From mission statement to airline branding

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ABSTRACT

As a communication tool a mission statement seeks to convey a message to employees, shareholders and a wider world that includes customers and media. A good mission statement and accompanying branding strategy can be important for an airline, as together they may increase passenger confidence in the carrier. Thus, the purpose of this study is to examine the relationship between mission statements and brand equity, with the existence of trust in a brand as a moderating variable. A sample of 518 passengers were surveyed at Taiwan Taoyuan International Airport using random sampling. The results, using structural equation modeling, show positive relationships between an airline's mission statement and passenger perceptions of brand trust and brand equity. Furthermore, brand trust plays the role of mediator in the relationship between brand equity and passenger perception. The study contributes to research on mission statements with reference to the aviation industry, helps airline managers have a clearer understanding of the relationship between mission statements, brand trust and brand equity and makes suggestions as to how the relationship may be used in practice.

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1. Introduction

This paper reports research undertaken with a sample of Taiwanese respondents as to how their understanding of an airline's mission statement might influence passenger perceptions of a carrier's brand. It seeks to contextualize the research and its findings within a literature that pertains to brand image, purchase behaviors and subsequent satisfaction, arguing that mission statements possess the potential to be an ancillary means of image and brand creation. The paper is written in a sequence of literature review, hypothesis formation, research design and mode of data collection, findings and discussion.

Mission statements have been variously defined as being statements of "Vision", "Values, Beliefs", "Principles", "Strategic Intent", or "Philosophy" (Ireland and Hitt, 1992; Pearce and David, 1987) and even given the generic name of "guiding statements" as suggested by Khalifa (2011). As such they convey an organization's messages or even promises to relevant stakeholders: customers, employees, suppliers, investors and public (Bartkus et al., 2004). A mission statement is also perceived as an important

medium for conveying corporate philosophies and values, and emphasizing an organization's uniqueness and difference (Leuthesser and Kohli, 1997; Yamauchi, 2001). Chun and Davies (2001) and Ingenhoff and Fuhrer (2010) have listed the brand personality attributes that, when implemented in a mission statement, help firms to position themselves. The importance of the mission statement can be seen through the increasing number of companies that use mission statements (King et al., 2010) and some studies have provided evidence that mission statements enhance a firm's performance (Bart and Baetz, 1998; Desmidt et al., 2011; Hirota et al., 2010; Williams et al., 2014). The study reported in this paper discusses these issues in the context of two airlines operating in Taiwan.

A brand image is used by an organization to attract consumers by indicating the benefits provided that can satisfy consumer needs and wants (Merz et al., 2009; Vargo and Lusch, 2004). A visible, impressive and solid brand is built through a branding process: existing therefore as a strategy that allows a company to differentiate itself from its competitors (Colucci et al., 2008; Madden et al., 2006). According to Chen and Chang (2008), strong brands can increase customer trust in the product, service or, as in this study, airline. In addition to the safety and security aspects (Gilbert and Wong, 2003), factors such as price, punctuality of flight, baggage handling and in cabin service and facilities are all taken into consideration by a passenger when booking a flight (Campbell and

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Vigar-Ellis, 2012) and so may contribute to brand image. Lindstrom (2005) goes further to suggest a brand image is equivalent to trust, and trust in an airline could be reinforced by highlighting safety and security procedures. It is suggested that the trust between passengers and airline needs to be very strong, so that passengers feel secure when selecting a particular airline on which to travel. More widely it has been proposed that this trust could help consumers overcome concerns when involved in risky activities (Gefen, 2000), and surmount a sense of insecurity and perception of risk including a failure to obtain value for money (McKnight et al., 2002; Hong and Cho, 2011). Hence, by encouraging passengers to trust in a brand, airline companies can further boost passenger confidence and persuade them more easily to travel with a specific airline (Chiu et al., 2010; Pavlou et al., 2007).

A successful branding strategy can measured by the strength of brand equity (Seo and Jang, 2013). If a company possesses a good brand equity, it has been suggested consumers are more willing to not simply purchase the products or services but to also do so at a higher price (Keller, 1993). Additionally it permits an organization to overcome negative effects that may arise during periods of crisis management or service failure (Matilla, 2001; Tax et al., 1998).

In the fierce competitive environment of air travel it is therefore crucial for each airline to give the public a strong impression about who they are. Indeed the aviation industry has become even more competitive after the entrance of low cost carriers (Detzen et al., 2012). Furthermore unlike much of the service industry, the majority of the stakeholders of airlines are heterogeneous and international in nature. Therefore it is perhaps not surprising that there appears to be a strong correlation between brand strength and confidence in the airline product or service on offer (Chen and Chang, 2008; Wang, 2014) as airlines struggle to create strong brand images to compete yet more effectively. Under these circumstances it has been suggested that the mission statement is an effective and easy way to inform the stakeholders about an airline (Lin, 2012), both externally to the company and internally. Additionally adapting brand trust and brand equity to airline marketing is a practical managerial and strategic method (Chen and Tseng, 2010; Wang, 2014) to maximize the potential values of a brand and to position an airline with a larger set of associations (Jara and Cliquet, 2012).

It seems however, that past research has paid more attention to the effects of mission statements in non-profit organizations than those seeking profit (Alavi and Karami, 2009; Jr. Ralph et al., 2014). Additionally, relatively little research exists about the mission statements of airlines and seemingly few studies are found between the research done by Kemp and Dwyer completed in 2003 and that of Lin (2012). Furthermore most research on mission statements has mainly focused their content or their relationships with management and financial performances (Bart, 1997; Bartkus et al., 2004, 2006; Kemp and Dwyer, 2003; Khalifa, 2011). Equally most research has also concentrated on the impact of the mission statement from the perspective of internal stakeholders like employees and managers. Subsequently, despite the importance of mission statement for *all* stakeholders, it appears little research exists as to the possible roles of such statements for external stakeholders, especially customers. The question arises, therefore, whether mission statements can be applied to build business brand. Are there similarities and a relationship between mission statement, brand trust and brand equity, whereby each together can influence the perceptions of customers toward the airline company? Hence it is also worth studying whether brand trust will mediate passengers' viewpoints between a mission statement and perceived brand equity. Thus, this study will focus on the relationship between a mission statement and brand related issues through the viewpoint of airline passengers. It is suggested the

findings identify a number of useful consumer consideration sets that focus on the mission statement and brands and that these will enable managers of airlines to differentiate their mission statements and brands from those of their competitors.

As noted there has been relatively little undertaken on mission statements and their role in the marketing of airlines. One project that looked at the role of the mission statement with reference to airports was that of Castro and Lohmann (2014) who identified 10 components of the 'vision' underlying airport statements, namely staff, self-concept, geographical market, public image, profitability, philosophy, produces and services, customer, technology and tourism/place. However, as discussed below it appears that such a listing has an implicit hierarchical order to it. For example it could be argued that public image is itself shaped by and is a consequence of the other dimensions, while equally airport philosophy shapes its practices with reference to staff and customers.

Miles and Mangold (2005, p. 535) specifically addressed the positioning of airlines with reference to employees in the case of Southwest Airlines, suggesting that an 'organization's mission and values' play a key role in the employee branding process, and this is a means of obtaining competitive advantage. The nature of their argument is that the creation of clear messages as to a company's goals and values that is then successfully transmitted to staff subsequently better enables staff to possess a positive assessment of their own role within the organization. In turn this creates patterns of loyalty and thus a wish to provide better service to customers. They suggest that this permitted the U.S. airline, Southwest, to achieve the quickest turnaround times of any airline at the time when their study was conducted.

However, many of the functions to which Miles and Mangold refer such as baggage handling, check in operations, and even flight attendants may currently be outsourced in new searches for cost savings, and hence those serving passengers in airports and even on aircraft may not be directly employees of the carrier, thus creating complex situations as airlines seek to satisfy customers through the operations of intermediaries. The degree to which they will do this arguably depends upon the values which an airline espouses through its mission statements, and it these values that prompts the nature of discussions with and payments to intermediaries in the performance of services for customers.

2. Conceptual background and hypothesis development

2.1. Mission statement

A well-crafted mission statement is good for organizational performance when used properly (Mullane, 2002). For their part Leuthesser and Kohli (1997) argued a mission statement provides a significant channel for communicating essential values and norms to target groups such as consumers and employees. It also refers to both internal and external actions (Braun et al., 2012; Chun and Davies, 2001). Mission statements have also been found to be an essential and crucial management tool for a firm to determine its goals, direction and rationale for existence through the implementation of strategy plans (Wang and Lin, 2011). To achieve this, Pearce and David (1987) suggested nine components should be incorporated into the mission statement: namely customers or clients, products or services, location, technology, concern for survival, philosophy, self-concept, concern for public image and concern for employees. Campbell and Yeung (1991a, b) also suggested the inclusion of four other components: purpose, strategy, behavior, and values of a company. By its nature, a mission statement is commonly perceived as a tool that explicitly presents corporate identity, purpose and strategic intent of a company (Hirota et al., 2010), while also pointing out current management