandrashekar. His research includes looking into ways that marketing communications influence consumer behavior. “In some cases, the name itself may convey a fairly direct message about the company’s purpose. But it does not necessarily have to do that to be effective”. Chandrashekar cites two well-known watch companies to illustrate his point.

“Consider Timex,” he says. “The name incorporates the phrase “time”, which relates to the company’s mission so there’s little doubt about what it does. But you also have companies like Rolex, which is successful despite the lack of a direct connection between the company’s activity and its name”. (Chandrashekar, 1998)

## Brand Identity

While brands speak to the mind and heart of the consumer, brand identity is tangible and appeals to the senses. Brand identity can be defined as the visual and verbal expression of a brand (Wheeler, 2003, p 4). Supporting, expressing, communicating and visualising the brand are the tasks brand identity has to do. It can be defined as the shortest, fastest, most ubiquitous form of communication available. You can see it, touch it, hold it, hear it, and watch it move. Brand identity begins with a brand name and brand mark and builds exponentially into a matrix of tools and communications. Brand identity increases awareness and builds business on applications from business cards to websites, from advertising campaigns to fleets of planes and signage (Wheeler, 2003).

Good brand identity systems are memorable, authentic, meaningful, differentiated, sustainable, flexible and have value. Brand identity is a powerful and ubiquitous tool. A well designed brand identity is the consistent reminder of the meaning of a brand. Brand identity is an asset that needs to be managed and invested in.

Wheeler (2003, p 11), stated the features of brand identity as follows:

- ✓ Brand identity is a unique and sustainable symbol that synthesizes big ideas. It works across media to build awareness and loyalty and spearheads an integrated program.
- ✓ Brand identity is flexible to encourage creative thinking and execution.
- ✓ Brand identity engages the senses and understands its customers.
- ✓ Brand identity communicates a unique vision for the future.
- ✓ Brand identity is strategic, and supports brand architecture across a global spectrum of services.
- ✓ Brand identity works across languages and cultures to build powerful brand.
- ✓ Brand identity builds on customer passion and helps the sales infrastructure sell.

- ✓ Brand identity is an omnipresent point of view that is dynamic and futuristic.

John Noel Kapferer (2004) defines brand identity as an essential tool of brand management which specifies the facets of brands' uniqueness and value. While brand image is on the receiver's side, brand identity is on the sender's side. In terms of brand management, identity precedes image. The identity and image figure below shows that an image is a synthesis made by the public of all the various brand messages. An image results from decoding a message, extracting meaning, interpreting signs.

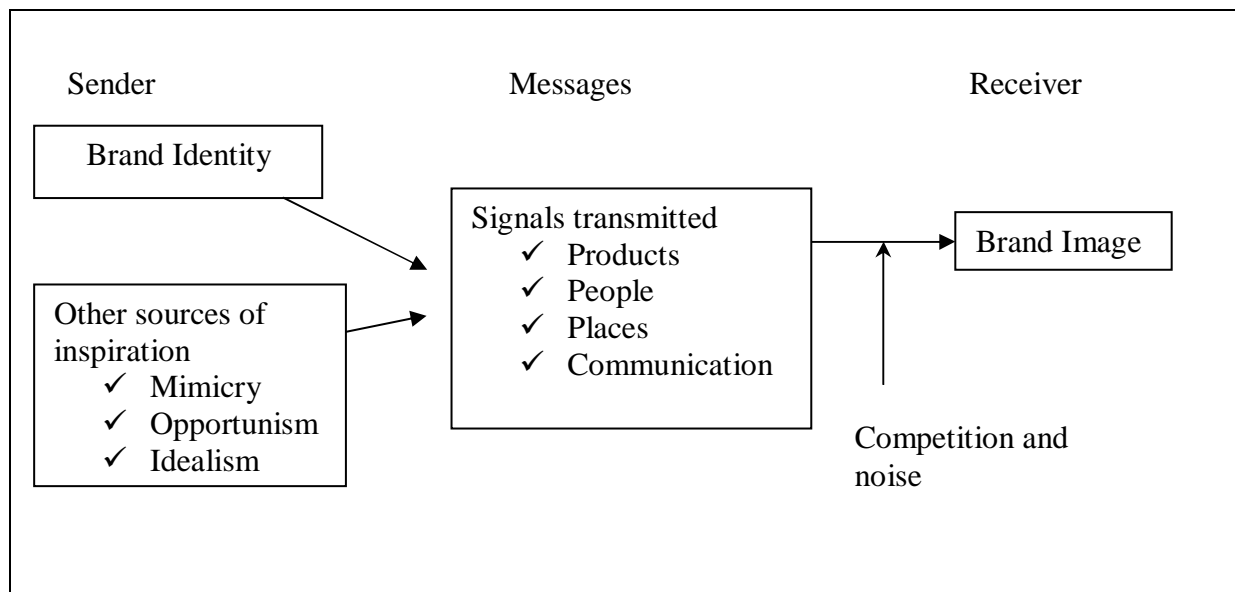


Figure 2: Identity and image

Source: Kapferer, *The New Strategic Brand Management*, (2004, p 98)

Kapferer (2004) developed the Brand Identity Prism. According to him, brand personality should be just a one key facet of brand identity. Jennifer Aaker (1997) deserves credit for having revitalized the human metaphor for a brand. But merging a number of dimensions of brand identity into brand personality causes conceptual confusion. At this point, Kapferer (2004) recommends revitalising of the original terminology of brand identity as the overall brand descriptor.

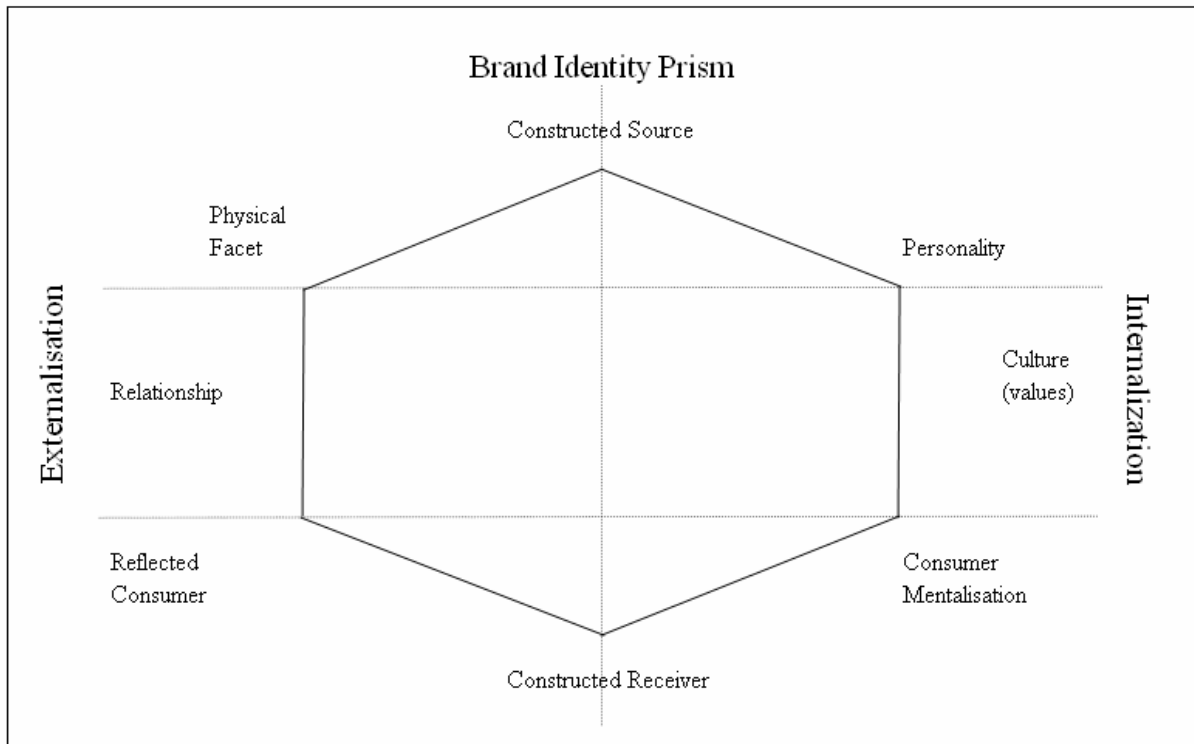


Figure 3: Brand identity prism

Source: Kapferer, *The New Strategic Brand Management*, (2004, p 107)

Kapferer (2004) described the dimensions of brand identity prism in the following way:

✓ Physical Facet (Physique) of Brand Identity:

First of all, a brand has specialities and qualities – its physique. Physique is both the brand’s backbone and its tangible added value. The first step in developing a brand is to define its physical aspect: What is it concretely? What does it do? What does it look like?

✓ Personality of Brand Identity:

The easiest way of creating instant brand personality is to give the brand a spokesperson or a figurehead, whether real or symbolic. In the prism, brand identity is the personality facet of the source. Thus brand personality is described and measured by those human personality traits that are relevant for brands.

✓ Culture of Brand Identity:

Every brand has its own culture, from which every product derives. Culture means the set of values feeding the brand’s inspiration. The basic principles governing the brand in its

outward signs are referred by the cultural facet. Country of origin is a great cultural reservoir for a brand. Some brands represent countries and some are worldwide brands. Brand culture plays an important role in differentiating brands.

✓ Relationship of Brand Identity:

Brands are often at the crux of transactions and exchanges between people. This is particularly true for both service sector and retail brands. The relationship is crucial for banks, banking brands and services in general. Service is by definition a relationship.

✓ Customer Reflection of Brand Identity:

A brand will always tend to build a reflection or an image of the buyer or user which it seems to be addressing. Target and reflection often get mixed. Brand's potential purchasers or users are described by the target. By the way reflecting the customer is not describing the target. The customer should be reflected as he/she wishes to be seen as a result of using a specific brand.

✓ Consumer Mentalisation (Self Image) of Brand Identity:

A brand speaks to our self image. If reflection is the target's outward mirror, self image is the target's own internal mirror.

An easy to remember and immediately recognizable visual identity helps building awareness and recognition of a brand. That visual identity triggers perceptions and unlocks associations of the brand. Human brain recognizes and remembers shapes first. While words have to be decoded into meaning, visual images can be remembered and recognized directly. Reading is not necessary to be able to identify shapes, but identifying shapes is necessary to be able to read. After recognizing shapes human brain remembers colours. Colour can trigger an emotion and evoke a brand association. Carefully chosen and distinctive colours can also help expressing differentiation, while building brand awareness. Third and last, content comes, that means the brain takes more time to process the language (Wheeler, 2003).

Unlike advertising, which launches a new campaign each year, brand identity needs to be long lasting. Brand building and sustaining process represent a major investment for the companies.

Wheeler (2003, p 13) stated three compelling reasons to invest in brand identity:

- ✓ Brand identity makes it easy for the customer to buy: Brand identity plays an important role in differentiation. And a smart system conveys respect for the customer and makes it easy to understand features and benefits of both recent and future products and services.
- ✓ Brand identity makes it easy for the sales force to sell: Strategic brand identity works across diverse audiences and cultures to build an awareness and understanding of a company and its strengths.
- ✓ Brand identity makes it easy to build brand equity: A strong brand identity will help build brand equity through increased awareness, recognition and customer loyalty, which in turn helps make an organization more successful.

Regardless of the size of the company or the nature of a business, there are certain ideals that characterize the best brand identities. According to Wheeler (2003, p 16) brand identity ideals can be investigated in nine different topics:

❖ Vision

A compelling vision by an effective, articulate and passionate leader is the aspiration and foundation of most successful brands in general. Successful brand identity projects are top-down initiatives which means top management has endorsed the project. The support of top management is critical because it sends a strong message to everyone involved that the project is a priority that will affect the future success of the company.

#### ❖ Meaning

Top brands stand for something- a big idea, a strategic position, a defined set of values or a voice that stands apart. Meaning is an idea that is conveyed through a symbol, a word or an action and it inspires the creative process. Meaning is the DNA of brand identity, where form is imbued with rationale and assigned deeper meaning.

#### ❖ Authenticity

The brand identity must be an authentic expression of a company- its unique vision, goals, values, voice and personality. The design and messages emerge from who it is and anticipate what it will become. The design must be appropriate to the target market and business sector of the company. Authentic identities emerge from a process which is both investigative and intuitive.

#### ❖ Differentiation

The uniqueness and differentiation of brands determine their success. All companies want customers' attention, loyalty and money so all brands compete with each other within their business category. When a designer creates a brand mark, his/her responsibility is to create a unique symbol that is differentiated, has the power to communicate within a second and most of the time smaller than a dime.

#### ❖ Sustainability

Sustainability is the inherent ability of an identity to have longevity in an environment that is in flux, characterized by future permutations that no one can predict. Sustainability also refers to an identity's ability to transition through changing media, and models of communication.

#### ❖ Coherence

Coherence is the quality that implies that all the pieces hold together in a way that feels seamless to the customer.

#### ❖ Flexibility

An identity system must continuously demonstrate an inherent flexibility. With the help of flexibility communications inside and outside stay fresh and relevant. No one can say with absolute certainty what new products and services a company may offer in five or ten years. However the brand identity designer needs to anticipate and create a flexible infrastructure to accommodate the future.

#### ❖ Commitment

A good identity itself does not guarantee success. It is not enough to create an effective brand name or develop a sustainable and intelligent brand mark. Most successful companies have a commitment to quality and to seizing every opportunity to grow their brand. An effective brand identity is tied inextricably to management's desire to nurture it.

#### ❖ Value

The indisputable goal of most organizations is creating value. The best companies consistently demonstrate their value through the superior quality of their products and services and their unswerving dedication to meeting their customers' needs. The best brand identities are the most public and widely communicated symbols of that value.

### Brand Personality

Many of the world's most powerful brands spend a great deal of time for putting personality into their brands. How can a company create personality for its products or for itself? The answer of this question lies in the choice and application of personality values and characteristics. Based on the premise that brands can have personalities in much the same way as humans, brand personality describes brands in terms of human characteristics. Brand personality is seen as a valuable factor in increasing brand engagement and brand attachment,

in much the same way as people relate and bind to other people. Much of the work in the area of brand personality is based on translated theories of human personality and using similar measures of personality attributes and factors. Brand personality is defined as “*The psychological nature of a particular brand as intended by its sellers, though persons in the marketplace may see the brand otherwise (called brand image). These two perspectives compare to the personalities of individual humans: what we intend or desire, and what others see or believe*” in the marketing terms dictionary of American Marketing Association (A.M.A.).

The concept of relationship between a person and a brand provides a different perspective on how brand personality can work. Aaker (1996) mentioned about two elements that affect an individual’s relationship with a brand. First one is that there is a relationship between the brand as person and the customer, which is analogous to the relationship between two people. Second element is the brand personality which is the type of person the brand represents (Aaker, 1996). The brand personality adds depth to the relationship.

Human and brand personality differ in terms of how they are formed, although they might share a similar conceptualization. Perceptions of human personality traits are inferred on the basis of an individual’s behavior, physical characteristics, attitudes and beliefs, and demographic characteristics. In contrast, perception of brand personality traits can be formed and influenced by any direct or indirect contact that the customer has with the brand (Aaker, 1997).

After creating a personality for a brand, it will be easier to attract consumers to the brand. As brands grow, as do human relationships, it is the emotional dimension which tends to become dominant in loyalty. Brand personality helps brand to grow by providing them emotional difference and experience.

People’s personalities are determined through their beliefs and values and other personality characteristics they develop. Honesty is an example for a value or belief. And confidence is an example for a characteristic. There are about two hundred words that describe personality characteristics and these can be used in brand personality creation process (Temporal, 1999).

Aaker (1997) mentioned that in addition to personality characteristics, brand personality includes demographic characteristics such as gender, age and class. Similar to personality characteristics, these demographic characteristics also are inferred directly from the brand’s user imagery, employees, or product endorsers and indirectly from other brand associations. For example, driven by distinct user imagery, Virginia Slims tends to be thought of as feminine, whereas Marlboro tends to be perceived as masculine. Apple is considered to be young, and IBM is considered to be older (Aaker, 1996). On the basis of their different pricing strategies, Saks Fifth Avenue is perceived as upper class, whereas Kmart is perceived as blue collar (Aaker, 1997).

Temporal (1999) mentioned about a consumer research, where sample consumers were asked to comment about how they feel about two companies.

When asked the question: “If these two companies were people, how would you describe them?” their replies were:

<u>Company A</u>	<u>Company B</u>
Sophisticated	Easy going
Arrogant	Modest
Efficient	Helpful
Self-centered	Caring
Distant	Approachable
Disinterested	Interested

These two companies are actually competitors in a service industry. Like 95% of the sample consumers you would choose Company B as your friend if you were asked to choose one of them.

This research shows that consumers tend to prefer brands that fit in with their self-concept. Consumers tend to like personalities that are similar to theirs or to those whom they admire. An effective brand personality building strategy is to create the brand personality as close as to the target consumers' personalities. The closer the brand personality to consumer personality, the greater will be the willingness to buy the brand and the deeper the loyalty.

Blackston (2000) has argued that to understand brand-customer relationships, it is necessary to consider what a brand thinks of you. To obtain this information you need to think about what the brand would say to you if it were a person.

Whether a brand is a product or a company, the company has to decide what personality traits the brand is to have. One commonly accepted way for creating brand personality is matching the brand personality as close as possible to that of the consumers or to a personality that they admire. Temporal (1999, p 39) defined brand personality creation process with four steps:

Step 1: Define the target audience

Step 2: Find out their needs, expectations and what they like

Step 3: Build a consumer personality profile

Step 4: Create the product personality as close as consumer personality profile

Aaker (1997) has created a framework to describe and measure the brand personality in five core dimensions, which is known as Brand Personality Dimensions or Relationship Basis Model.

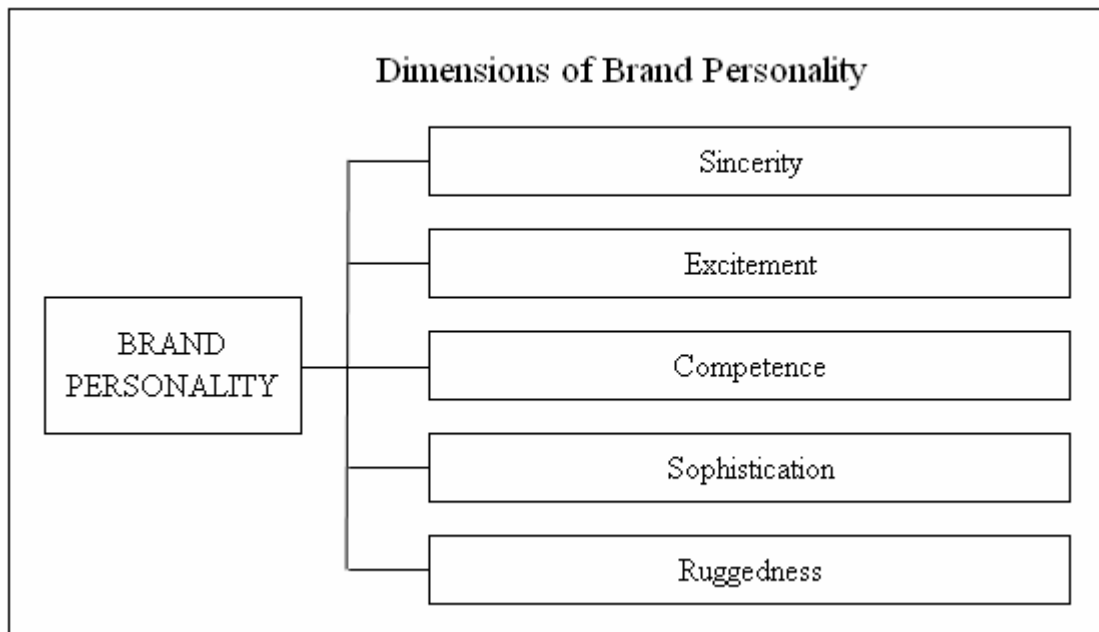


Figure 4: Brand personality framework

Source: Jennifer Aaker, Dimensions of Brand Personality, (1997)

- Sincerity (Down-to-earth, family oriented, genuine, old-fashioned):
- Excitement (Spirited, young, up-to-date, outgoing)
- Competence (Accomplished, influential, competent)
- Sophistication (Pretentious, wealthy, condescending)
- Ruggedness (Athletic and outdoorsy)

This framework can be used to investigate the current status of a brand and to describe the desired future status of it.

### Brand Equity

Branding is all about creating differences. These differences in outcomes arise from the 'added value' endowed to a product as a result of past marketing activity for the brand. Brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand; and there are many different ways as to how the value of a brand can be

manifested or exploited to benefit the firm – in terms of greater proceeds and/or lower costs (Keller, 2003).

Timacheff and Rand (2001, p 15) defined brand equity as “a term that has been used in traditional branding for decades, has come to mean the value a brand has attained over time. Alternatively brand equity is an intangible asset that accrues to a company as a result of its successful efforts to establish a strong brand”. The positive experiences consumers accumulate about a particular brand makes that brand a valuable asset for the owner company.

Mitchell (2000) described brand equity as “the storehouse of future profits which result from past marketing activities”. The basis of brand equity lies in the relationship between a customer and selling company.

In its web page American Marketing Association (A.M.A) defines brand equity as “*the value of a brand. From a consumer perspective, brand equity is based on consumer attitudes about positive brand attributes and favourable consequences of brand use*”.

Building a strong brand requires the company to gain name recognition for its product or service, get the consumers actually try its brand and then convince the buyers that the brand is acceptable and meeting their expectations. Name awareness is an important factor in reaching success in brand building. But getting customers to recognise a brand name is only half the work needed to done in building brand equity. Establishing strong, positive associations with the brand and its use in the minds of consumers is also an important task for the companies to perform.

Knapp (1999) stated that “To be a strong brand, a company must instil a clear, unwavering consumer perception of the distinctive emotional or functional benefits of its products and services”.

Farquhar (1990) mentioned about three stages that are required to build a strong brand:

1. Introduction: introduce a quality product with the strategy of using the brand as a platform for launching future products. A positive impact on consumers is vital in the introduction phase.
2. Elaboration: make the brand easy to remember and develop repeat usage. Consumers must easily remember their positive experiences about the brand.
3. Fortification: the brand has to carry a consistent image over time to reinforce its place in the consumer's mind and develop a special relationship with the consumer.

Two critical steps in establishing brand equity can be mentioned, first the company needs to define itself and what it hopes to represent for its target customers. Then the next step comes with making sure that all aspects of the company's operations support this image, from its product and service offerings to its marketing programs to its customer service policies. When these two steps are successfully completed that means the brand equity of the company is established.

Although it is not easy to measure the brand equity, it can give important information to managers for their company's future profitability. Measuring brand equity is not as simple as counting the number of people who recognize a brand name or logo. It is dangerous to assume a company enjoys strong or growing brand equity because of its well-known brand. Company missteps or inconsistent marketing activities can easily weaken the most powerful brands.

According to branding experts of NetMBA, an internet center for management and business administration, brand equity can be viewed from at least three perspectives:

- ✓ Financial: Brand equity can be measured in a way by determining the price premium that a brand commands over a generic product. If consumers are willing to pay \$250 for a branded laptop over the same unbranded laptop, this premium provides important information about the value of the brand.

- ✓ Brand Extensions: A successful brand can be used as a platform to launch related new products. The benefits of brand extensions are the using of existing brand awareness which will reduce advertising expenditures and a lower risk from consumer perspective.
- ✓ Consumer-Based: A strong brand increases the customer's attitude strength toward the product or service associated with the brand. Attitude strength is built by experience with a product or service.

Brand equity is not always positive in value. Some brands got a bad reputation which causes negative brand equity. Negative brand equity can be measured by surveys in which consumers indicate that a discount is needed to purchase the brand instead of its competitors. Positive brand equity is created by past effective promotions and consistently meeting or exceeding customers' expectations. Mitchell (2000) noted that "if brand equity is falling, you're storing up trouble for yourself.... If brand equity is rising, you're investing in future performance, even if it's not showing through in profits today. Real business performance therefore equals short-term results plus shifts in brand equity."

Every action taken by management: introduction of new products, advertising strategies, the decisions to lay off employees or relocate a factory should be assessed for its effect on brand equity. Investments in brand equity are generally claimed to work through the creation of brand knowledge. This knowledge consists of two brand aspects: brand image and brand awareness. Brand image consists of the mental associations consumers make with the brand and brand awareness is the strength of the brand in consumers' minds.

In the late 1990's, many companies attempted to extend their brands into online business environment. But doing business online proved difficult, even for well-known strong off-line brands.

Garner (2000) declared that; *“That’s because B2B brands are built brick by independent brick with customer service, support and quality and are cemented by personal relationships. In the offline world, those relationships are forged by a sales force that calls on customers face-to-face. Successful online brands must deliver those same elements, and more, through the use of technology”*.

According to Garner (2000) there are four important steps in creating a successful online brand:

1. Decide on whether using or not using the same offline brand in new online venture.
2. Develop an understanding of the benefits that you want to deliver through the online business and assess how technology can help in this mission.
3. Try to understand customers’ expectations for the online business and the brand.
4. Find ways to use Internet to create a rewarding shopping or purchase experience for your customers.

Strong brand equity provides the following benefits (NetMBA, 2007):

- ✓ Facilitates a more predictable income stream
- ✓ Increases cash flow by increasing market share, reducing promotional expenses and allowing premium pricing.
- ✓ Brand equity itself is an asset that can be sold or leased.

Brand equity can be borrowed by extending the brand name to a line of products in the same or another category. Brand equity also can be bought by licensing the use of a strong brand for a new product.

Although various perspectives have been employed to study brand equity, customer-based approaches view brand equity from the perspective of the consumer. The basic premise of customer-based brand equity models is that the power of a brand lies in what customers have learned, felt, seen, heard, etc about the brand as a result of their experiences over time.

In other words, the power of a brand lies in the minds of consumers or customers and what they have experienced and learned about the brand over time (Keller, 2003).

According to Keller (2003), the challenge for marketers in building a strong brand is therefore ensuring that consumers have the right type of experience with products and services and their accompanying marketing programmes so that the desired thoughts, feelings, images, beliefs, perceptions, opinions and so on become linked to the brand. Consumer knowledge is what drives the differences that manifest themselves in terms of brand equity.

From a customer-based brand equity perspective, building a strong brand can be thought of in terms of a sequential series of steps, where each step is contingent upon successfully achieving the previous step (Keller, 2003). All steps involve accomplishing certain objectives with customers - both existing and potential customers. The first step is to ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need. According to Keller (2003), the second step is to establish firmly the totality of brand meaning in the minds of customers, i.e. by strategically linking a host of tangible and intangible brand associations with certain properties. The third step is to elicit the proper customer responses to this brand identification and brand meaning. The fourth and final step is to convert brand response to create an intense, active loyalty relationship between the brand and customer (Keller, 2003).

Keller (2003) states a set of fundamental questions for each of these four steps that customers ask about brands as follows:

- ✓ Who are you? (Brand Identity)
- ✓ What are you? (Brand Meaning / Image)
- ✓ What about you? What do I think or feel about you? (Brand Responses)
- ✓ What about you and me? What kind of association and how much of a connection would I like to have with you? (Brand Relationships)

There is an obvious ordering of the steps in this ‘branding ladder’, from identity to meaning to responses to relationships. In other words, meaning cannot be established unless identity has been created; responses cannot occur unless the right meaning has been developed; and a relationship cannot be forged unless the proper responses have been elicited. Enacting the four steps to create the right brand identity, brand meaning, brand responses and brand relationship is a complicated and difficult process. To provide some structure, it is useful to think of sequentially establishing six ‘brand building blocks’ with customers. To connote the sequencing involved, these brand building blocks can be assembled in terms of a brand pyramid (Keller, 2003).

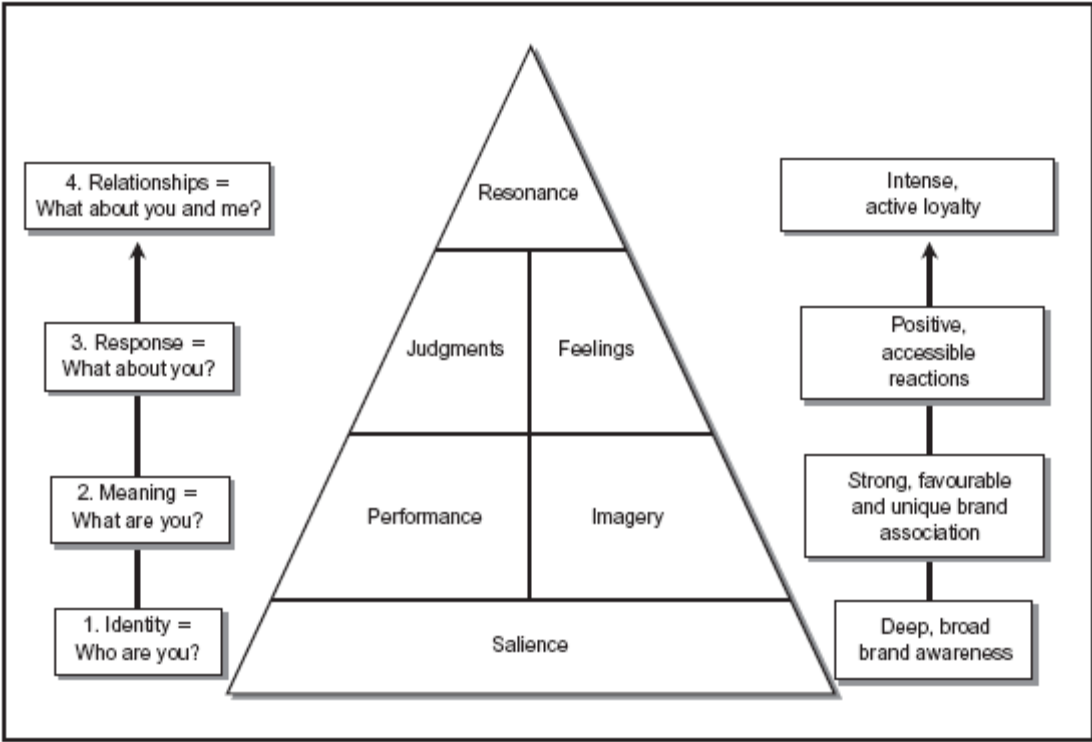


Figure 5: Customer-based brand equity pyramid

Source: Keller, (2003), “Understanding brands, branding and brand equity”.

Brand equity measurement becomes critical, for it defines what a firm might be willing to invest in a brand based on some type of expected future return. “However the real challenge is determining: What are those returns? Cash? Future value from continuing income

flows? Shareholder value in terms of stock price? Customer loyalty that translates into ongoing opportunities?” (Schultz, 2000).

Given that customer-based brand equity models define brand equity in terms of the differences that arise in customers’ response to marketing activity as a result of the knowledge that customers have about the brand, there are two basic approaches to measuring brand equity.

*“An ‘indirect’ approach could assess potential sources of customer-based brand equity by identifying and tracking consumers’ brand knowledge structures in terms of the brand identity, meaning, responses and relationships dimensions. A ‘direct’ approach, on the other hand, could measure customer-based brand equity more directly by assessing the actual impact of brand knowledge on consumer response to different elements of the marketing programme”* (Keller, 2003).

On the other hand, Schultz (2000) mentioned about three different measurement approaches. First is the one used if a brand itself is to be bought or sold. In this approach the buyer and seller must agree on the price and thus, agree on the brand equity’s financial value. That is generally do through some estimated future cash flow, factored to reflect the unique strength and characteristics of the brand and then, discounted to determine net present value to the brand owner. This approach is the one popularized by Interbrand Party L.C. and Brand Finance.

In the second approach the buyer and seller use the financial value the stock market places on the firm, then calculates or estimates the portion of that value accounted for by brand equity. Today, the names and brands of Internet and ‘dot-com’ firms are good examples of what investors believe the future value of the organization might be (Schultz, 2000).

The third and last approach attempts to measure how much value the consumer places on the brand. Attitudinal measures such as customer satisfaction, intent to repurchase and

willingness to seek put the brand in the marketplace and to pay a premium price are used here. The problem with these measures is the difficulty in translating them into financial value (Schultz, 2000).

## Brand Valuation

A brand is a name or a symbol, and its associated tangible and emotional attributes, that is intended to identify the products or services of a specified company in order to differentiate them from its competitors. At the heart of a brand are trademark rights. The brand is a special intangible that in many businesses is the most important asset. Brands influence the choice of customers, employees, investors and government authorities. Such an influence is vital for commercial success and creation of shareholder value.

A rapid shift in the relative importance of the components of corporate value occurred in the later part of the 20<sup>th</sup> century. Shareholder value was largely explained by tangible assets such as land, buildings, machinery and stock in the past. However, more recently intangible assets such as brands, patents and know-how have become dominant elements of company value (Heberden, 2002).

The world's most valuable brand Coca-Cola is more than 121 years old and many well-known brands are older than 60 years (Lindeman, 2003). This is nearly three times the average life time of a corporation. Brands provide a security of demand that the supplier would not enjoy if they didn't own the brand. And security of brand means a security of future brand earnings and this is what lies at the heart of brand valuation.

In the last quarter of the 20<sup>th</sup> century, companies started to understand the shareholder value creation process. For most of the century, tangible assets were seen as the main source

of business value. They were aware of intangibles, but their value remained unclear and wasn't specifically quantified.

Senior management wants to know how significant an economic asset their brand represents and what causes the value of their brand asset increase or decrease. Answers to these two questions allow them make rational decisions about how much to invest in a brand versus a range of other investment alternatives. The need for clear guidance in this area has become increasingly acute as the sources of value creation have shifted from physical to intangible assets (Knowles, 2003).

Knowles (2003) stated that the last 20 years have witnessed a dramatic divergence between the book value of companies and their market capitalisation. The aggregate market-to-book ratio of the S&P 500 (a broad-based index of the 500 leading companies in the USA) rose steadily from an average of around 1.4 at the beginning of the 1980s to around 3.5 in the mid-1990s. It accelerated rapidly in the late 1990s to reach a peak of 7.3 at the height of the dot.com bubble in early 2000 before falling back to its current level of around 4.0 (Knowles, 2003). A market-to-book ratio of 4.0 means that the tangible assets of a business (land, equipment, inventory, net working capital and so on) only account for 25% of the value that investors are placing on a company. According to Knowles (2003) intangible assets such as patents, trademarks, business systems, distribution rights, brands, customer databases and the quality of a company's management and workforce account for the remaining 75%.

It was the wave of brand acquisitions in the late 1980's that exposed the hidden value in highly branded companies and brought brand valuation to the fore. In year 1988, Interbrand conducted the first independent brand valuation for Rank Hovis McDougal, a leading UK food conglomerate (Lindeman, 2004). RHM's management wanted its brand value information to defend hostile takeover bid by Goodman Fielder Wattie (GFW). With the brand value information, the RHM board was able to go back to investors and argue that the

bid was too low, and eventually repel it (Lindeman, 2004). The amount being paid for the acquisition of a strongly branded company was increasingly higher than the value of the company's net tangible assets.

According to a study conducted by Interbrand with association of JP Morgan (see Table 4), on average brands account more than one third of shareholder value. Another study of Interbrand tells us that in 1981 net tangible assets represented 82% of the amount bided to acquire another company, this percentage fallen to just 56% in 1988. It shows that companies were being acquired less for their tangible assets and more for their intangible assets.

Table 4: Contribution of Brands to Shareholder Value

Company	2002 brand value (\$ bn)	Brand contribution to market capitalization of parent company (%)	2001 brand value (\$ bn)
Coca Cola	69.6	51	69.0
Microsoft	64.1	21	65.1
IBM	51.2	39	52.8
GE	41.3	14	42.4
Intel	30.9	22	34.7
Nokia	30.0	51	35.0
Disney	29.3	68	32.6
McDonald's	26.4	71	25.3
Marlboro	24.2	20	22.1
Mercedes Benz	21.0	47	21.7

Source: BusinessWeek, Interbrand / JP Morgan league table, 2002

Table 4 shows the contribution of brands to companies. The McDonald's brand value is more than 70% of shareholder value. And the world's most famous brand Coca-Cola accounts 51% of the stock market value of the Coca-Cola Company.

A study conducted by Brand Finance (1999) revealed that at the year end December 1998 only 28 percent of the Financial Times Stock Exchange (FTSE) 350s market

capitalization was explained by their net balance sheet assets. Intangible assets are largely responsible for the remaining 72% of value. In most cases, brands are the most significant intangible asset (Heberden, 2002).

A wide range of approaches have been developed and used to assess the performance and value of brands. They used to fall into two categories:

- i. Research based brand equity evaluations
- ii. Purely financially driven approaches

The approaches that are driven exclusively by brand equity measures or financial measures lack either the financial or the marketing component to provide a complete and robust assessment of the economic value of brands. Interbrand employs an economic use method which is the most widely accepted and has made Interbrand a worldwide authority in this field. This approach was developed in 1988 for Rank Hovis McDougal (Lindeman, 2004). Economic use approach combines brand equity and financial measures and has been used in more than 3500 brand valuations worldwide.

According to Lindeman (2004), the economic use approach based on the following fundamental marketing and financial principles:

- ✓ The marketing principle relates to the commercial function that brands perform. Brands help to generate customer demand for products or services. Customer demand translates into revenues when sales occurred. Then brand secure customer demand for the long term through repurchase and loyalty.
- ✓ The financial principle relates to the net present value of future expected earnings. The brand's future expected earnings are identified and then discounted to a net present value. A discount rate that reflects the risk of those earnings being realised is used in finding net present value.

Lindeman (2004) mentioned about five steps those should be performed to capture the value creation of a brand:

- 1- Market Segmentation: The brand's markets are split into non-overlapping and homogenous groups of consumers. And then brand is valued in each segment and the sum of the segment valuations resulted as the total value of the brand.
- 2- Financial Analysis: Identifying and forecasting the revenues and earnings from intangibles generated by the brand for each segment created in market segmentation step.
- 3- Demand Analysis: Assessing the role that the brand plays in driving demand for products and services. And then determine what portion of intangible earnings is attributable to the brand measured by an indicator known as the "Role of Branding Index". The role of branding is the percentage of intangible earnings over total earnings.
- 4- Competitive Benchmarking: Determining the competitive strengths and weaknesses to derive the specific Brand Discount Rate. Brand Discount Rate reflects the risk profile of its expected future earnings.
- 5- Brand Value Calculation: Brand value is the net present value of the forecast brand earnings, discounted by the brand discount rate.

Today brand valuation finds application in most strategic marketing and financial decisions. There are two main categories of applications (Lindeman, 2004):

- ✓ Strategic Brand Management: focuses mainly on internal audiences by providing tools and processes to manage and increase the economic value of brands.
- ✓ Financial Transactions: helps in variety of brand-related transactions with external parties.

According to Heberden's (2002) brand valuation methodology, in order to assess the scale and nature of the risks attached to a brand, a greater understanding of the brand within the business is required to illustrate the brand's contribution to earnings. This makes an 'economic use' valuation, which is based on future brand earnings. There are typically five work streams in this approach to valuation (Heberden, 2002):

1. Segmentation: One of the first and most critical tasks is to determine the nature of the segmentation for valuation process. Next, it is important to identify how internal financial and marketing data, and external market and competitor data, can be obtained in a way which fits with the chosen segmentation. The principles behind effective segmentation for brand valuation purposes are:

- Homogeneous geographic, product and consumer groupings to ensure that the valuations are relevant to defined target markets
- Clearly definable set of discrete competitors in each segment
- Availability of market research data to match the chosen segmentation
- Availability of volumetric and value data for competitor

2. Forecasting financial performance: As valuation is based on the net present value of future earnings generated by the brand, it is essential that the financial forecasts are as realistic as possible. The initial study is looking into the trends within the sector or category within which the brand operates by taking into account the impact of economic, technical, legal and other macro factors on the market volumes and margins. It is also necessary to review the cost structure of the brand, specifically the relationship between brand investment and brand performance as well as production cost at different levels of output (Heberden, 2002).

3. Brand value added (BVA®) analysis: Brand value added process specifically identifies the extent to which future earnings are dependent on the brand as opposed to other

drivers of value. This can be achieved either by quantifying the brand's contribution to the purchase decision or by a royalty relief calculation. Both methods are based on a study of market research. Large sample trade-off research identifies the relative importance of the brand's impact on the purchase decision. Economic modelling is a useful tool for isolating and quantifying the impact of the brand and marketing activities. This technique is based on statistical analysis of historic data, whereas trade-off research is based on market research into consumer decision making.

4. Risk assessment: Risk assessment is used to determine the appropriate discount rate to use in the discounted cash flow (DCF) analysis. Many companies already have weighted average cost of capital (WACC) which can be applied as the discount rate. Where this is not feasible, the discount rate was built from first principle as follows:

Discount Rate = BrandBeta® adjusted cost of equity x (proportion of equity funding) + cost of debt x (proportion of debt funding)

BrandBeta® adjusted cost of equity = risk free rate + (equity risk premium x sector beta x BrandBeta®)

These formulas are derived from the capital asset pricing model. This sector specific discount rate is finessed to take account of the relative strength of different brands in the given market. Brand Finance calls this BrandBeta® analysis and generally base it on the key criteria, which represent the best indicators of risk in that business area.

A score of zero means particularly weak brand, which doubles the equity risk premium. A score of 50 means that the brand offers average investment in the sector under review. A score of 100 implies a theoretically risk free brand which would be discounted at the risk free rate.

5. Valuation and sensitivity analysis: The result of the foregoing analysis is a branded business value for each segment identified. The branded business value expresses the full net present value of the business earnings in each segment.

### Brand Associations

Consumers associate the value of the product with the brand. The underlying value of a brand is often based upon specific association of a “use context” such as low fuel consumption can provide a reason-to-buy which can attract customers. Such an association represents the product’s meaning to customers.

Brand associations represent bases for purchase decisions of customers and for brand loyalty. There are some possible associations that a firm can build in a brand. Not all associations need to be built but rather those that directly or indirectly affect consumers’ buying behaviour. Product attributes are an important class of associations, but there are others that can also be important in some contexts

Brand association is anything that is linked in memory to a brand. The association reflect the fact products are used to express lifestyles whereas other associations reflect social positions and professional roles. Others will also reflect associations involving product applications, types of people who might use the product, stores that carry the product, or salespeople who handle the product or even the country of origin.

Keller (1998) defines brand associations as informational nodes linked to the brand node in memory that contains the meaning of the brand for consumers. These associations include perceptions of brand quality and attitudes towards the brand.

According to Aaker (1991) there are at least eight brand associations. The associations explain either the concept, or the meaning of the product in terms of how it fulfils a customer's need. Aaker's (1991) eight brand associations are listed below:

1. **Customer Benefit:** refers to the need that is satisfied by a product. Customer benefit may be rational, psychological (emotional) benefit, or self- expressive benefit.

2. **Product attributes:** refer to a product's characteristics. Attributes are associated with a product's rational benefit. For example, a Volvo car's attribute is durability.

3. **Use / Application:** A marketer can associate a brand with a particular use or application.

4. **User / Customer:** Another way of positioning a brand is to associate it with a type of user or customer. This involves identifying the brand with its target segment.

5. **Celebrity:** An individual who endorses a brand. Linking a brand and a celebrity can transfer associations such as reliability, strength, performance, and so on. The usefulness to which the association can be linked to the celebrity depends on how credible the person is perceived by the audience.

6. **Lifestyle / Personality:** The brand can be viewed as a person. Like a person, a brand can be perceived as being competent, trustworthy, active, or youthful. A brand personality may help communicate a product's attribute and thus contribute to a functional benefit. It can help create a self-expressive benefit that becomes a vehicle for the customer to express his or her own personality.

7. **Competitors:** Companies position their brand using their business attributes such as innovation, a drive for quality, and a concern for the environment. They can position their brand with respect to a competitor. Sometimes it is not important how good customers think a firm is, but how they believe it is better than a given competitor.

8. Country of Origin: One more strategic option that a marketer has is to associate a brand with a country. The country of origin has an effect on the market's perception of a product - either a positive or a negative perception. Cateora (1996) asserts that a company competing in global markets may manufacture products world-wide and when the customer becomes aware of the country of origin, there is the possibility that the place of manufacture will affect product/brand image.

Brand associations are useful to marketers. Marketers use brand associations to differentiate, position, and extend brands, to create positive attitudes and feelings towards brands, and to suggest attributes or benefits of purchasing or using a specific brand.

Brand associations help consumers judge the value of a product. For example, country of origin influences consumers in making judgements as to whether a product is of value or not.

### Brand Positioning

Positioning is how a product / brand appears in relation to other products / brands in the market. Kotler (1998) defines brand positioning as the “act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' mind”. According to American Marketing Association (A.M.A), brand positioning is “the way consumers, users, buyers, and others view competitive brands or types of products”.

For new products, product positioning means how the innovator firm decides to compare the new item to its predecessors. For the new item, the mental slates of persons in the market place are blank; this is the only chance the innovator will have to make a first impression. Later, after the introduction is over, the earlier definition of positioning will take over, as persons make their own positioning decisions (A.M.A.).

The goal of brand positioning is to locate the brand in the minds of customers such that the potential benefit of the firm is maximized. Competitive brand positioning is all about creating brand superiority in the minds of consumers. Fundamentally, positioning involves convincing consumers of the advantages of a brand vis-à-vis competitors, while at the same time alleviating concerns about any possible disadvantages (Keller, 2003, p 45).

A good brand positioning helps to guide marketing strategy by clarifying what a brand is all about, how it is unique and how it is similar to competitive brands and finally why consumers should purchase and use the brand. Good positioning provides the what, the how and the who of the firm's total communications platform and allow the firm's internal and external marketing communications teams to develop the most meaningful and persuasive copy, creative and related tactics for the organization's brand (Robertson, 2005).

In general positioning involves a specification of the appropriate core brand values and brand mantra. Core brand values can be defined as the set of attributes and benefits that characterize a brand.

Keller (2003) mentioned about a customer-based brand equity model. According to Keller (2003) in Customer-Based Brand Equity (CCBE) model, deciding on positioning requires determining on the target customers, main competitors, and similarities of the brand with competitors and the differences of the brand from the competitors.

Target Market: Identifying the target consumers is important because different consumers may have different brand knowledge structures, different brand perceptions and preferences. It may be difficult to be able to state which brand association should be strongly held, favourable and unique, with out identifying the target consumers (Keller, 2003).

A market can be defined as the set of all actual and potential buyers who have sufficient interest in a product with available income and access to buy. According to Keller (2003), a

market consists of all consumers with sufficient motivation, ability and opportunity to purchase a product.

The process of subdividing a market into distinct subsets of customers that behave in the same way or have similar needs is called as market segmentation (A.M.A). Each of the subsets may conceivably be chosen as a market target to be reached with a distinct marketing strategy. The process begins with a basis of segmentation-a product-specific factor that reflects differences in customers' requirements or responsiveness to marketing variables where the possibilities are purchase behavior, usage, benefits sought, intentions, preference, or loyalty. Then based on their ability to identify segments, segment descriptors are chosen to account for variance in the segmentation basis, and to suggest competitive strategy implications. Some examples of descriptors are demographics, geography, psychographics, customer size, and industry.

Nature of Competition: American Marketing Association (A.M.A.) defines the competitive brands as “the brands that are considered as alternatives by buyers in a particular market segment; sometimes called the evoked set. Occasionally, it is used to mean a (smaller) set of products which a particular seller wishes to be competing with; more rarely; it means the full set of competitors in fact competing in a given market”.

It is difficult to disentangle target market decisions from decisions concerning the nature of competition for the brand because they are often so closely related. In defining the nature of competition and deciding which products and brands are most likely to be seen as close substitutes some other issues need to be considered. For example the nature of the competition may be depending on the type distribution channel (Keller, 2003).

The analysis of factors designed to answer the question, "how well is a firm doing compared to its competitors?" are defined as the competitive analysis. The analysis goes well beyond sales and profit figures in assessing the firm's ratings on such factors as price, product,

technical capabilities, quality, customer service, delivery, and other important factors compared to each of the major competitors (A.M.A.).

Points of Parity Associations: Points of parity associations are associations that are not necessarily unique to the brand but may be shared with other competing brands. These types of associations have two basic forms: category and competitive. “Category points of parity are the associations that consumers view as being necessary to be a legitimate and credible offering within a certain product or service category” (Keller, 2003, p 133).

“Competitive points of parity associations are those associations designed to negate competitors’ points of difference” (Keller, 2003). If a brand can reach or exceed break-even while its competitors are trying to reach an average that means the associated brand will catch a strong competitive advantage.

Points of Difference: Points of differences are strong, favourable and unique brand associations for a brand. Keller (2003) mentioned that PODs are attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they could not find the same features in a competitive brand.

### Product and Brand Satisfaction

Customer satisfaction is an important issue for marketing managers, particularly those in services industries. The most frequent mentioned outcome of the marketing process is a satisfied customer, with many definitions of marketing incorporating this important marketing concept. The marketing concept stipulates that in order to achieve sustained success, organizations should identify and satisfy customer needs and wants more effectively than their competitors (Day, 1994). American Marketing Association (A.M.A.) defines satisfaction “as a positive negative reaction to a purchase decision or product after purchase”.

Customer satisfaction is the degree to which a consumer's expectations are fulfilled or surpassed by a product. It can also be defined as the post-purchase evaluation of a consumer action by the ultimate consumer or the decision maker. The beliefs, attitudes, and future purchase patterns; word-of-mouth communication; and legal and informal complaints have been related to the post-purchase satisfaction/dissatisfaction process. Whereas the evaluation of a product or service after consumption is defined as the post-purchase evaluation. This may involve remorse as well as the feeling of satisfaction or dissatisfaction (A.M.A., 2007).

Oliver (1980) defines satisfaction as “evaluation of the perceived discrepancy between prior expectations and the actual performance of the product”.

Bloemer (1995) defines brand satisfaction as the outcome of the subjective evaluation that the chosen brand meets or exceeds the expectations. This definition is in line with the many definitions of satisfaction based on the disconfirmation paradigm that can be found in the literature. Expectation-disconfirmation model is a model that proposes that satisfaction depends upon the consistency between expectations and performance. Dissatisfaction is proposed to result when product performance is below expectations, whereas satisfaction arises when performance equals or exceeds expected performance (Bloemer, 1995). The notion that stands out in almost every definition of satisfaction is the notion of comparison, meaning that a consumer is able to compare expectations and (product) performance. Consequently, a consumer must have the motivation and the capacity to evaluate the brand relative to his/her frame of reference. This means the consumer must be able to elaborate upon the evaluation to be consciously satisfied.

Bloemer (1995) then makes a distinction between manifest and latent satisfaction. The distinction basically rests on the degree of elaboration. This, in turn, depends on the level of motivation and capacity that a certain consumer needs in order to evaluate the product. According to Bloemer (1995) manifest satisfaction is the result of a high degree of

elaboration. Latent satisfaction is based on the fact that "the consumer is not fully aware of his/her satisfaction, because of a lack of motivation and/or ability of the consumer to evaluate his/her brand choice" (Bloemer, 1995).

To the extent that an explicit comparison can be made between expectations and performance, the consumer is likely to be aware of the outcome of his/her evaluation and his/her satisfaction. To the extent that no explicit comparisons can be made, because of a lack of motivation or ability of the consumer to evaluate his/her brand choice, the consumer is not likely to be fully aware of his/her satisfaction. For this reason, it's considered that it is necessary to make a distinction between manifest and latent satisfaction. Manifest satisfaction is the outcome of the explicit subjective evaluation of the brand, which the consumer is well aware of (a kind of central route). In the case of latent satisfaction, the consumer does not realize his/her satisfaction and merely accepts the brand (a kind of peripheral route).

The commitment concept makes the difference between the two definitions. Brand commitment is a necessary condition for true brand loyalty to occur. Brand commitment is defined as a result of explicit and extensive decision making processes, as well as evaluative processes, a consumer becomes committed to the brand (when the brand is positively evaluated): he or she is pledged or bound to his/her brand choice. By definition, such a committed consumer is truly brand loyal when he/she buys the particular brand again. On the other hand the non-committed consumer might just re-buy the brand without being bound to that brand.

For instance, when you bought a tube of Colgate toothpaste and you found it ok, you will not have to spend any valuable time on looking for other toothpaste brands, because you are already familiar with it. However, for a more brand-loyalty-sensitive product class like beer, the probability that a consumer will stick to one brand (like Miller) is much higher. Brand loyalty is based on the amount of brand commitment. The amount of commitment is

not fixed, but can be considered as a continuum. The amount of commitment is based on the type of brand satisfaction.

In terms of having customer, research shows that service quality, relationship quality and overall service satisfaction can improve customers' intentions to stay with a firm. Keaveney (1995) asked the question "What actions of service firms, or their employees, cause customers to switch from one service provider to another?". Service firm executives are concerned about the negative effects of customer switching on market share and profitability (Rust and Zahorik, 1993). In the simplest sense, switching causes the loss of a service firm from the customer's future revenue stream. But the loss is even more damaging when other effects are considered: First, because continuing customers increase their spending at an increasing rate, purchase at full-margin rather than discount prices, and create operating efficiencies for service firms, the loss of a continuing service customer is a loss from the high-margin sector of the firm's customer base (Reicheld and Sasser, 1990). Second, costs associated with acquiring new customers are incurred: new account setup, credit searches, and advertising and promotional expenses can add up to five times the cost of efforts that might have enabled the firm to retain a customer (Peters, 1998). Operating costs rise as the service firms learn the needs of its new customer and the customer learns the procedures of the firm. Executives need research-based knowledge if they are to avoid the revenue-reducing and cost-incurring impacts of customer switching.

Customer satisfaction is closely linked to many relationship marketing dimensions and other marketing instruments, such as customer loyalty, relational benefits or confidence, and price or distribution (Consuegra et al., 2007).

If the central role of pricing in consumer behavior as well as cost effectiveness is considered as one of the criteria that customers rank as being particularly important when

selecting a product or service, the fact that the price has received little attention when analyzing customer satisfaction is astonishing (Huber et al., 2001).

In addition, service marketing is different from goods marketing, and is usually more complex to manage. In service industries, the distinctive features of services (intangibility, inseparability, perishability and heterogeneity) require understanding and satisfying customer needs and expectations, creating, communicating and delivering customer value, and keeping promises (Aksoy et al., 2003). This is particularly true in the case of air travel.

In this sense, while price is an important determinant in purchasing and post purchasing processes, the central role of price is especially well recognized as an important variable in services with complex pricing structures rather than tangible products (Matzler et al., 2006).

By offering a range of fare options at different price levels on the same flight, airlines attempt to segment the total demand for air travel according to the different sensitivities to price and the need for travel flexibility of business and leisure passengers. To ensure that low-fare leisure passengers do not consume all of the seats on high-demand flights, airlines employ yield management (YM) systems that forecast demand and calculate the number of seats to be made available to each fare type, with the goal of maximizing total flight revenues. Yield management, also known as revenue management, was originally conceived and implemented by the airline industry at the end of the 1970s (Belobaba and Wilson, 1997).

Belobaba and Wilson (1997) develop a simulation model that includes both passenger choice behavior and the actual functions of airline yield management systems to study the impacts of airline yield management under competitive market conditions. They have found out that effective yield management results in revenue increases for the users of YM in virtually all competitive situations. And there is a significant 'first mover' advantage for the airline that implements a YM system before its competitor and that this implementation can actually lead to a decrease for the airline without YM.

The marketing literature emphasizes price as an important factor of consumer satisfaction, because whenever consumers evaluate the value of an acquired product or service, they usually think of the price (Cronin et al., 2000). As for the relationship of price to satisfaction, Zeithaml and Bitner (1996) indicated that the extent of satisfaction was subject to the factors of service quality, product quality, price, situation, and personal factors.

Price acceptance is based on the assimilation-contrast theory (Sherif et al, 1958). This theory suggests that a new stimulus encountered by an individual is judged against a background of previous experience in the category. Subsequent stimuli are judged in relation to a reference scale and this provides the basis for comparisons and evaluations. The level of price acceptance can be defined as the maximum price that a buyer is prepared to pay for the product or service (Monroe, 1980).

To what extent does improving customer satisfaction increase customer price acceptance and, consequently, decrease price sensitivity? Marshall (1980) indicates that the excess of price that a customer would be willing to pay, rather than go without having a thing, over what he actually pays is the economic measure of his satisfaction surplus.

Many related empirical studies reported that satisfied consumers demonstrate more loyal behavior (Wong and Zhou, 2006). When consumers perceive that the price of a service or product is reasonable, it is possible for them to display the intention of repeat purchase behavior. On the other hand, if consumers do not feel that their sacrifices are worthwhile, they may not make the purchase again, even when they are satisfied with the product or service (Bei and Chiao, 2001).

Brand satisfaction does positively affect brand loyalty. However, it is important to differentiate between the impact of manifest satisfaction on true brand loyalty and the impact of latent satisfaction on true brand loyalty. The impact of manifest satisfaction on true brand loyalty is larger than the impact of latent satisfaction.

Suprenant (1981) states that consumer satisfaction research has been divided into two main streams; that focusing on the outcomes of the satisfaction/dissatisfaction experience, and that focusing on the determinants of satisfaction. While several models relating to the determinants of satisfaction have been proposed, those most productive of research relate satisfaction to expectations and disconfirmation.

Basic questions remain regarding the relationship of expectation and performance to satisfaction. The independence of expectation and disconfirmation effects remains questionable. Further, the functional relationship of performance minus expectation to satisfaction has not been demonstrated. The most common assumption has been that of a monotonic relationship, i.e. satisfaction increases as the positive difference between performance and expectation increases (Oliver, 1983).

Suprenant (1981) aims to test, experimentally, whether the inverted U function or the monotonic discrepancy function better describes the relationship of satisfaction to disconfirmation. The research addresses four specific questions. First, is satisfaction a function of performance minus expectation and, if so what is the form of the relationship? Second, is the size of the purchase a factor in the relationship? Third, does an "investment in the product and in-home use alter the satisfaction measure? Finally, does the inclusion of disconfirmation improve the explanation of satisfaction?

As a result of Suprenant's (1981) study, it is found that satisfaction was a positive function of the difference between performance and expectation within levels, and an inverted U function was evident only for subjects with high expectations for the video disc. A third finding concerns the influence of product type. ANOVA results do not indicate a significant product main effect when the satisfaction scores are standardized.

In the past, much research has been done on each of the two concepts of brand loyalty and consumer satisfaction separately. However, little attention has been given to the

relationship between the two. Studies on brand loyalty concentrated on the conceptualization and measurement of brand loyalty and the economic and psychological antecedents of brand loyalty. Research on consumer satisfaction focused on the factors that cause satisfaction and dissatisfaction as well as on the ways to express (dis)satisfaction.

Lapre and Tsikriktsis (2006) explored whether customer dissatisfaction follows a learning-curve pattern. Do organizations learn to reduce customer dissatisfaction? Customer dissatisfaction occurs when customers' ex ante expectations about a product or service exceed ex post perceptions about the product or service. Because customers can increase expectations over time, customer dissatisfaction may not decline even when the product or service improves. Authors found that customer dissatisfaction follows a U-shaped operating experience and the organizational learning curves for dissatisfaction are heterogeneous across airlines. However, Lapre and Tsikriktsis (2006) could not find support for their thesis which asserts that focused airlines learn faster to reduce customer dissatisfaction than full service airlines.

## Brand Loyalty

American Marketing Association (A.M.A) has two different definitions for brand loyalty. First one is sales promotion definition, which defines brand loyalty as the situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category. Secondly, according to consumer behavior definition brand loyalty is the degree to which a consumer consistently purchases the same brand within a product class.

Brand loyalty has been proclaimed by some to be the ultimate goal of marketing. Brand loyalty consists of a consumer's commitment to repurchase the brand and can be

demonstrated by repeated buying of a product or service or other positive behaviours (Dick and Basu, 1994).

Marketers have long been interested in the concept of brand loyalty because brand loyalty is a measure of the attachment that a customer has to a brand (Aaker, 1991). Brand loyalty brings firms many benefits, including repeat purchases and recommendations of the brand to friends and relatives.

Palumbo and Herbig (2000) defines brand loyalty as the ability to make a consumer repeatedly seek out and buy one brand over another, even when others offer coupons or lower prices.

Customer satisfaction is a central element in the marketing exchange process, because it undoubtedly contributes to the success of service providers (Darian et al., 2001). Oliver (1997) defines loyalty as a deeply held commitment to repeat purchases of a preferred product or service consistently in the future, despite situational influences and marketing efforts (e.g. pricing policies) having the potential to bring out change. The more consumers fulfill their expectations during the purchase or service use, the higher the probability those consumers will repeat purchase in the same establishment (Wong and Sohal, 2003).

High brand loyalty keeps the consumer more focused on the benefits of the brand and less focused on the price. In contrast, with lower brand loyalty customers are more focused on the price than on a greater price acceptance the benefits provided by the brand. Hence, consumers with higher average brand loyalty are hypothesized to have a greater price acceptance than consumers with lower brand loyalty (Kalyanaram and Little, 1994).

Brand loyalty is a consumer's preference to buy a particular brand in a product category. It occurs because consumers perceive that the brand offers the right product features, images or level of quality at the right place. This perception becomes the foundation for a new buying habit. Basically, consumers initially will make a trial purchase of the brand

and after satisfaction, tend to form habits and continue purchasing the same brand because the product is safe and familiar (Giddens, 2002).

According to Giddens (2002) brand loyalty is important to the bottom line for three main reasons:

- ✓ Higher Sales Volume
- ✓ Premium Pricing Ability
- ✓ Retain Rather than Seek

Over the past decade, researchers have recognized that customer switching behavior can have deleterious effects on the probability and viability of firms in today's marketplace. Statistics reveal that U.S. corporations lose half their customers in five years and that customer disloyalty with these rates stunts corporate performance by 25% to 50% (Reichheld and Teal, 1996). Over time, loyal customers build businesses by buying more, paying premium prices, and providing new referrals through positive word of mouth (Keaveney, 1995).

Ganesh et al. (2000) stated that researchers and practitioners realized that (1) not all customers should be targeted with retention and loyalty efforts and (2) some of the most satisfied and loyal customers might still switch for reasons beyond the control of the firm and at times even beyond the control of the customer, e.g. job relocation. If important attitudinal and behavioral differences can be identified among various customer groups, service providers can efficiently identify and target customers as part of a broader acquisition, value assessment, and retention strategy.

According to the study of Ganesh et al. (2000) at its most fundamental level, a firm's customer base can be consisted of two groups of customers: (1) customers who have switched from other service providers (whom referred as "switchers") and (2) those who have not (the first-time adopters whom referred as "stayers"). The switchers can be further classified into

two types: dissatisfied switchers and satisfied switchers (customers, who switch for reasons other than dissatisfaction).

Ganesh et al. (2000) found out that compared with satisfied switchers and stayers, dissatisfied switchers are more loyal to their current service providers. And compared with stayers, satisfied switchers are less loyal to their current service providers.

Based on the study of Ganesh et al. (2000), Lin et al. (2003) conducted a study for brand switching behavior of Taipei female consumers when purchasing U-V skincare products to further examine whether advertising can influence the three groups in their satisfaction with, loyalty towards and involvement with service providers. That study found out that satisfaction with the services provided by U-V skincare companies and the satisfaction with and loyalty towards these customer's currently used brand differ among the three customer groups and the three customer groups differ significantly in their brand purchasing involvement but do not differ significantly in their responses to advertising.

Nasir and Nasir (2005) conducted a similar study to analyze the role of customer base differences in developing customer relationship management strategies. Turkish Global System for Mobile (GSM) sector was selected as the research area. According to the results of the study the satisfaction determinants of GSM users are categorized under three factors: price, core services and value added services related factors. Each of these may be a source of defection for the GSM consumers; however, price was evaluated as the most important cause of defection. Nasir and Nasir (2005) stated that compared with stayers, switchers are more satisfied with price factor of their current GSM operator. In fact, this is not surprising since switchers have prior experience with other GSM operators, and when switching to a new operator they search and prefer the one which responds to their price expectations.

Research has shown that positive expressive displays such as smiling, displaying friendliness and genuine concern for clients produce positive outcomes such as reported

satisfaction and intention to repurchase (Parasuraman et al., 1985). Gountas et al. (2006) conducted a study to test the airline passengers' responses to flight attendants' expressive displays, results shows that the service provider's expressive display positively influences service satisfaction.

Repeat purchasing may only indicate consumers' temporary acceptance of a brand. Therefore, the concept of brand loyalty was extended to encompass both attitudinal and behavioral loyalty (Jacoby and Kyner, 1973). Behavioral loyalty means that consumers will repeatedly purchase the same brand. Attitudinal loyalty is assumed to be more stable than behavioral loyalty and represents consumers' commitment or preferences when considering unique values associated with a brand (Chauduri and Holbrook, 2001). Oliver (1999) defined brand loyalty as a strong commitment to re-buy a preferred product or re-patronize a service consistently in the future, thereby causing repetitive purchasing of the same brand or same brand set products, despite situational influences. Gounaris and Stathakopoulos (2004) also mentioned that attitudinal loyalty should lead to an increase in behavioural loyalty.

The financial value of a brand is a function of the amount of its future expected return and of the degree of risk on these returns. A brand can only be strong if it has a strong supply of loyal customers. This established fact led to a revolution in the practice of marketing, under the way since early 1980's, the major concern is loyalty. (Kapferer, 2004, p 203)

Kapferer (2004) mentioned about a study which was conducted by the Bain company, that study shows that a household spends 330 € per month in the supermarket to which he/she goes most often, 85 € in the second most frequent and 22 € for the one where he/she only goes occasionally. According to Kapferer (2004), loyal clients not only spend more but their expenditure grows with time, they become less sensitive to price and they are the source of positive word-of-mouth reports concerning their favored supermarket or brand. Moreover, loyal clients are five times less costly to contact than non-clients. Also according to Bain, by

lowering the defection rate of clients by 5 percent, benefits go up 25 to 85% (Kapferer, 2004, p 203). Management consultants explain that companies that improve their customer retention programs by 5 percent can expect to gain a profit rise anywhere between 20 percent and 125 percent (McDonald, 1994). Traditionally, marketing's main goal had been targeted at increasing sales by attracting new customers. The focus of marketing is now being shifted towards a company's existing customer pool. Customer loyalty programs are designed to turn one time buyers into brand loyal customers.

The actions required to keep loyal customers have two aims: the first is defensive, to give the customer no reason for leaving the brand or the company; the other is offensive, to create a personalized relationship with the customer (Cross and Smith, 1994). The main part of the defensive side is the identification of the causes of disloyalty and dissatisfied consumers. Every company seeks to get as many voiced dissatisfactions as possible. The worst thing is a silent dissatisfied consumer who is saying nothing to the company representatives while spreading negative rumours among his relatives, colleagues and friends. When going over to the offensive, a brand must become a landmark of personal attention. Rapp and Collins (1994) talk of becoming a "loving company", interested not in the consumer but in the person. This marks the end of anonymous marketing: attention has to be customized if it is to be efficient. Treating consumers as friends instead of accounts is the basis to a long-lasting relationship (Kapferer, 2004).

According to Kapferer (2004) turning brand equity into customer equity is a crucial process. His concern about managing customer equity is illustrated in Figure 6. According to Kapferer (2004) consumers can be grouped into three for brand loyalty: potential loyals, pseudo loyals, and active and committed loyals. Many consumers hold very favorable attitudes vis-à-vis particular brands. Nevertheless, their loyalty is insufficient to inhibit switching within a repertoire of brands. These customers are potential loyals. To increase the

rate of purchase of a particular brand tailor-made programme must be devised. Secondly, some repeat buyers are actually pseudo loyals: they do not hold strong attitudes regarding the brand. For instance, they buy the brand because of its price or availability. To increase brand preference of pseudo loyals, these buyers require a reinforcement of their choice and an increased perception of the brand's superiority. Finally, active and committed loyals should be induced to try more and more new products, whether line or brand extensions.

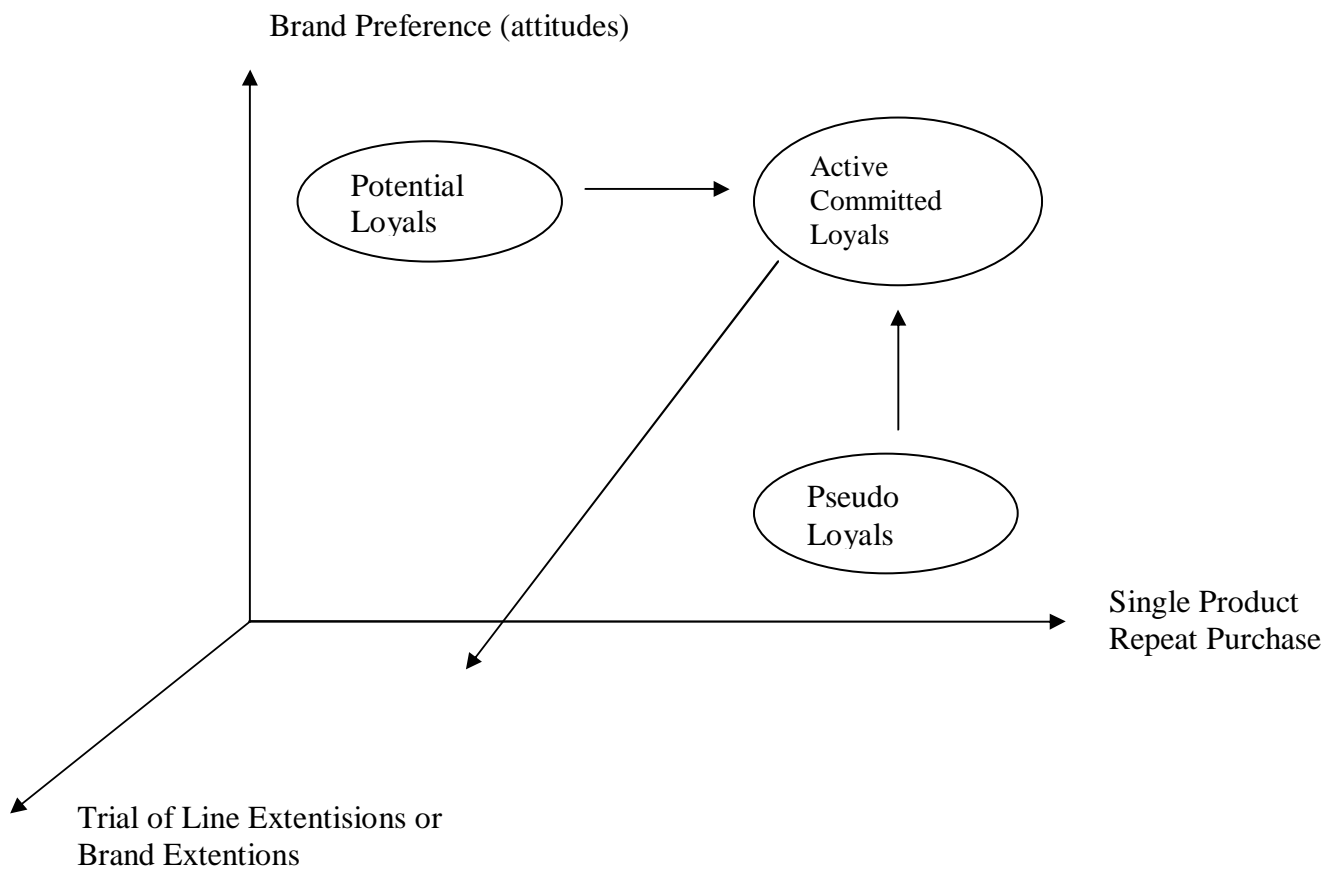


Figure 6: The three facets of brand loyalty

Source: Kapferer, J.L. (2004). *The New Strategic Brand Management*, p 206

Griffin (2003) stated that in a period unprecedented marketing innovation like experienced since mid 90's, it's very tempting to dismiss many of the true principles of loyalty and rely on 'silver bullets'. From loyalty card schemes to elaborate Customer Relationships Management (CRM) software to massive data warehousing, firms have plowed

millions of dollars into such areas to search for the quick fix. Griffin (2003) mentioned about twelve laws of loyalty:

1. Build Staff Loyalty
2. Practice the 80 / 20 Rule
3. Know your loyalty stages and ensure your customers are moving through them
4. Serve first. Sell second
5. Aggressively seek out customer complaints
6. Get and stay responsive
7. Know your customer's definition of value
8. Win back lost customers
9. Use multiple channels to serve the same customers well
10. Give your front line the skills to perform
11. Collaborate with your channel partners
12. Store your data in one centralized database

## CHAPTER 3

### RESEARCH METHODOLOGY

This chapter describes the research details of the survey designed for this study. Important issues such as research hypotheses, preparation of the questionnaire, the method and procedure of data collection, the questionnaire, variables and their measurement constructs will be covered.

Descriptive research study was used in this study. The descriptive research study is typically concerned with determining the frequency with which something occurs or the relationship between two variables. Descriptive research was chosen since the main purposes of this study can be summarized as a) to investigate consumers' brand name and web address recall of airline companies, b) to determine consumers' overall satisfaction level and to examine whether the three groups of customers differ in their overall satisfaction with the service provided by the current airline company, c) to investigate whether the groups differ in their loyalty behavior toward the company, d) to investigate the involvement of consumers in terms of interest during the purchase process and the importance of the service to the individual, e) to investigate online privacy concerns of consumers, f) to determine consumers' satisfaction from online booking services of their primary airline company and g) to make comparisons about online and traditional booking systems. Descriptive research has two different methodologies: cross-sectional study and longitudinal analysis. Cross-sectional study was used in this study. Which typically involves a sample of elements from the population of interest and various characteristics of the elements or sample members are measured once.

## Research Hypotheses

H<sub>1</sub>: There is a significant difference between the overall satisfaction levels of three groups of consumers (stayers, satisfied switchers and dissatisfied switchers).

H<sub>2</sub>: All else being equal, compared to satisfied switchers and stayers, dissatisfied switchers are more satisfied with their current airline company.

H<sub>3</sub>: Compared with stayers, satisfied switchers are less satisfied with their current airline company.

H<sub>4</sub>: There is a significant difference among three groups of consumers in terms of their satisfaction with both “core features and services” and “price and timeliness” factors.

H<sub>5</sub>: Compared with both satisfied and dissatisfied switchers, stayers are more satisfied with “core features and services” of their current airline company.

H<sub>6</sub>: There is a significant difference among three groups of consumers about their purchase and ego involvement with the airline company.

H<sub>7</sub>: Compared with satisfied switchers, dissatisfied switchers exhibit higher level of purchase involvement.

H<sub>8</sub>: Compared with stayers, both dissatisfied and satisfied switchers exhibit lower levels of ego involvement.

H<sub>9</sub>: Compared with satisfied switchers, dissatisfied switchers exhibit higher levels of ego involvement.

H<sub>10</sub>: There is a significant difference between three groups of consumers with their both active and passive loyalty behavior toward the airline company.

H<sub>11</sub>: Compared with satisfied switchers and stayers, dissatisfied switchers are more loyal to their current airline company (in terms of both active and passive loyalty).

H<sub>12</sub>: Compared with stayers, satisfied switchers are less loyal to their primary airline company (in terms of both active and passive loyalty).

H<sub>13</sub>: There is a significant difference between three groups of consumers in terms of their attitude toward loyalty programs of airline companies.

H<sub>14</sub>: Compared with satisfied and dissatisfied switchers, stayers give more importance to loyalty programs of airline companies.

H<sub>15</sub>: There is a significant difference between three groups of consumers in terms of their switching behavior if there is not any available flight to a certain destination at their current airline company.

H<sub>16</sub>: Compared with satisfied and dissatisfied switchers, stayers will be more uncomfortable if they had to choose another airline company due to unavailability of a flight to a certain destination.

H<sub>17</sub>: There is a significant difference between three groups of consumers in terms of their switching behavior if they fly more often.

H<sub>18</sub>: Compared with satisfied and dissatisfied switchers, stayers will be more willing to fly with their primary airline company instead of trying all different airlines if they fly more often.

H<sub>19</sub>: Compared with satisfied and dissatisfied switchers, the costs in time, money and effort for switching to another airline is higher for stayers.

H<sub>20</sub>: Consumers tend to buy the most economic tickets with decreasing annual income level.

H<sub>21</sub>: Compared to males, females give more importance to country of origin of the airline company for international flights.

H<sub>22</sub>: Compared to males, females give more importance to negative reputation about the flight risk of the airline company.

H<sub>23</sub>: There is a correlation between overall satisfaction level of consumers and the level of importance consumers give to negative reputation about flight risk of an airline company.

H<sub>24</sub>: There is a correlation between overall satisfaction level of consumers and the willingness to recommend their current airline company to their friends and families.

H<sub>25</sub>: There is a correlation between overall satisfaction level of customers and intention to fly more frequently and to a variety of destinations with their primary airline company.

H<sub>26</sub>: There is a correlation between overall satisfaction level of consumers and the probability of staying with their current airline company if their current airline company were to raise its ticket prices.

H<sub>27</sub>: There is a correlation between overall satisfaction level of consumers and the thought of seeing themselves as frequent and regular customers of their current airline companies.

H<sub>28</sub>: There is a correlation between the online reservation service satisfaction and the importance of functionality, design, ease of usage and ease of download features of an airline company website.

H<sub>29</sub>: There is a correlation between consumers' satisfaction from online reservation service and the importance they give if they receive e-mail from an airline after visiting its webpage.

H<sub>30</sub>: There is a correlation between consumers' satisfaction from online reservation service and the importance they give if they are asked to provide their name to access an airline homepage.

H<sub>31</sub>: There is a correlation between consumers' satisfaction from online reservation service and the importance they give if they see a notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.

H<sub>32</sub>: There is correlation between consumers' satisfaction from online reservation service and the importance they give if the airline company website is asking for user e-mail address for access, after registration users will get a chance to win a round ticket.

H<sub>33</sub>: Customers, who care the negative reputation about flight risk of an airline company, give more importance to the country of origin of the airline company for international flights.

H<sub>34</sub>: Customers, who care the negative reputation about flight risk of an airline company, can quickly remember some characteristics of their current airline companies.

H<sub>35</sub>: Customers, who care the negative reputation about flight risk of an airline company, can quickly recall the symbol or logo of their current airline company.

H<sub>36</sub>: Customers, who care the negative reputation about flight risk of an airline company, think the brand image of the airline company played a major role in his/her decision.

H<sub>37</sub>: Customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, give more importance to country of origin of the airline company for international flights.

H<sub>38</sub>: Customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, can quickly remember some characteristics of their current airline company.

H<sub>39</sub>: Customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, can quickly recall the symbol or logo of their current airline company.

H<sub>40</sub>: Consumers, who stated that the costs in time, money and effort to switch to another airline company are high for them, would probably like to stay with their current airline instead of trying all different airlines if they fly a lot.

H<sub>41</sub>: Consumers, who stated that the costs in time, money and effort to switch to another airline company are high for them, would be more uncomfortable if they had to choose another airline company due to unavailability of a flight to a certain destination.

## Preparation of the Questionnaire

The main goal of the survey designed for this study is to gather airline passengers' perceptions and purchase habits concerning several factors, mainly brand awareness, involvement, satisfaction and loyalty as well as getting demographic information.

In literature Ganesh et al. (2000) and Lin et al. (2003) made studies about brand switching behaviors of customers in banking and skincare product sectors, but there was not a study like this one to investigate the brand switching behaviors of airline passengers.

The questionnaire was composed of the following parts:

- ✓ Passengers' Travelling Information Related Questions
- ✓ Demographic Questions
- ✓ Involvement Scale Questions
- ✓ Satisfaction Scale Questions
- ✓ Loyalty Scale Questions
- ✓ Brand Reputation Questions
- ✓ Customer Base Questions
- ✓ Website Recall Questions
- ✓ Online Privacy Questions
- ✓ Online Booking versus Traditional Booking Questions
- ✓ Other Related Questions

Scale questions were developed by the help of previous study of Ganesh et al. (2000). In addition all the related scales were adopted from Marketing Scales Hand Book of Bruner et al. (2005).

## The Method and Procedure of Data Collection

The data collection method used for this study is a “disclosed and structured questionnaire”. By disclosed we mean that the subject and the purpose of the research have been stated at the introductory note displayed at the beginning of the questionnaire and also in the invitation mail. Moreover, it was a structured questionnaire because a standard survey was applied to all respondents.

The data for this research was collected through an online survey, which was constructed according to the research objectives and hypotheses of the study. The questionnaire link was sent to 27 different randomly chosen e-groups and to a customer database with 10,000 members that was taken from a consultancy firm. By this way, the survey reached approximately to 20,000 people. The questionnaire displayed online for four weeks and records saved. Miller (2001) argues that targeted respondents may try to access an online survey more than once or give access instructions to family member, friends, or colleagues. However in order to prevent this pitfall, the respondents with the same IP address were not included to the study. A total of 785 consumers fulfilled the survey, but of this the valid number of responses was 732. So the response rate of the study can be calculated as  $732 / 20,000 = 0.0366$ , which means 3.66%.

## Variables and Their Measurement Constructs

The first part of the questionnaire includes four questions about passengers travelling information:

- ✓ flight frequency
- ✓ flight recency
- ✓ number of flights in last two years
- ✓ furthest destination in last two years

The second part includes three main questions. First one is an un-aided recall question, which aims to get the first three domestic airline companies that come into mind. This question has three text boxes in which respondents can write down their answers. The last two questions are different from the first one in this manner that they have a combo box listing the names of domestic airline companies. Second one was asking respondents to make a selection from the list for their favourite domestic airline company that they often choose to fly, while the third question was asking respondents to make a selection for their favourite airline company for domestic flights.

The third part of the questionnaire includes two main questions for understanding the customer base of the respondents. First question was asking whether they are flying with their primary airline company recently, respondents who answered “yes” were counted as “stayers” and respondents who answered “no” were counted as “switchers”. Second question was aiming to divide switchers into two different groups. When a respondent clicked “no” in the previous question a new question appears and asks the respondents why they switched to another airline company. Respondents who stated that they switched because of overall dissatisfaction are called “dissatisfied switchers”, and respondents who stated that they switched because of reasons other than dissatisfaction are called “satisfied switchers”. Here, it

should be noted that unavailability of a flight for a certain distance was not included as a reason.

The fourth part of the questionnaire includes six questions to get involvement information of respondents. The seven questions of involvement are as follows:

1. I carefully compared several airlines on distinct attributes before choosing one of them to fly with.
2. I am usually well-informed about what is a reasonable price for a specific destination.
3. It is important for me to get the approval of my family and friends regarding to my airline company choice.
4. The brand image of the airline company played a major role in my decision to become a customer of the airline company.
5. The airline company that I fly with says a lot about who I am.
6. After deciding on my current airline company, I have weighted the pros and cons of my choice.

Four point Likert Scale was used for involvement scale questions ( (1) Strongly Disagree to (4) Strongly Agree ).

Fifth part of the questionnaire includes six questions related to loyalty behavior of respondents. These questions are stated as follows:

1. I do not foresee myself switching to another airline company, even if my friends recommend another airline company.
2. If my current airline company were to raise its ticket prices, I would still continue to be its customer.
3. I would highly recommend my current airline company to my friends and family.
4. In the near future, I intend to fly more frequently and to a variety of destinations with this airline company.

5. I see myself as a frequent and regular customer of this airline company.
6. If a competing airline company were to offer a promotional deal or discount, I would switch.

Four point Likert Scale was used for loyalty scale questions ( (1) Strongly Disagree to (4) Strongly Agree ).

In the sixth part of the questionnaire, there are seven questions about satisfaction scale. These seven questions are displayed below:

Please state your degree of satisfaction for the following items (For your current airline company).

1. Service quality during flight
2. Ticket price
3. Comfort of Seats
4. On time Flights
5. Destination Variety
6. Organized Flight Personnel
7. Number of agents in the city

Again four point Likert Scale was used for satisfaction related questions ((1) Very Dissatisfied to (4) Very Satisfied). In addition, in order to measure the overall satisfaction level of consumers, the following questions were asked:

1. Overall, I am satisfied with my primary airline company.
2. After trying a new airline company last time, my choice turned out better than I expected.
3. I won't fly with the last airline company I flew again.
4. As a regular customer, I have a high quality relationship with my current airline company.

5. Please state your degree of satisfaction for the following items (For your current airline company).

- a) Complaint Management
- b) Entertainment Options
- c) Loyalty Programs

The first four questions had a four point Likert Scale for getting respondents agreement levels ((1): Strongly Disagree to (4): Strongly Agree). The fifth question had a four point Likert Scale as well ((1): Very Dissatisfied to (4): Very Satisfied).

The next part of the questionnaire was about customer attitudes and behaviors towards online services of airline companies. There are five questions in this part as follows:

1. Please indicate the first 3 airline company web sites that come into your mind. (Whether you fly with it or not).
2. Functionality, design, ease of usage and ease of download features of an airline company website are important for me to use that website.
3. Please state how you will react for your security in following situations:
  - a. You receive e-mail from an airline whose webpage you recently visited.
  - b. You are asked to provide your name to access homepage of the airline company that you currently use.
  - c. A notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.
  - d. Website is requesting your e-mail address, after registering you will get a chance to win a round-ticket.
4. Please benchmark online booking with traditional booking for the following items:
  - a. Total booking time is shorter compared to traditional booking.
  - b. It is more convenient to do online booking.

- c. There are more payment options in online booking than traditional booking.
5. Please state your degree of satisfaction for the online booking service of your primary airline company.

First question of this part is an un-aided recall question which has three text boxes under it to get respondents answers. A Four point Likert Scale was used for the next four questions where ((1): Strongly Disagree to (4): Strongly Agree) for second and fourth questions, ((1): Really Don't Care to (4): Really Care) for third question and ((1): Very Dissatisfied to (4): Very Satisfied) for the fifth question.

The next part of the questionnaire includes 11 questions. The questions of seventh part are stated as follows:

1. Some characteristics of my current airline company come to my mind quickly.
2. I can quickly recall the symbol or logo of my current airline company.
3. If there is not any available flight to my destination at my current airline company, it would make little difference to me if I had to choose another airline.
4. If I did a lot of flying, I would probably like to try all the different airlines, instead of flying just one most of the time.
5. I usually buy the most economic tickets
6. For me, the costs in time, money and effort to switch to another airline company are high.
7. My current airline company treats me like just a customer rather than as a person with specific needs and desires.
8. I am uncomfortable giving my credit card number on the web so I purchase my tickets from agents.
9. I give importance to the country of origin of the airline company that I intend to use.
10. I care the negative reputation about flight risk of an airline company.
11. Please rank the following items for the importance you give.

- a. Comfort
- b. Ticket Price
- c. Flight Security

For the first 10 questions a four point Likert Scale was used ((1): Strongly Disagree to (4): Strongly Agree). For the last question respondent rank the three choices according how importance they give.

At the end of the questionnaire demographic profile information of respondents was gathered: gender, age, occupation, position at work and annual income.

And the final question of the survey was asking the respondent what is the percentage of online booking in their overall bookings.

## CHAPTER 4 ANALYSES AND FINDINGS

Throughout this chapter, the analyses results of the study will be mentioned starting from descriptive analyses, followed by scale reliabilities, factor analyses, correlation analyses and finally ANOVA analyses to test the research hypotheses.

### Descriptive Analyses

The descriptive analysis is typically concerned with determining the frequency with which something occurs or the relationship between variables. Descriptive analyses have been performed to investigate the consumer behavior toward airline companies with respect to age, sex, occupation and annual income characteristics of the respondents.

### Demographic Profile

The descriptive analyses that have been performed for the demographic profile of the respondents include gender, age, occupation, position at work and annual income frequencies of the respondents.

#### Age, Gender and Annual Income

The questionnaire was full filled by 785 individuals and 732 of these were considered as valid and usable. From 732 valid forms 689 people answered the question about their gender and 43 people omitted this question, the demographic profile of respondents is illustrated in Table 5 below:

Table 5: The Demographic Profile of Respondents

Age	18-25	26-35	36-45	46-55	56-65	>66		
	17%	39%	24%	15%	4.5%	0.5%		
Gender	Female	Male						
	39%	61%						
Annual Income (1\$ = 1.30 YTL)	< 9,000 YTL	9,001-14,999 YTL	15,000-23,999 YTL	24,000-35,999 YTL	36,000-47,999 YTL	48,000-59,999 YTL	60,000-99,999 YTL	> 100,000 YTL
	12%	14%	15%	11.5%	11%	9%	12%	15.5%

There's an uneven distribution of females and males; 39% of the respondents were female whereas 61% were male. But this result can be attributable to the fact that the majority of Internet users in Turkey are also male.

Age profile of the respondents was investigated under seven different age groups:

- ✓ <18
- ✓ 18-25
- ✓ 26-35
- ✓ 36-45
- ✓ 46-55
- ✓ 56-65
- ✓ >65

and 699 people made a selection about their age in the questionnaire form, 33 participants left this question check box unchecked.

The table statistics show that none of the respondents were aged below 18 and approximately 80% of the respondents were aged below 45. And only 5% of the participants were 55 or above. Participants who are aged between 26 and 35 formed the biggest group with a share of 39%. 36-45 age group followed the first one with a share of 24%.

Since the Internet usage is decreasing as the age increases the age distribution of respondents is normal, which is also nearly parallel to world internet usage by age statistics.

Annual income information was another question about demographic profile of the respondents. Annual income was investigated in 10 different income groups in the design of the question. Total valid participation to this question was 668 respondents and the distribution table was formed with these data, while 64 records were not included in analyses.

The end points: annual income less than 9,000 YTL and annual income more than 100,000 YTL has 11.7% and 15.6% share respectively. 104 participants stated their annual income more than 100,000 YTL and they created the biggest group of annual income distribution. Recalling the results of job position answers mentioned before that nearly 18% of respondents were top level managers who formed the biggest group for job position distribution; this result in annual income level is not surprising. According to the results nearly every six participants from ten has an annual income more than 24,000 YTL which is equal to 2,000 YTL per month.

### Occupation

After getting age, gender and annual income information of the respondents, they were asked to provide their occupation information. 28 respondents didn't make a selection or omit this question so the valid record count for occupation information was evaluated on 704 respondents. The distribution of 704 respondents answers were summarized in Table 6:

Table 6: Occupation Distribution of Respondents

	Frequency	Percent (%)
Engineering	110	15.6
Other	76	10.8
Information Technologies	75	10.7
Banking / Finance	69	9.8
Academician	49	7.0
Marketing	47	6.7
Consultancy	29	4.1
Human Resources	29	4.1
Import / Export	25	3.6
Media	19	2.7
Automobile	18	2.6
Tourism	17	2.4
Accounting	16	2.3
Telecommunication	15	2.1
Education	13	1.8
Audit	12	1.7
Food	9	1.3
Public Relations	9	1.3
Production	9	1.2
Marine	7	1.0
Construction	7	1.0
Electric / Electronic	6	0.9
Medicine	6	0.9
Cosmetic	6	0.9
Law	5	0.7
Business Development	5	0.7
Energy	3	0.4
Real Estate	3	0.4
Textile	3	0.4
Security	2	0.3
Consumer Goods	2	0.3
Quality	2	0.3
R&D	1	0.1
Total	704	100.0

According to the occupation distribution table, 110 participants gave their profession as engineer with a percentage of 15.6. Information technologies staff followed engineers with 75 participants and a share of 10.7%, the third biggest group was banking/finance employees with a share of 9.8% and academicians followed this group with a share of 7.0%. These four

groups had a total share of 43.1% and the resulting 56.9% was distributed to 28 different groups with a share ranging from 0.1% to 6.7%.

Since the questionnaire was handled online, the advantage of online survey was used and many different occupation alternatives were included in the combo box selection screen. Some respondents contacted us after filling the questionnaire stating that they couldn't find their occupation in the list and they were oriented to choose the "other" selection as their profession. A total of 76 respondents gave their profession as other.

Position at Job

After getting the occupation data of respondents they were asked to provide their position at their jobs. Little less from occupation results five more respondents omitted this question and 699 respondents made a selection about their position at their jobs. The distribution of job positions is displayed in Table 7 below:

Table 7: Job Position of Respondents

	Frequency	Percent (%)
Top Level Manager	125	17.9
Other	102	14.6
Expert	101	14.4
Mid Level Manager	85	12.2
Director	81	11.6
Business Owner	75	10.7
Engineer	49	7.0
Manager	22	3.1
Officer	20	2.9
Expert Asst	19	2.7
Business Analyst	11	1.6
Team Leader	6	0.9
Technician	3	0.4
Total	699	100.0

According to the design of the question there are 13 different choices and all these groups got records ranging from 3 to 125. The smallest group with 3 respondents was formed by technicians; they had a total share of 0.4%. The most crowded group was formed by top level manager respondents who were counted as 125 and with a share of 17.9%. This was not surprising since the e-mail database used to send the questionnaire link was including nearly all executive level managers of Turkish firms. Experts followed top level managers with a share of 14.4% and Mid Level Managers got a share of 12.2% of all respondents. 81 respondents were directors where 75 respondents were business owners; these two groups had 11.6% and 10.7% shares respectively.

### Airline Industry Descriptives

#### Flight Frequency

Respondents were asked to provide how often they use air travel. Due to the question design respondents made a selection from six different frequency groups. Only three respondents omitted this question and there were 729 valid records for evaluation. Table 8 represents the flight frequency of the respondents as follows:

Table 8: Flight Frequency of Respondents

Flight Frequency	Frequency	Percent (%)
Once A Quarter	281	38.5
Once A Year	202	27.7
Once A Month	170	23.3
Once A Week	45	6.2
Never Flew	16	2.2
More Than Once A Week	15	2.1
Total	729	100

The results show that approximately 98% of all respondents fly at least once a year, while 16 respondents stated that they had never flown. Respondents who stated that they fly

once every quarter created the biggest group with 38.5% (281). This was followed by once a year 27.7% (202) and once a month 23.3% (170). Respondents who fly once a week created a group with 6.2% (45) and the smallest group was consisted of respondents who fly more than once a week with 2.1% (15).

Flight Recency

After getting the flight frequency information respondents were asked to provide their last time flight information to see their flight recency. 714 people answered this question and 18 respondents didn't make a selection among six different choices. Table 9 displays the last time flight of respondents:

Table 9: Flight Recency of Respondents

Flight Recency	Frequency	Percent (%)
1 Week - 1 Month	208	29.1
1 - 3 Months	158	22.1
< 1 Week	151	21.1
6 Months - 1 Year	86	12.0
3 - 6 Months	71	9.9
> 1 Year	40	5.6
Total	714	100.0

Results show that approximately 50% of all respondents used air travel in last one month period whereas this percentage increases to 72.4% when the time period was enlarged to last three months. Respondents, who stated that, their last time flight was more than one year ago, created the smallest group with 5.6% (40). Respondents who answered their last time flight was in one week - one month interval created the biggest group with 29.1% (208). This was followed by one - three months and less than one week groups with respective percents of 22.1 (158) and 21.1 (151). Respondents who stated that their last time flight was

between three to six months ago got a share of 9.9 whereas respondents who stated that their last time flight was between six months to one year ago got a share of 12.0.

Online Reservation

Respondents were asked to provide the percentage of their online reservations to their total reservations. 690 respondents out of 732 gave concrete and valid answers. The results are summarized in Table 10:

Table 10: Online Reservation Percentage of Respondents

Percentage	Frequency	Percent
%0	64	9.3
%10	72	10.4
%20	45	6.5
%30	44	6.4
%40	29	4.2
%50	71	10.3
%60	25	3.6
%70	47	6.8
%80	75	10.9
%90	127	18.4
%100	91	13.2
Total	690	100.0

Respondents who stated that they don't use online reservation had a count of 64 and they shaped a group with 9.3% share. On the other hand 91 respondents stated that they made all of their reservations online, this group had a share of 13.2%.

The biggest group was formed with respondents who stated that online reservation takes 90% of all their reservations. Respondents who stated that online reservation to overall reservations is over than 70% formed a combination of four groups with a total share of 42.5%.

### Airline Company (Un-Aided Recall)

Respondents were asked to state first three domestic airline companies whether they fly or not, three text boxes were used to get external data from respondents and no airline company name was showed, un-aided recall method was used.

Only four respondents didn't give concrete answers to the first domestic airline company that come into mind text box so the first domestic airline company that come into mind evaluation was handled with 728 valid records and the results are summarized in Table 11 below:

Table 11: First Domestic Airline Company That Come Into Mind

First Airline Company	Frequency	Percent
Atlas Jet	30	4.1
Best Air	1	0.1
British Airways	1	0.1
Cyprus Turkish Airlines	2	0.3
Flyair	1	0.1
Izair	5	0.7
Lufthansa	7	1.0
MNG	1	0.1
Onur Air	11	1.5
Pegasus	29	4.0
Singapore Airlines	1	0.1
Turkish Airlines	639	87.8
Total	728	100.0

The first and biggest airline company of Turkey, Turkish Airlines was stated as first by 639 respondents out of 728 with a share of 87.8%. This was not a surprising result for Turkish air travel sector. Atlas Jet was stated as first by 30 people with a share of 4.1% and Pegasus was stated first by 29 people with a share of 4.0%. These three airline companies got a total share of 95.9% and the remaining 4.1 percent was shared by nine different airline companies. Of which Onur Air got a share of 1.5% and Lufthansa got a share of 1.0%. The question was 'please state the first domestic airline company that come into your mind'; however seven

respondents stated Lufthansa as the first airline company that come into their mind.

Respondents stated 12 different airline company names as the first airline company that come into their mind, of which eight were national airline companies and three were international companies.

The results about the second airline company that come into mind were summarized in Table 12. After omitting the missing and invalid answers 716 valid records were taken into account and the table was shaped as below:

Table 12: Second Domestic Airline Company That Come Into Mind

Second Airline Company	Frequency	Percent (%)
Air France	3	0.4
Alitalia	1	0.1
American Airlines	2	0.3
Atlas Jet	197	27.5
Austrian Airlines	1	0.1
Bestair	2	0.3
British Airways	6	0.8
Cyprus Turkish Airlines	3	0.4
Delta Air Lines	2	0.3
Easy Jet	2	0.3
Emirates	5	0.7
Ets	1	0.1
Fly Air	5	0.7
Germanwings	1	0.1
Izair	7	1
KLM	5	0.7
Lufthansa	27	3.8
Olimpic Airlines	1	0.1
Onur Air	146	20.4
Pegasus	242	33.8
Singapore Airlines	2	0.3
Sun Express	7	1
Turkish Airlines	48	6.7
Total	716	100

Pegasus was stated as the second domestic airline company that come into mind by 242 respondents with a share of 33.8%, and Atlas Jet followed Pegasus with 197 respondents giving Atlas Jet name with a share of 27.4%. Onur Air was stated as the second domestic airline company by 146 respondents holding a share of 20.3%. Turkish Airlines got a share of 6.7% with 48 respondents giving Turkish Airlines name. The respondents were asked to state the first three domestic airline companies that come into their mind; but 27 respondents gave Lufthansa name as the second airline company with a share of 3.8% and domestic airline companies Sun Express, Izair, Fly Air and Cyprus Turkish Airlines got shares of 1.0%, 1.0%, 0.7% and 0.4% respectively.

#### Airline Company (Aided Recall)

Different from un-aided recall respondents made selections for their favourite domestic airline company that they often choose to fly with and favourite airline company in domestic flights.

Both questions have the same airline company names stated as below:

- ✓ Atlas Jet
- ✓ Bonair
- ✓ Corendon
- ✓ Fly Air
- ✓ Freebird Airlines
- ✓ Cyprus Turkish Airlines
- ✓ Onur Air
- ✓ Pegasus Airlines
- ✓ Sun Express
- ✓ Turkish Airlines

From the overall 732 respondents 45 people didn't reply or choose any of the airline companies as their favourite domestic airline company. So the participation for this question was 687 valid records, the results are summarized in Table 13 below:

Table 13: Favourite Domestic Airline Company Often Chosen To Fly

Airline Company	Frequency	Percent
Atlas Jet	66	9.6
Bonair	2	0.3
Cyprus Turkish Airlines	4	0.6
Onur Air	29	4.2
Pegasus Airlines	82	11.9
Sun Express	6	0.9
Turkish Airlines	498	72.5
Total	687	100.0

The results are really interesting since the share of Turkish Airlines decreased to 72.5% in aided recall from 87.8% of un-aided recall. 82 respondents chose Pegasus as their favourite domestic airline company that they often choose to fly with a share of 11.9%, whereas respondents who wrote Pegasus as the first domestic airline company that come into mind were 29. Atlas Jet comes after Pegasus with 66 respondents chose Atlas Jet with a share of 9.6%, also only 30 people wrote Atlas Jet name in un-aided recall question. Onur Air was chosen by 29 respondents and it shaped the fourth biggest group. Bonair, Cyprus Turkish Airlines and Sun Express were chosen by 2, 4 and 6 respondents respectively.

None of the respondents chose Corendon, Fly Air and Freebird Airlines.

On the other hand when the question was selecting the favourite airline company in domestic flights, 684 respondents made a selection from the list and Table 14 displays the distribution of their choices:

Table 14: Favourite Airline Company for Domestic Flights

Airline Company	Frequency	Percent
Atlas Jet	82	12.0
Corendon	1	0.1
Cyprus Turkish Airlines	2	0.3
Fly Air	2	0.3
Onur Air	26	3.8
Pegasus Airlines	105	15.4
Sun Express	5	0.7
Turkish Airlines	461	67.4
Total	684	100.0

Table 14 differs from Table 13 in some instances: Table 14 doesn't contain Bonair while Table 13 doesn't contain Corendon and Fly Air. The share of Turkish Airlines decreased more for the selection of favourite airline company for domestic flights to 67.4% (461). While Atlas Jet got the second rank in the first airline company that come into mind whereas Pegasus was third, in aided recall questions Pegasus passed Atlas Jet. Here Pegasus got 15.4% share with 105 respondents stated that their favourite airline company for domestic flights in Pegasus which is nearly four times when it was asked to state the first domestic airline company that come into mind results. Passengers' choice about Pegasus in domestic flights can be interpreted with price sensitivity which will be explored later in this study. The decrease in Turkish Airlines share can be explained with the same reason.

Atlas Jet was stated as the favourite airline company for domestic flights by 82 respondents shaping a group with 12.0% share. Onur Air followed Atlas Jet with 3.8% (26) share. Corendon, Fly Air, Cyprus Turkish Airlines and Sun Express were mentioned as the favourite airline company for domestic flights by 1, 2, 2 and 5 respondents respectively.

## Importance Ranking

Respondent were asked to make a ranking about the importance of below factors for them:

- ✓ Comfort
- ✓ Ticket Prices
- ✓ Flight Security

According to the question design it was not possible to choose the same ranking for different factors at the same time, i.e. there can not be any respondents who chose comfort and ticket prices as number one important. Also system was filling the third choice automatically after respondents made the first two selections, for example a respondent chose flight security as first important (1) and then ticket prices as second important (2) system made the third selection automatically by putting the third (3) sign to comfort.

The valid records for comfort were 676 records and the distribution of important ranking choices is summarized in Table 15:

Table 15: Importance Ranking Distribution Table

Importance Level	Attribute						Total N
	Comfort		Ticket Price		Flight Security		
	Frequency	%	Frequency	%	Frequency	%	
1	77	11	189	27	444	62	710
2	401	59	179	26	98	15	678
3	198	29	314	46	166	25	678

The table results show that 77 respondents stated that comfort is their number one important factor while choosing the airline company. Respondents who put comfort in second place were counted as 401 individuals with a share of 59%, whereas 198 respondents stated that comfort is the last important factor among these three.

Six more respondents clicked Ticket Prices check box and the valid participation for Ticket Prices was 682 respondents. According to the table statistics 46% of all respondents stated that ticket price is the third and last important factor among the three while making purchase decision. Respondents put ticket price in the first place was counted as 189 and 179 respondents stated ticket price as the second important factor in decision making.

Flight security got more records from overall 732 respondents, that 708 respondents clicked one of the flight security check boxes (1, 2, and 3).

Respondents who stated flight security is the number one important factor for them when making purchase decision were counted as 444 with a share of 62%. Respondents who put flight security in second important place had a share of 15% with 98 records while respondents who stated flight security is the third and last important factor for them in decision making had a share of 25% with 166 records.

### Customer Base

Ganesh et al. (2000) stated that at its most fundamental level, a firm's customer base can be thought to comprise two groups of customers: (1) customers who have switched from other service providers (whom referred as "switchers") and (2) those who have not (the first time adopters whom referred as "stayers"). The switchers can be further classified into two types: dissatisfied switchers and satisfied switchers (customers who switch for reasons other than dissatisfaction, e.g., job related relocation).

In this study two questions were asked to respondents to classify them into these three groups. First question was "Is your current airline your first airline company?", if the respondent gave "Yes" answer to this question he/she was thought as "stayer", if the

respondent’s answer was “No” a new question appeared in the questionnaire form asking “Why did you switch to another airline company?”. This new question had two choices:

- ✓ Because of overall dissatisfaction.
- ✓ Reasons other than dissatisfaction. (Here, it should be noted that unavailability of a flight to a certain distance was not included as a reason)

Respondents who chose the first option were thought as “dissatisfied switchers”, and respondents who stated they switched because of reasons other than dissatisfaction were thought as “satisfied switchers”.

From the overall 732 participants, 702 of them gave proper answers to these questions and the customer base of the study was evaluated on these records. The distribution of stayers, satisfied switchers and dissatisfied switchers is summarized in Table 16:

Table 16: Distribution of Customer Base

Customer Base	Frequency	Percent
Stayers	432	61.5
Satisfied Switchers	224	31.9
Dissatisfied Switchers	46	6.6
Total	702	100.0

Table statistics show that 61.5% (432) of overall respondents were stayers who haven’t switch to another airline company yet. The remaining 270 respondents were switchers, of which 224 were classified as satisfied switchers and 46 of them were classified as dissatisfied switchers.

#### Customer Attitudes and Behavior Towards Online Services of Airline Companies

This part of the study includes five different topics, first one was an un-aided recall for airline web address, second one was searching the agreement level of customers about website features and their decision to use that website, third one was investigating how the

respondents will behave to online privacy concerned cases, in the fourth topic respondents were asked to compare online and traditional booking and finally respondents were asked that how much they are satisfied with online booking service of their primary airline company.

#### Airline Company Website Recall

After getting the first three domestic airline company that come into mind information, respondents were asked to state the first domestic airline company website that come into mind. After omitting the missing and invalid records 611 respondents' answers were accepted as valid and taken into account. The results are summarized in Table 17 below:

Table 17: First Domestic Airline Company Website That Come Into Mind

Airline Company Website	Frequency	Percent
www.alitalia.com	1	0.2
www.atlasjet.com	21	3.4
www.easyjet.co.uk	1	0.2
www.flybestair.com	1	0.2
www.flypgs.com	44	7.2
www.germanwings.com	1	0.2
www.izair.com.tr	3	0.5
www.klm.com	1	0.2
www.kthy.com.tr	1	0.2
www.lufthansa.com	4	0.7
www.onurair.com	15	2.5
www.sunexpress.com	1	0.2
www.thy.com	517	84.6
Total	611	100.0

The results are nearly same as the results of the first domestic airline company that come into mind question. The differences are Fly Air, MNG and Singapore Airlines websites were not stated here, while Sun Express, Alitalia, KLM and Germanwings websites were stated.

Turkish Airlines website was given by 517 respondents with a share of 84.6% which approximately 3% less than its brand name question results. Pegasus website was stated by 44 respondents with a share of 7.2%. Recalling that Pegasus was given as the first domestic

airline company that come into mind by 29 people with share of 4.0, this can be interpreted as that Pegasus has a successful website which helps brand awareness.

Airline Company Website Features

Respondents were asked to state their agreement about the following statement:

“Functionality, design, ease of usage and ease of download features of an airline company web site are important for me to use that web site”. The results are summarized in

Table 18:

Table 18: Airline Company Website Features Agreement

Agreement	Frequency	Percent
Agree	312	45.7
Strongly Agree	249	36.5
Disagree	93	13.6
Strongly Disagree	29	4.2
Total	683	100.0

Table results show that 82.2% of all respondents stated that functionality, design, ease of usage and ease of download features of an airline company website are important for them to use that website, while the remaining 17.8% stated that they disagree with the statement.

Online Privacy Concerns

Respondents were asked to state their level of concern about their own privacy for each of the following cases:

- ✓ You receive an e-mail from an airline whose webpage you recently visited.
- ✓ You are asked to provide your name to access homepage of the airline company

that you currently use.

✓ A notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.

✓ The airline company website is asking for your e-mail address for access, after registration you will get a chance to win a round ticket.

The results are summarized in Table 19:

Table 19: Online Privacy Concerns of Consumers

Online Privacy Cases	Really Don't Care		Don't Care		Care		Really Care	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
You receive an e-mail from an airline whose webpage you recently visited.	31	4.7	145	22.1	410	62.6	69	10.5
You are asked to provide your name to access homepage of the airline company that you currently use.	37	5.7	198	30.3	329	50.4	89	13.6
A notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.	24	3.7	57	8.8	215	33.2	351	54.3
The airline company website is asking for your e-mail address for access, after registration you will get a chance to win a round ticket.	33	5.1	122	18.7	309	47.5	187	28.7

Table results show that consumers really care about their online privacy when they are surfing on or using an airline website. All four situations got their highest participation in either care or really care options. The results also tell that the most important privacy concern is sharing user info with third parties.

### Online Booking vs. Traditional Booking

Respondents were asked to compare online and traditional booking systems with respect to total booking time, convenience and payment options. The results are summarized in Table 20:

Table 20: Online Booking versus Traditional Booking

Measure	Strongly Disagree		Disagree		Agree		Strongly Agree		TOTAL N
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	
Total Booking Time is Shorter Compared to Traditional Booking Time.	12	1.9	90	14.3	322	51.2	205	32.6	629
It is More Convenient to Do Online Booking than Traditional Booking.	9	1.4	64	10.1	303	47.6	260	40.9	636
There are More Payment Options in Online Booking than Traditional Booking.	32	5.1	230	36.6	238	37.8	129	20.5	629

Results show that only 12 of the respondents stated they strongly disagree with the statement. While respondents who strongly agree with the statement are 205 people who hold are share of 32.6% of overall respondents. The biggest group for this question was formed by respondents who agree with the statement that total booking time in online booking is shorter than traditional booking.

Results showed that only 11.5% of all respondents either disagree or strongly disagree with the statement, and the remaining 88.5% either agree or strongly agree.

Respondents who stated that they agree with that it is more convenient to do online booking than traditional booking got a total share of 47.6% (303), whereas 260 respondents strongly agree that online booking is more convenient than traditional booking with a share of 40.9%.

The results of agreements for payment options are so different from the agreements for total booking time and convenient. Respondents, who stated that they are agreeing that there are more payment options in online booking than traditional booking, made a group with a share of 37.8% (238). This group was followed by respondents who stated that they disagree with the statement, 230 people selected disagree option and they made the second group with

36.8% share. Strongly agreeing respondents were 129 people and the ones who are strongly disagreeing were 32.

Online Reservation Service

Respondents were asked to state their level of satisfaction from online reservation service of their primary airline companies. The results are summarized in Table 21:

Table 21: Satisfaction Distribution of Respondents from Online Reservation Service

Satisfaction Level	Frequency	Percent (%)
Satisfied	419	62.5
Very Satisfied	207	30.9
Dissatisfied	39	5.8
Very Dissatisfied	5	0.7
Total	670	100.0

It can be seen from the table results that 93.4% of all respondents are satisfied from online booking service of their primary airline company. Only 44 respondents stated that they are either dissatisfied or very dissatisfied.

Flight Risk Sensitivity

Respondents were asked to state their agreement to the statement “I care the negative reputation about flight risk of an airline company”. The results for three most chosen airline companies are summarized in Table 22:

Table 22: Flight Risk Sensitivity

	Turkish Airlines		Atlas Jet		Pegasus Airlines	
	N	Mean	N	Mean	N	Mean
I care the negative reputation about flight risk of an airline company.	451	3.07	60	3.20	74	3.10

Results show that customers who chose Atlas Jet as their favorite domestic airline company, are give more importance to negative reputation about flight risk of an airline company than both Turkish Airlines and Pegasus Airlines customers.

### Price Sensitivity

To investigate the price sensitivity and price acceptance of respondents, their agreement was asked for the following statement: “I usually buy the most economic tickets”. The results for three most chosen airline companies are summarized in Table 23:

Table 23: Price Sensitivity

	Turkish Airlines		Atlas Jet		Pegasus Airlines	
	N	Mean	N	Mean	N	Mean
I usually buy the most economic tickets.	481	2.85	64	3.13	79	3.25

Table results show that Turkish Airlines customers are the least price sensitive among these three groups where as Pegasus Airlines customers are the most price sensitive group. This means that customers chose Pegasus Airlines because its ticket prices are less than its competitors.

### Scale Reliabilities

One of the most important features of any test is its reliability. A test is reliable if it provides highly precise indications of participants’ standings with respect to one another; if a test is not

highly reliable, a zone of uncertainty must be considered in interpreting particular scores (Nunnally, 1972).

#### Scale about Involvement

A six item scale was used to measure the purchase and ego involvement of consumers with the airline companies. The Cronbach's alpha was found as 0.60 which is at the acceptable level of 0.60 mentioned by Hair et al. (1998).

#### Scale about Satisfaction

A seven item scale was used to identify the individual aspects of satisfaction. The Cronbach's alpha was found as 0.71 which is above the acceptable level of 0.60 (Hair et al., 1998).

#### Scale about Loyalty

A six item scale was used to measure the consumers' loyalty towards the airline companies. The Cronbach's alpha was found as 0.60 which is at the acceptable level of 0.60 mentioned by Hair et al. (1998).

### Factor Analyses

In this study, there are many variables in the questionnaire. Measuring and evaluating all these variables is a difficult process. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance that is observed in a much larger number of manifest variables. There, factor analysis was conducted in order to group the satisfaction aspects, involvement and loyalty constructs. Principal component method was used while conducting the factor analysis. In addition to this, Varimax rotation has been used to see which variables load together.

### Factor Analysis for Involvement

A factor analysis of the involvement items revealed a two factor solution, which is consistent with that of Ganesh et al. (2000). The two factors of involvement relevant to this study are purchase and ego involvement. Purchase involvement relates to the level of concern for or interest in the purchase process that is triggered by the need to consider a particular purchase (Ganesh et al., 2000). Where as ego involvement can be defined as the “importance of the product to the individual and to the individual’s self concepts, values and ego” (Beatty, Kahle and Homer, 1988, p 150).

The three items that were loaded highly on the first factor are related being involved with the particular purchase decision of choosing an airline company. Hence, this factor was interpreted as “purchase involvement”. The rest three items, which were related with the importance and compatibility of the service/product with the consumer, constitute the second factor and it was called as “ego involvement”. Table 24 illustrates the involvement items and the corresponding factor loadings, eigenvalues and total explained variance.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.652 which is acceptable since it is over 0.5. Bartlett’s Test of Sphericity is 0.00 which is again at a very acceptable level since it is under 0.10.

Table 24: Factor Analysis Results for Involvement Items

Items	Purchase Involvement	Ego Involvement
I carefully compared several airlines on distinct attributes before choosing one of them to fly with.	0.78	
I'm usually well-informed about a reasonable price for a specific destination.	0.72	
After deciding on my current airline company, I have weighted the pros and cons of my choice.	0.57	
The brand image of the airline company played a major role in my decision to become a customer of the airline company.		0.78
The airline company that I fly with says a lot about who I am.		0.72
It is important for me to get the approval of my family and friends regarding to my airline company choice.		0.68
Eigenvalues	1.25	2.03
Total Variance Explained: 55%		

To see how customers purchase and ego involvement differ with their airline company choice the group means were compared and for the three most chosen airline companies the results are summarized in Table 25.

For purchase involvement Pegasus Airlines customers show higher level involvement than customer whose favourite domestic airline company is either Turkish Airlines or Atlas Jet.

Table 25: Involvement Factors for Turkish Airlines, Atlas Jet and Pegasus Airlines

	Turkish Airlines		Atlas Jet		Pegasus Airlines	
	N	Mean	N	Mean	N	Mean
Purchase Involvement	450	2.85	62	2.95	73	3.07
Ego Involvement	453	2.63	61	2.21	74	2.47

Customers who stated Turkish Airlines as their favourite domestic airline company have higher ego involvement than both Atlas Jet and Pegasus Airlines costumers.

### Factor Analysis for Satisfaction

In order to test the subsequent hypotheses that pertain to group differences with regard to satisfaction with the individual aspects of the service provided by the companies, the satisfaction construct was factor analyzed to identify its measurement properties and dimensionality. For the seven satisfaction items, eigenvalues indicated a two-factor solution with a total explained variance of 55% and Table 26 displays the items and the corresponding factor loadings.

The first five items were loaded highly on the first factor and these items are related with the quality and variety of the core features and services provided by the airline companies, so it is interpreted as the “core features & services” factor. The rest two items – ticket price and on-time flights – loaded highly on the second factor which is interpreted as “price & timeliness” factor.

Table 26: Factor Analysis Results for Satisfaction Items

Items	Core Features & Services	Price & Timeliness
Flight destination variety of the airline company	0.78	
Agents of the airline company (plenty of and reachable agents, availability of online services, call centers, etc)	0.77	
Flight crew & personnel	0.71	
Service quality during flight	0.61	
Comfort of seats	0.47	
Ticket prices		0.88
On-time flights		0.61
Eigenvalues	2.7	1.1
Total Variance Explained: 55%		

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.78 which is acceptable since it is over 0.5. Bartlett's Test of Sphericity is 0.00 which is again at a very acceptable level since it is under 0.10.

#### Factor Analysis for Loyalty

A factor analysis of the six items that measure consumers' loyalty toward their current airline company shows a two-factor solution with a total explained variance of 66%. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.80 which is acceptable since it is over 0.5. Bartlett's Test of Sphericity is 0.00 which is again at a very acceptable level since it is under 0.10. The loyalty items and their factor loadings and eigenvalues are presented in Table 27:

Table 27: Factor Analysis Results for Loyalty Items

Items	Active Loyalty	Passive Loyalty
I would highly recommend my current airline company to my friends and family.	0.82	
In the near future, I intend to fly more frequently and to a variety of destinations with this airline company.	0.81	
I see myself as a frequent and regular customer of this airline company.	0.64	
If a competing airline company were to offer a promotional deal or discount, I would switch.		-0.80
If my current airline company were to raise its ticket prices, I would still continue to be its customer		0.77
I do not foresee myself switching to another airline company, even if my friends recommend another airline company.		0.65
Eigenvalues	2.8	1.1
Total Variance Explained: 66%		

The first factor is consisted of three items that are related with consumers' willingness to make positive word of mouth and their intensions to fly more with their airline company. Therefore, this factor is labelled as "active loyalty". The remaining three items were highly loaded on the second factor which is relevant to competitive price immunity and self-stated retention; hence this factor is named as "passive loyalty".

#### Correlation Analyses

Correlation analysis is used to determine the extent to which people are ordered alike on two measures. The statistical measure for determining the extent to which persons are ordered alike on two measures is called the correlation coefficient. The correlation coefficient is

useful for many purposes, for example in determining the extent to which a predictor test accurately forecasts a criterion variable (Nunnally, 1972)

Various correlation analyses have been conducted using Pearson correlation coefficients to see the extent which two items are ordered alike on two measures.

### Overall Satisfaction Correlation Analysis

Overall satisfaction of consumers was tested with some selected items if they are correlated with other items. The results are illustrated in Table 28:

Table 28: Correlations between Overall Satisfaction and Brand Reputation and Loyalty

	Overall, I am satisfied with my primary airline company.	
Measure	Pearson Correlation	Sig. (2 - tailed)
I care the negative reputation about flight risk of an airline company.	0.087*	0.029
I would highly recommend my current airline company to my friends and family.	0.594**	0.000
In the near future, I intend to fly more frequently and to a variety of destinations with this airline company.	0.470**	0.000
If my current airline company were to raise its ticket prices, I would still continue to be its customer.	0.246**	0.000
I see myself as a frequent and regular customer of this airline company.	0.455**	0.000

\* Correlation is significant at the level 0.05 level (2-tailed).

\*\* Correlation is significant at the level 0.01 level (2-tailed).

Recalling the related research hypotheses here:

H<sub>23</sub>: There is a correlation between overall satisfaction level of consumers and the level of importance consumers give to negative reputation about flight risk of an airline company.

H<sub>24</sub>: There is a correlation between overall satisfaction level of consumers and the willingness to recommend their current airline company to their friends and families.

H<sub>25</sub>: There is a correlation between overall satisfaction level of customers and intention to fly more frequently and to a variety of destinations with their primary airline company.

H<sub>26</sub>: There is a correlation between overall satisfaction level of consumers and the probability of staying with their current airline company if their current airline company were to raise its ticket prices.

H<sub>27</sub>: There is a correlation between overall satisfaction level of consumers and the thought of seeing themselves as frequent and regular customers of their current airline companies.

Table results show that at 0.05 point significance level the overall satisfaction of consumers' has a positive correlation with their care about negative reputation about flight risk of an airline company. So H<sub>23</sub> is accepted.

At 0.01 point significance level the overall satisfaction level of consumers' has positive correlations with remaining four loyalty items. Of which the strongest correlation is between recommendation of current airline to family and friends. That can be interpreted as with higher levels of overall satisfaction consumers tend to recommend their primary airline company to their friends and family. Overall satisfaction level has also strong positive correlations with intention of future flights with current airline company. With increasing satisfaction customers decide to fly with their current airline company more in the future.

Analyses also show that customers who see themselves as frequent and regular customers of their current airline companies have a positive correlation with their overall

satisfaction level. Customers who stated that they won't switch to another airline company if their primary airline company makes a price increase have a positive correlation with overall satisfaction level of customers. As a result H<sub>24</sub>, H<sub>25</sub>, H<sub>26</sub> and H<sub>27</sub> are supported at 0.01 significance.

#### Online Reservation Service Satisfaction Correlation Analyses

Respondents' satisfaction level for online reservation service of their current airline company was tested with selected items to see if there is any correlation between them. The results are displayed in Table 29.

Table results show that there are two correlations at 0.01 level. There is a positive correlation between online reservation service satisfaction and consumers' given importance to functionality, ease of usage and ease of download features of an airline website. Also there is a positive correlation between online reservation service satisfaction and consumers' level of concern when they receive an e-mail from an airline whose web page they recently visited. So H<sub>28</sub> and H<sub>29</sub> are accepted at 0.01 point significance level.

There are no correlations at all between online reservation service and the remaining three items. Therefore, H<sub>30</sub>, H<sub>31</sub> and H<sub>32</sub> are rejected.

Table 29: Correlations between Online Reservation Service Satisfaction and Online Activities of Airline Companies

Measure	Satisfaction from Online Reservation Service	
	Pearson Correlation	Sig. (2 - tailed)
Functionality, design, ease of usage and ease of download features of an airline company web site are important for me to use that web site.	0.156*	0.000
I care if I receive e-mail from an airline whose webpage I recently visited.	0.105*	0.008
I care if I am asked to provide your name to access homepage of the airline company that I currently use.	0.049	0.214
I care if I see a notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.	0.059	0.141
I care if the airline company website is asking for my e-mail address for access, after registration i will get a chance to win a round ticket.	0.041	0.309

\* Correlation is significant at the level 0.01 level (2-tailed).

#### Flight Risk Reputation Correlation Analyses

To test the research hypotheses which are related to negative reputation about flight risk of airline companies, the following correlation analyses were performed and results are summarized in Table 30:

Table 30: Correlations about Flight Risk Reputation

Measure	I care the negative reputation about flight risk of an airline company.	
	Pearson Correlation	Sig. (2 - tailed)
I give importance to the country of origin of the airline company that I intend to use for international flights.	0.252**	0.000
Some characteristics of my current airline company come to my mind quickly.	0.113**	0.004
I can quickly recall the symbol or logo of my current airline company.	0.056	0.155
The brand image of the airline company played a major role in my decision to become a customer of the airline company.	0.154**	0.000

\* Correlation is significant at the level 0.01 level (2-tailed).

Table results show that there are three positive correlations at 0.01 point significance level. Respondents' choice about negative reputation about flight risk of an airline company is positively correlated with the importance they give to the country of origin of an airline company for international flights. So, H<sub>33</sub> is substantiated.

There is a positive correlation between Respondents' choice about negative reputation about flight risk of an airline company and remembering some characteristics of their current airline company quickly, where as this correlation does not exist when recalling company symbol or logo. According to table stats H<sub>34</sub> is accepted and H<sub>35</sub> is rejected.

Since a positive correlation was found between flight risk reputation and the effect of brand image on purchase decision, H<sub>36</sub> is supported too.

### Brand Image Correlation Analyses

It was investigated that if there are any correlations between the effect of brand image on customers' purchase choice with other brand image related components. The resulting correlations are summarized in Table 31:

Table 31: Correlations about Brand Image

Measure	Pearson Correlation	Sig. (2 - tailed)
The brand image of the airline company played a major role in my decision to become a customer of the airline company.		
I give importance to the country of origin of the airline company that I intend to use for international flights.	0.165**	0.000
Some characteristics of my current airline company come to my mind quickly.	0.213**	0.000
I can quickly recall the symbol or logo of my current airline company.	0.273**	0.000

Recalling the research hypotheses related to brand image:

H<sub>37</sub> states that customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, give more importance to country of origin of the airline company for international flights. After correlation analysis it was found that there is a positive correlation between brand image and country of origin so there is enough evidence to accept H<sub>37</sub>.

H<sub>38</sub> claims that customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, can quickly remember some characteristics of their current airline company. According to table results

there is a 0.213 correlation between the effect of brand image and remembering some characteristics of the airline company, so H<sub>38</sub> is substantiated.

H<sub>39</sub> states that customers, who stated the brand image of the airline company played a major role in his/her decision to become a customer of the airline company, can quickly recall the symbol or logo of their current airline company. Correlation analysis results show that there is a positive correlation between the effect of brand image on purchase decision and quickly recalling symbol or logo of the airline company, therefore it can be concluded that there is enough evidence to accept H<sub>39</sub> at 0.01 point significance level.

Switching Correlation Analyses

Respondents’ thoughts about costs in time, money and effort of switching were checked if there is any correlation between switching to another airline company for an unavailability of a flight to a certain destination and if respondents had the chance to fly more often. The results are displayed in Table 32:

Table 32: Correlations about Switching Cost

Measure	For me, the costs in time, money and effort to switch to another airline company are high.	
	Pearson Correlation	Sig. (2 - tailed)
If there is not any available flight to my destination at my current airline company, it would make little difference to me if I had to choose another airline.	-0.131**	0.001
If I did a lot of flying, I would probably like to try all the different airlines, instead of flying just one most of the time.	-0.086**	0.025

H<sub>40</sub> states that consumers, who stated that the costs in time, money and effort to switch to another airline company are high for them, would probably like to stay with their current

airline instead of trying all different airlines if they fly a lot. According to table results there is a weak, negative correlation (-0.086) this means that customers, who stated that the costs in time, money and effort to switch to another airline company are high, would probably stay with their primary airline instead of trying all different airlines. This gives enough support to accept  $H_{40}$ .

$H_{41}$  claims that consumers, who stated that the costs in time, money and effort to switch to another airline company are high for them, would be more uncomfortable if they had to choose another airline company due to unavailability of a flight to a certain destination. There is again a weak and negative correlation (-0.131) exists. This means that it will make big difference for customers, who stated that the costs in time, money and effort to switch to another airline company are high. So  $H_{41}$  is also substantiated.

### ANOVA Analyses

The one-way ANOVA test was conducted in order to see group differences in terms of satisfaction, involvement and loyalty factors. It is revealed that three consumer groups are statistically different regarding to all of the factors, namely: core features and services, price and timeliness; purchase and ego involvement; active and passive loyalty at a significance level of 0.05.

#### ANOVA Analysis for Satisfaction

According to Thibaut and Kelley (1959), the key to determine the level of satisfaction with and motivation to remain in a relationship is the concept of comparison levels, of which two standards are employed: the comparison level and the comparison level for alternatives.

Thibaut and Kelley (1959, p. 21) defines the comparison level as the standard against which a member evaluates the 'attractiveness' of the relationship or how satisfactory it is. Ganesh et

al. (2000) mentioned that a customer who has experienced declining outcomes with a previous service provider and switches because of dissatisfaction will enter a new relationship with a reduced comparison level. Thus, this customer is expected to exhibit high levels of satisfaction relative to other customers who have experienced relatively little change in their comparison levels.

A fundamental difference between customers who have switched for reasons other than dissatisfaction and customers who have not switched at all is the notion that the satisfied switchers have prior experience with other service providers in the same category. Consumers with broader experience are likely to develop different standards of comparison than consumers with less experience (Ganesh et al., 2000).

Recalling the hypotheses about satisfaction, that hypothesis one, two and three are relevant to differences among the three groups regarding to their overall satisfaction with their current airline company. Hypothesis 1 states that there is a significant difference between the overall satisfaction levels of three groups of consumers, and hypothesis 2 claims that compared with satisfied switchers and stayers, dissatisfied switchers are more satisfied with their current airline company, whereas hypothesis 3 testifies that satisfied switchers are less satisfied with their current airline company than stayers.

In order to test these hypotheses, we compared group means on the overall satisfaction item, “Overall, how satisfied are you with your primary airline company?”, using analysis of variance (ANOVA). The results are illustrated in Table 33:

Table 33: Overall Satisfaction Measure: Difference Between Group Means

Measure	Groups	Mean Scores	ANOVA Sig.
Overall, how satisfied are you with your primary airline company?	Stayers (n=415)	3.13	0.004
	Satisfied Switchers (n=215)	2.99	
	Dissatisfied Switchers (n=45)	3.13	

The results show that the stayers and the dissatisfied switchers differ significantly from the satisfied switchers, in their overall satisfaction with their current primary airline company. This provides evidence for hypothesis 1, so it is accepted. The ANOVA results indicate that both stayers (mean score=3.13) and dissatisfied switchers (mean score=3.13) are significantly more satisfied with their current airline company than satisfied switchers (mean score=2.99). This provides a partial support for hypothesis 2, since the mean scores of stayers and dissatisfied are same, and they are both higher than that of satisfied switchers. However, this result also gives support to hypothesis 3. Hence, hypothesis 1 and hypothesis 2 are fully substantiated; but hypothesis 3 is partially supported.

The one way ANOVA test results of satisfaction items are summarized in Table 34:

Table 34: Customer Group Means and Sig. Levels for Satisfaction Factors

Satisfaction Factors	Stayers		Satisfied Switchers		Dissatisfied Switchers		F	ANOVA Sig.
	n	Mean	n	Mean	n	Mean		
Core Features & Services	387	3.03	200	2.84	41	2.86	15.16	0.000
Price & Timeliness	411	2.67	209	2.82	43	2.73	5.44	0.005

Hypothesis 4 states that there is a significant difference among three groups of consumers in terms of their satisfaction with both “core features and services” and “price and timeliness” factors. Table results confirm the hypothesis 4. The last hypothesis about satisfaction items was Hypothesis 5 which states that compared with both satisfied and dissatisfied switchers, stayers are more satisfied with “core features and services” of their current airline company. Since stayers have a mean score of 3.03 which is higher than both satisfied switchers (mean score=2.84) and dissatisfied switchers (mean score=2.86), there is enough evidence to accept hypothesis 5.

### ANOVA Analysis for Involvement

Purchase involvement is the outcome of a person's interaction with a product and the purchase situation. Customers are likely to experience changes in levels of purchase involvement when key facets of relevant environment change, such as a service switch, stayers are not likely to experience purchase involvement in a manner similar to that of switchers (Beatty, Kahle and Homer, 1988). Keaveney (1995) claims that switchers who are dissatisfied should be expected to have experienced critical changes in levels of perceived service quality, whether they relate to core service failures, service encounters, or service design. Ego involvement is similar to enduring involvement, which is defined as an ongoing concern for a particular product class and relatively independent of purchase definitions (Bloch and Richins, 1983). According to Ganesh et al. (2000), customers who have experience with only one service provider – the stayers – are more likely to experience higher degrees of familiarity and to develop a favourable attitude toward a particular service provider and the service category in general.

The customer group means and significance levels for involvement factors were illustrated in Table 35:

Table 35: Customer Group Means and Sig. Levels for Involvement Factors

Involvement Factors	Stayers		Satisfied Switchers		Dissatisfied Switchers		F	ANOVA Sig.
	n	Mean	n	Mean	n	Mean		
Purchase Involvement	384	2.81	202	2.92	40	2.96	4.02	0.018
Ego Involvement	383	2.38	203	2.24	42	2.42	4.17	0.016

Recalling hypotheses for involvement items, hypothesis 6 states that there is a significant difference among three groups of consumers about their purchase and ego

involvement with the airline company. The table results are clear enough substantiated hypothesis 6. All group means for both factors are different from each other.

Hypothesis 7 stresses that dissatisfied switchers exhibit higher levels of purchase involvement than the satisfied switchers. The dissatisfied switchers have a mean score of (2.96) which is larger than that of satisfied switchers (2.92) at a significance level of 0.018 ( $p=0.05$  level), so there is enough evidence to accept hypothesis 7.

Hypothesis 8 asserts that both satisfied switchers and dissatisfied switchers exhibit lower levels of ego involvement than stayers. However, as seen in Table 26, only satisfied switchers (mean score=2.24) show lower ego involvement than stayers (mean score=2.38), whereas dissatisfied switchers has the biggest mean score (2.42). Therefore, hypothesis 8 is partially supported.

Hypothesis 9 states that compared with satisfied switchers, dissatisfied switchers exhibit higher levels of ego involvement. The table results show that satisfied switchers have a mean score of (2.24) whereas dissatisfied switchers have a mean score of (2.42), it can be concluded that hypothesis 9 is also substantiated.

#### ANOVA Analysis for Loyalty

The comparison level for alternatives is the standard a person uses in deciding whether to remain in a relationship and can be defined informally as the lowest level of outcomes a person will accept in light of available alternative opportunities (Thibaut and Kelley, 1959, p 21). Thibaut and Kelley (1959) suggest that the greater the distance between the comparison level for alternatives and actual outcomes, the closer the person comes to maximizing the rewards – cost trade-off in the relationship – therefore, the greater is the dependence and commitment on the part of the customer to continue the relationship.

Latour and Peat (1980) mentioned that consumers with poor prior experience exhibit higher satisfaction and repeat purchase intentions with the new brand. Customers who switch for other reasons or customer who do not switch at all will experience relatively small shifts in their comparison level and comparison level for alternatives largely because perceived actual outcomes with their current service provider change little and their consideration set for available alternatives remains relatively unchanged (Ganesh et al, 2000).

Ganesh et al. (2000) states that customers who have switched service providers for reasons other than dissatisfaction are less likely to hold negative attitudes and feelings toward their previous service provider. Many of these customers are likely to remember their previous service provider in a positive light and factor their previous experience into current expectations, emotions, and behavior.

Recalling the hypotheses about loyalty items and factors, Hypothesis 10 states that there is a significant difference between three groups of consumers with their both active and passive loyalty behavior toward the airline company. Table 36 displays the ANOVA results for loyalty:

Table 36: Customer Group Means and Sig. Levels for Loyalty Factors

Loyalty Factors	Stayers		Satisfied Switchers		Dissatisfied Switchers		F	ANOVA Sig.
	n	Mean	n	Mean	n	Mean		
Active Loyalty	410	2.92	212	2.68	44	2.94	14.61	0.000
Passive Loyalty	391	2.52	200	2.39	42	2.50	6.30	0.002

Table results show that all means of consumer groups for both active and passive loyalty factors are different from each other which give enough evidence to accept hypothesis 10.

Hypothesis 11 claims that compared with satisfied switchers and stayers, dissatisfied switchers are more loyal to their current airline company (in terms of both active and passive loyalty). Dissatisfied switchers have the highest mean score (2.94) for active loyalty among

the consumer groups, and they are followed by stayers (mean score=2.92) and satisfied switchers (mean score=2.68) respectively. But dissatisfied switchers got the second highest mean score (2.50) after stayers (mean score=2.52) for passive loyalty. So hypothesis 11 is supported in terms of “active loyalty”.

Hypothesis 12 states that compared with stayers, satisfied switchers are less loyal to their primary airline company (in terms of both active and passive loyalty). For active loyalty factor stayers have a mean score of 2.92 which is higher than that of satisfied switchers (mean score=2.68). For passive loyalty factor stayers have a mean score of 2.52 which is also higher than that of satisfied switchers (mean score=2.39). Since satisfied switchers have less group means than stayers for both active and passive loyalty factors, hypothesis 12 is substantiated.

One of the basic contributions of this study is to evaluate the three consumer groups in terms of their attitude toward loyalty programs offered by airline companies. Since the majority of the airline companies invest too much on loyalty programs, it plays a vital role to learn which group really cares for these programs. The respondents were asked whether they give importance to loyalty programs such as frequent flyer, shop&miles, co-branded campaigns, multi merchant programs, loyalty coupons, and etc. The customer group means and significance levels for loyalty programs are summarized in Table 37:

Table 37: Customer Group Means and Sig. Levels for Loyalty Programs

	Stayers		Satisfied Switchers		Dissatisfied Switchers		ANOVA Sig.
	n	Mean	n	Mean	n	Mean	
I give importance to loyalty programs (frequent flyer, multi merchant programs, loyalty coupons, shop & miles, etc) of my airline company.	396	2.79	199	2.56	42	2.55	0.000

Hypothesis 13 was stating that there is a significant difference between three groups of consumers in terms of their attitude toward loyalty programs of airline companies. From

Table 28, it is seen that all three consumer group means are different from each other and according to this results, hypothesis 13 is supported with enough evidence. Additionally, hypothesis 14 states that stayers give more importance to loyalty program of airline companies than satisfied and dissatisfied switchers. Since the mean value (2.79) of stayers is the highest among three consumer groups which was followed by satisfied switchers (mean score=2.56) and dissatisfied switchers (mean score= 2.55) respectively, it can be concluded that hypothesis 14 is also substantiated. Hence the customers, who regularly use an airline company as their primary choice, are the people who give importance to the existence of loyalty programs. Furthermore, the customers who are switched from a previous airline company for reasons of dissatisfaction or who are switched because of reasons other than dissatisfaction do not give importance to loyalty programs as much as stayers. It can be concluded loyalty programs that are directed to stayers will be more beneficial for the airline companies.

#### ANOVA Analysis for Switching Behavior

Respondents switching decisions were investigated under two different assumptions: a) would they try all different airlines instead of staying if they fly a lot and b) would it make little or big difference if there is not any available flight for a certain destination at their current airline company. The results are summarized in Table 38:

Table 38: Customer Group Means and Sig. Levels for Switching Behavior

Measures	Stayers		Satisfied Switchers		Dissatisfied Switchers		F	ANOVA Sig.
	n	Mean	n	Mean	n	Mean		
If I did a lot of flying, I would probably like to try all the different airlines, instead of flying just one most of the time.	413	2.05	213	2.29	44	2.41	7.736	0.000
If there is not any available flight to my destination at my current airline company, it would make little difference to me if I had to choose another airline.	419	2.92	217	3.13	44	3.18	7.675	0.001

H<sub>15</sub> was stating that there is a significant difference between three groups of consumers in terms of their switching behavior if there is not any available flight to a certain destination at their current airline company. Since all three group means are different from each other H<sub>15</sub> is accepted.

H<sub>16</sub> states that compared with satisfied and dissatisfied switchers, stayers will be more uncomfortable if they had to choose another airline company due to unavailability of a flight to a certain destination. For this case, stayers have a mean score of 2.92 which is lower than those of both satisfied (3.13) and dissatisfied switchers (3.18). This means that stayers will be more uncomfortable if they had to choose another airline company due to unavailability of a flight to a certain destination. In other words, it will make big difference for stayers to use another airline company in this situation, while agreement scores show that it will make really little difference for dissatisfied switchers (mean score=3.18). H<sub>16</sub> is accepted.

According to table results all three customer group means are different from each other in terms of their agreement level that they will try all different airline companies if they fly more often. This provides enough evidence to support H<sub>17</sub>, which claims that there is a significant difference between three groups of consumers in terms of their switching behavior if there fly more often.

H<sub>18</sub> states that compared with satisfied and dissatisfied switchers, stayers will be more willing to fly with their primary airline company instead of trying all different airlines if they fly more often. Table results show that stayers have the lowest mean score (2.05) among three customer groups, this means that stayers don't agree with the statement "If I did a lot of flying, I would probably like to try all the different airlines, instead of flying just one most of the time". In other words, stayers will be more willing to stay with their primary airline company if they fly more often. So H<sub>18</sub> is substantiated.

After those, it's investigated that how three customer groups differ in terms of their agreement level to the statement: "For me, the costs in time, money and effort to switch to another airline company are high". The results are displayed in Table 39:

Table 39: Customer Group Means and Sig. Levels for Switching Cost

Measures	Stayers		Satisfied Switchers		Dissatisfied Switchers		F	ANOVA Sig.
	n	Mean	n	Mean	n	Mean		
For me, the costs in time, money and effort to switch to another airline company are high.	410	2.56	213	2.42	44	2.48	2.1	0.123

H<sub>19</sub> states that compared with satisfied and dissatisfied switchers, the costs in time, money and effort for switching to another airline is higher for stayers. The table results show that stayers have the biggest group mean (2.56); but the ANOVA significance is 0.123 so at 0.05 significance we there is not enough evidence to accept H<sub>19</sub>.

ANOVA Analysis for Brand Image and Ticket Price

In addition to previous ANOVA analyses, respondents' demographic information were used test our hypothesis about brand image and ticket price. The results for annual income level and tend to buy most economic tickets are summarized in Table 40:

Table 40: Customer Group Means and Sig. Levels for Ticket Price

Annual Income	I usually buy the most economic tickets.	
	Mean	N
< 9,000 YTL	3.26	72
9,000 YTL - 14,999 YTL	3.08	89
15,000 YTL - 23,999 YTL	3.19	97
24,000 YTL - 35,999 YTL	2.99	74
36,000 YTL - 47,999 YTL	3.13	71
48,000 YTL - 59,999 YTL	2.79	58
60,000 YTL -99,999 YTL	2.72	79
> 100,000 YTL	2.42	103
Total	2.93	643

Respondents with annual income less than 9,000 YTL have the biggest group mean of 3.26 while respondents whose annual income is more than 100,000 YTL have the smallest mean score of 2.42. Since 9,000 – 14,999 YTL and 36,000 – 47,999 YTL groups do not fit  $H_{20}$  which states that consumers tend to buy the most economic tickets with decreasing annual income level,  $H_{20}$  is partially supported.

The gender and brand image results are displayed in Table 41:

Table 41: Customer Group Means and Sig. Levels for Brand Image

Measures	Females		Males		F	ANOVA Sig.
	n	Mean	n	Mean		
I give importance to the country of origin of the airline company that I intend to use for international flights.	246	3.10	393	3.12	0.135	0.713
I care the negative reputation about flight risk of an airline company.	246	3.15	396	3.08	1.003	0.317

For the country of origin question, females have a mean of 3.10 which is less than that of males (3.12). This means that, males give more importance to country of origin of the

airline company that they intend to use for international flights. Also the ANOVA significance is insignificant at 95% confidence level, so  $H_{21}$  is rejected. There is not enough evidence to say that females give more importance to country of origin of the airline company for international flights.

For negative reputation about flight risk question, females have a mean of 3.15 which is higher than that of males (3.08). But ANOVA significance is 0.317 which is higher than 0.05 so  $H_{22}$  is rejected too. There is not enough evidence to conclude that females give more importance to negative reputation about flight risk of an airline company.

## CHAPTER 5

### CONCLUSIONS & MANAGERIAL IMPLICATIONS

This study has aimed to identify and understand the nature of the relationship between overall satisfaction, the dimensions of satisfaction, involvement and the loyalty or switching behavior of consumers in the airline industry. In addition, this thesis also investigates the brand recall of airline companies and their web sites, gets satisfaction results from online booking services of airline companies and makes a comparison of traditional booking systems with online booking systems, and finally examines online privacy concern of consumers.

In this thesis, a comprehensive list of studies about brand, branding, importance of online branding, brand name, brand identity, brand personality, brand equity, brand valuation, brand association, brand positioning, customer satisfaction and brand loyalty are studied in the literature. After this extensive literature review, a questionnaire was prepared in accordance with the research objectives. The questionnaire was displayed on web for two months.

After collecting data; descriptive, factor, correlation and ANOVA analyses were performed by using SPSS for 732 valid respondent records. There are numerous implications for the findings of the analyses.

The findings reveal that Turkish Airlines is the first domestic airline company that come into mind, 87.8% of overall respondents wrote down Turkish Airline in un-aided recall method. Additionally, Atlas Jet and Pegasus Airlines were stated as the first domestic airline company that come into mind by 4.1% and 4.0% of overall respondents respectively after Turkish Airlines. When respondents make a selection for their favourite domestic airline company from a list, Turkish Airlines' share decreases to 72.5%, while Atlas Jet and Pegasus doubles and triples their shares from the un-aided recall. Turkish Airlines' share (67.4%) continued decreasing when respondents were asked to state their favourite airline choice for

domestic flights. While Turkish Airline was chosen by 67.4% of all respondents, which is 20.4% less than its share in un-aided recall, Pegasus had a share of 15.4%. This means that the brand recall of Turkish Airlines is strong since it's the first and still the biggest company in Turkish marketplace. But when the question is about choices it dramatically lost its share, that is mainly because of higher ticket prices of Turkish Airlines compared to its competitors. And, also because of the success of low cost based marketing strategies of Pegasus Airlines. Turkish Airlines is preferred because of its service quality mainly, and it offers business class flights while its competitors don't have business class. Since a positive correlation found with decreasing annual income and buying economic tickets, we recommend airline companies to implement efficient and effective yield management systems to optimize their revenue and profit.

Moreover, results show that the functionality, design, ease of usage and ease of download features of an airline website plays a major role for satisfaction from online booking service. Consumers tend to use functional, user friendly and faster systems at all. Turkish Airlines customers are more satisfied than Atlas Jet and Pegasus Airlines customers from the online booking service of their airline company. Since improving web site cost is much more less than improving overall service quality we recommend Atlas Jet and Pegasus Airlines managers to benchmark their web page performance with Turkish Airlines' web page, and try to reach the same performance level as soon as possible.

Analyses results show that consumers give importance to customer relationship management (CRM) activities of airlines companies, like receiving an e-mail after visiting an airline web page. But they don't give that much importance whether their personal data gathered can be shared with third parties. At this point, to increase their brand awareness Atlas Jet and Pegasus Airlines need to develop a focused and sensitive CRM strategy; and

keep in touch with their online customers regularly, offer them special campaigns and competitions via e-mail.

Another conclusion of this study is that country of origin and reputation about flight risk play a major role on brand image. And there is not any difference between females and males about the importance they give to country of origin and flight risk reputation. The questionnaire was handled after Atlas Jet's accident in November, 2007 and it's found out that Atlas Jet customers are more sensitive to flight risk than both Turkish Airlines and Pegasus Airlines' customers. This is a big handicap for Atlas Jet; it will probably take serious time to rebuild trust on mainly future customers, and customers who left Atlas Jet after this accident. They need to invest much more brand image advertisement.

Additionally, most of the respondents stated that the total booking time is shorter in online booking than traditional booking and it is more convenient to do online booking than traditional booking. They stated that there is not a big change in payment options of both systems. These opinions give the hint that online booking to total bookings ratio will continue to increase in the future and there may be a time all bookings will be made online. Since customers don't see any difference for payment options in online booking and traditional booking, airline companies need to offer more payment options via web, for example they need to increase their credit card agreements with different banks and make more campaigns for different payment choices. They can offer cash payment even the customer purchased the ticket online, by delivering the ticket to customer's home. They can also use the advantages of mobile payment by signing agreement protocols with GSM operators.

The findings of this study show that consumer satisfaction is composed of two main dimensions: "core features & services" and "price & timeliness". And compared with stayers, both dissatisfied switchers and stayers are more satisfied with their current airline company, and they tend to fly more frequently and to a variety of destinations. In this manner, to

increase their market share by taking more customers from Turkish Airlines, both Atlas Jet and Pegasus Airlines need to focus more on dissatisfied switchers as well as keeping their stayers. Dissatisfied switchers of these companies will be most probably the ones who switched from Turkish Airlines because of overall dissatisfaction. Dissatisfied switchers are more satisfied with their current airline because they have negative impressions and judgements about their previous airline companies. Focusing on dissatisfied switchers and developing effective CRM strategies for them instead of behaving all three groups as same, will result as significant amounts of costs saving. For stayers, mainly Turkish Airlines and also the other companies need to sustain their service quality level and implement loyalty programs for them.

In addition, the involvement with the primary airline company is consisted of “purchase involvement” and “ego involvement”, whereas purchase involvement deals with the level of interest in the purchase process that is initiated by the need to consider a particular purchase. Dissatisfied switchers exhibit higher levels of purchase involvement than both stayers and satisfied switchers. Pegasus Airlines customers have higher purchase involvement than Atlas Jet and Turkish Airlines customers. This is mainly because of the low cost leadership strategy of Pegasus Airlines. On the other hand, ego involvement is defined as the importance of the product to the individual and individual’s values and self-concept. Turkish Airlines customers have higher ego involvement than Atlas Jet and Pegasus Airlines customers. Since the respondent profile of this study is high in terms of annual income level and Turkish Airlines is the only domestic airline company offering business class flight, this result is not surprising.

In this study, it’s found out that customers who are flying with Turkish Airlines are less price sensitive than customers who are flying with other airline companies. This gives the managers of other airline companies the hint, that if they decide to increase their ticket prices their customers will be dissatisfied from this decision and the price increase will most

probably cause in loss of some customers. Especially Pegasus Airlines need to think twice before increasing their ticket prices because their customers are the most price sensitive group of this study.

It is also found that loyalty toward the current primary airline company has also two dimensions, namely: “active” and “passive” loyalty. The results indicate that three consumer groups significantly differ in terms of their “overall satisfaction level”. The two individual dimensions of satisfaction – “core features & services” and “price & timeliness” – also specify a significant difference among the three groups. In addition, “core features & services” is the satisfaction dimension with highest mean score and F value, which indicates a major difference between consumer groups. It is seen that stayers are more satisfied with the “core features & services” aspect of satisfaction. The purchase and ego involvement both lead to difference among consumer groups. Dissatisfied switchers exhibit higher levels of purchase and ego involvement. Atlas Jet and Pegasus Airlines managers need to enhance their service quality by implementing Total Quality Management (T.Q.M) to get more dissatisfied customers from Turkish Airlines.

In terms of loyalty, the three consumer groups show significant differences, and in terms of active loyalty dissatisfied switchers have the highest mean scores. Because of their negative experiences, dissatisfied consumers are assumed to have high levels of dissonance and this may lead them to engage in dissonance reducing activities such as spreading word of mouth-which is accepted as active loyalty. In addition, switching costs and involvement may lead stayers to exhibit passive loyalty. However, for passive loyalty, stayers have a slightly high score than dissatisfied switchers. Furthermore, satisfied switchers exhibit low levels of both active and passive loyalty. Since there is an important positive correlation was found between overall satisfaction level and positive word of mouth, dissatisfied switchers will be recommending their current airline company to their friends and family more than the other

two groups. At this point, assuming that the dissatisfied switchers were coming from Turkish Airlines, and if Atlas Jet, Pegasus Airlines and other companies can make a big difference starting from the first touch point to end of the first flight of the coming customers, they can count those customers as stayers after some flights. To use the advantages of word of mouth marketing, Atlas Jet and Pegasus Airlines managers need to develop strategies to take the dissatisfied customers of Turkish Airlines and make them stayers for them in time, by this way they will save from advertisement costs as well as increasing their brand awareness and customer loyalty.

This study also examines the attitude of consumers against loyalty programs offered by airline companies. The results reveal that three consumer groups are significantly different regarding to their attitude toward loyalty programs. It is seen that stayers give high importance for these programs of airline companies. Hence, the loyalty programs that are designed for and directed to stayers will be more efficient and effective. Most of the questionnaire participants were Turkish Airlines' customers and for the three customer groups the biggest group was formed by stayers. This means that, Turkish Airlines managers need to focus on its loyalty programs more than its competitors to sustain and pass its success. At this point, joining Star Alliance will positively affect Turkish Airlines' loyalty programs, especially with frequent flyer programs. And according to the analyses results Pegasus Airlines need to improve its loyalty programs since they got the lowest scores among the first three airline companies.

Although the dissatisfied switchers exhibit higher levels of satisfaction, active loyalty and purchase involvement than the other two groups, they also exhibit lower level of passive loyalty than stayers. If firms can increase commitment among the dissatisfied switchers, they are likely to realize a significant increase in passive loyalty behavior.

The findings of this study suggest that airline companies are faced with managing three distinct, internal customer groups – dissatisfied switchers, satisfied switchers and stayers – that differ in their satisfaction with, loyalty toward and involvement with the firm. What is needed, in light of the research presented, is an effort to recognize the heterogeneity inherent in a firm’s customer base and treat these segments differently with regard to potential investment strategy.

In this study, consumers were grouped as stayers or switchers; further research has to consider different variables as the grouping factor. For example, consumers can be grouped according to their duration of stay with the airline company; hence the loyalty and retention programs can be developed according to each segment.

Although current research findings suggest that the dissatisfied switchers and stayers have the potential to be more profitable to the firm, further research should attempt to measure the lifetime value of the customer groups explicitly. An examination of the differences in the profitability of the groups may offer concrete guidelines to firms in their quest for acquiring and retaining the right customers.

This study investigates the satisfaction from loyalty programs in general. Further research can be conducted to investigate the satisfaction from all different loyalty programs offered by airline companies.

Finally, the two factor solution of the customer loyalty measures has clear analogies to Oliver’s (1997) model, in which loyalty is seen as progressing through four stages: cognitive, affective, conative and action loyalty. Our active loyalty construct describes behaviors such as word of mouth and expansion of service usage, and appears similar to Oliver’s (1997) notion of affective loyalty. Our passive loyalty factor describes behaviors related to a customer’s willingness to continue patronizing the airline company and susceptibility to competitive actions and appears to resemble Oliver’s (1997) notion of conative loyalty. However,

although these similarities seem logical, drawing such comparisons is exploratory and post hoc. Further research is needed to delineate the factors within the loyalty construct.

According to this study results the following recommendations can be useful for airline company managers:

- ✓ For low income level customer groups, it should be better to follow a low cost leadership strategy with lowest ticket prices among competitors.
- ✓ If the firm's customer base is highly price sensitive and there is a risk to lose a significant share of customers after a price rise, airline companies need to use yield management tools to balance their income and profit.
- ✓ While designing company website, designers must keep in mind the importance of functionality, design, ease of usage and ease of download features.
- ✓ Airline companies need to use more loyalty programs for stayers.
- ✓ The one who make the first move to offer more payment options in online booking service will go a step forward; companies can evaluate cash and mobile payment options and deliver the online purchased tickets to customers.
- ✓ In order to attract the dissatisfied switchers, airline companies should constantly deliver information about their services, quality, destination and etc. on a variety of media; because dissatisfied switchers have the highest purchase involvement.

APPENDIX  
QUESTIONNAIRE (ENGLISH)

Hello!

Thank you for agreeing to participate in this academic study on people's opinions and evaluations of airline companies. This survey is a part of the master thesis of Hakan Uyanık from Department of Management Information Systems Bogazici University / Istanbul.

On the following screens you will find a set of questions related to airline companies. Please pay special attention to the specific questions and answering options. Please note the following:

- There is no “right” or “wrong” – your personal opinion is important!
- All survey responses are confidential and your answers will not be reported on an individual basis.
- The questions cannot cover every particular case, so some questions may not seem to fit too well. Still, please always choose the response that fits you best.

If you have any questions about this study, please feel free to contact us. Our contact information is provided below:

Hakan Uyanık: [hakanuyanik@gmail.com](mailto:hakanuyanik@gmail.com) and

Assist. Prof. Aslıhan Nasır: [aslihan.nasir@boun.edu.tr](mailto:aslihan.nasir@boun.edu.tr)

1. How often do you fly?

- More than once a week
- Once a week
- Once a month
- Once a quarter
- Once a year
- Never flew

2. When was the last time you flew?

- < 1 week
- 1 week - 1 month
- 1 - 3 months ago
- 3 - 6 months ago
- 6 months - 1 year ago
- > 1 year ago

3. In the last 2 years how many times did you fly? (Approximately)?

4. In your last 2 years' flights, where was your furthest destination? (FROM-TO)

5. Please indicate the first 3 domestic airlines that come into your mind. (Whether you fly with it or not)

1.

2.

3.

6. Which of the below domestic airlines is your favorite that you choose to fly often.

- Atlas Jet
- Bonair
- Corendon
- Fly Air
- Free Bird Airlines
- Cyprus Turkish Airlines
- Onur Air
- Pegasus Airlines
- Sun Express
- Turkish Airlines

7.  would be my first choice for domestic flights.

- Atlas Jet
- Bonair
- Corendon
- Fly Air
- Free Bird Airlines
- Cyprus Turkish Airlines
- Onur Air
- Pegasus Airlines
- Sun Express
- Turkish Airlines

8. Is your current airline company your first airline company?

Yes

No

9. Why did you switch to another airline company?

Overall dissatisfaction with the service of the previous airline company

Reasons other than dissatisfaction (Note that unavailability of a flight to a certain destination is not a reason)

Please evaluate the following statements in terms of your agreement:

10) I carefully compared several airlines on distinct attributes before choosing one of them fly with.

Strongly Disagree

Disagree

Agree

Strongly Agree

11) I'm usually well-informed about a reasonable price for a specific destination.

Strongly Disagree

Disagree

Agree

Strongly Agree

12) It is important for me to get the approval of my family and friends regarding to my airline company choice.

Strongly Disagree

Disagree

Agree

Strongly Agree

13. The brand image of the airline company played a major role in my decision to become a customer of the airline company.

Strongly Disagree

Disagree

Agree

Strongly Agree

14) The airline company that I fly with says a lot about who I am.

Strongly Disagree

Disagree

Agree

Strongly Agree

15) After deciding on my current airline company, I have weighted the pros and cons of my choice.

Strongly Disagree

Disagree

Agree

Strongly Agree

16) I do not foresee myself switching to another airline company, even if my friends recommend another airline company.

Strongly Disagree

Disagree

Agree

Strongly Agree

17) If my current airline company were to raise its ticket prices, I would still continue to be its customer.

Strongly Disagree

Disagree

Agree

Strongly Agree

18) I would highly recommend my current airline company to my friends and family.

Strongly Disagree

Disagree

Agree

Strongly Agree

19) In the near future, I intend to fly more frequently and to a variety of destinations with this airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

20. I see myself as a frequent and regular customer of this airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

21) If a competing airline company were to offer a promotional deal or discount, I would switch.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

22) Please indicate your level of satisfaction for each of the following: (For your current airline company)

1: Very Dissatisfied 2: Dissatisfied 3: Satisfied 4: Very Satisfied

	1	2	3	4
Service quality during flight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ticket price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comfort of seats	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On-time flights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flight Crew & Personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flight destination variety of the airline company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agents of the airline company (plenty of and reachable agents, availability of online services, call centers, etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please evaluate the following statements in terms of your agreement:

23. Overall, I am satisfied with my primary airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

24) After trying a new airline last time, my choice turned out better than I expected.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

25) I won't fly with the last airline company I flight again.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

26) As a regular customer, I have a high quality relationship with my current airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

27) Please indicate your level of satisfaction for each of the following: (For your current airline company)

1: Very Dissatisfied 2: Dissatisfied 3: Satisfied 4: Very Satisfied

	1	2	3	4
Complaint management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Entertainment Alternatives (Magazine, Movie, Music, etc) (Availability & Quality)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variety of Loyalty Programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28. Please indicate the first 3 airline company web sites that come into your mind. (Whether you fly with it or not)

1.
2.
3.

29) Functionality, design, ease of usage and ease of download features of an airline company web site are important for me to use that web site.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

30) Please indicate your level of concern about your own privacy for each situation:

You receive e-mail from an airline whose webpage you recently visited.

- Really Don't Care
- Don't Care
- Care
- Really Care

You are asked to provide your name to access homepage of the airline company that you currently use.

- Really Don't Care
- Don't Care
- Care
- Really Care

A notice on an airline company webpage states that information collected on that webpage may be sold to other companies/third parties.

- Really Don't Care
- Don't Care
- Care
- Really Care

The airline company website is asking for your e-mail address for access, after registration you will get a chance to win a round ticket.

- Really Don't Care
- Don't Care
- Care
- Really Care

31) Please evaluate Internet booking relative to traditional agents on each of the following dimensions:

Total booking time is shorter compared to traditional booking time.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

It is more convenient to do online booking.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

There are more payment options in online booking than traditional booking.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

32) Please indicate your level of satisfaction for the following: (For your current airline company)

1: Very Dissatisfied 2: Dissatisfied 3: Satisfied 4: Very Satisfied

- |                            | 1                        | 2                        | 3                        | 4                        |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Online reservation service | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please evaluate the following statements in terms of your agreement:

33) Some characteristics of my current airline company come to my mind quickly.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

34). I can quickly recall the symbol or logo of my current airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

35) If there is not any available flight to my destination at my current airline company, it would make little difference to me if I had to choose another airline.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

36) If I did a lot of flying, I would probably like to try all the different airlines, instead of flying just one most of the time.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

37) I usually buy the most economic tickets.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

38) For me, the costs in time, money and effort to switch to another airline company are high.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

39) My current airline company treats me like just a customer rather than as a person with specific needs and desires.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

40) I am uncomfortable giving my credit card number on the web so I purchase my tickets from agents.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

41) I give importance to the country of origin of the airline company that I intend to use for international flights.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

42) I care the negative reputation about flight risk of an airline company.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

43. Please rank the following items in terms of your priority

	1	2	3
Comfort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ticket Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flight Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

44) Your gender?

Female

Male

45) Your age?

< 18

18-25

26-35

36-45

46-55

56-65

> 65

46) Your occupation?

Academician

Banking / Finance

Information Technologies

Consultancy

Audit

Marine

Education

Entertainment

Electric / Electronic

Energy

Real Estate

Food

Textile

Security

Public Relations

Consumer Goods

Law

Medicine

Human Resources

- Construction
- Business Development
- Import / Export
- Quality
- R&D
- Cosmetic
- Media
- Accounting
- Engineering
- Automobile
- Marketing
- Telecommunication
- Tourism
- Production
- Other

47) Your position at work?

- Business Analyst
- Business Owner
- Officer
- Director
- Manager
- Engineer
- Mid Level Manager
- Team Leader
- Technician
- Expert
- Expert Asst
- Expert Asst
- Other

48) What is your annual income?

- < 9,000 YTL
- 9,001 YTL – 14,999 YTL
- 15,000 YTL – 23,999 YTL
- 24,000 YTL – 35,999 YTL
- 36,000 YTL – 47,999 YTL
- 48,000 YTL – 59,999 YTL
- 60,000 YTL – 99,999 YTL
- >100,000 YTL

49) What is the percentage of online bookings in your overall bookings?

- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

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