

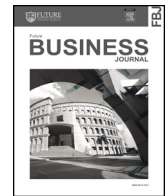
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# Analysing customer based airline brand equity: Perspective from Taiwan

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### ABSTRACT

This research develops and examines a customer-based Airline brand equity (CBABE) model and examines the mediating effects of Airline brand reputation on the relationship among CBABE and Airline brand trust. By means of structural equation modelling (SEM) analysis, the four dimensions of CBABE— Airline flight service quality, Airline brand affect, Airline brand awareness and Airline brand association— are recognized to have positive effects on Airline brand reputation. Besides, it is established that Airline brand affect, customer self-congruence, Airline brand awareness and Airline brand reputation has a positive effect on Airline brand trust. The data collected was analysed using 7 – Likert scale instrument and this research provides insight into effective strategies that can be used to increase Airline brand trust and protect Airline brand reputation for an Airline. Based on the outcomes obtained from the relationship between CBABE, Airline brand reputation and Airline brand trust, the study confirms substantial difference among the groups deliberating to the customer purpose of air travel that is associated to CBABE dimensions. The findings provide enriched understanding of intricate psychological process involved in air travel customer selection criteria for an Airline or Airline industry.

### 1. Introduction

Basic principle of brand equity is to add and reproduce a particular qualities the brand has projected, which needs to be consistent in the viewpoint of the customers. These brand projections are in the form of public communication, various marketing techniques that establish relationship with the customers (Arvidsson, 2006). It is important to build independent relationship with the customers that has propensity of great pay-off in the form of customer satisfaction, return customer, loyalty and word of mouth advertising (Cheng, Chen, & Chang, 2008). Airline industry has given importance to service as vital offering and it is important to manage brand reputation and build brand trust. Managing long lasting customer relationship and loyalty in the Airline brand need to participate in relationship and marketing approach. Sole transactional marketing approach loses the benefit of repeat bookings and brand loyal customers. In the Airline Industry, relationship amongst purchase intentions, brand preference and brand equity was examined on customer based brand equity (Chen & Chang, 2008). Author Chen and Tseng (2010) conveyed that significance of customer based brand equity (CBBE) in the Airline industry, exploring the customer's perspective and operationalisation, specifically with four measurements: brand awareness, brand image, perceived quality, and brand loyalty. Inter-relationships and their influence amongst these four dimensions was established. However, customer based brand equity in Airline Industry, has limited models, measurements and necessitates diverse approach.

The academics and practitioners are increasing their focus on brand equity in terms of business and marketing functions in different service industry. Cheng and Chang (2008) explored the relationships amongst brand equity and their implication; mainly customer purchase intentions and brand equity. Their outcomes suggested positive effects on customer purchase intentions and brand preference of CBBE. There is increasing signal and higher preference for customer purchase in Airline, which has healthier brand equity component and displays mediating effect of brand preference. It is observed that there is sparse research on dimensions that include brand reputation, brand trust and brand equity in the Airline industry. This gives an opportunity to explore the relationship

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linking several elements and their significances; namely, brand trust and brand reputation. Various research related to Airline industry has stressed the importance of brand communities, relationships and brand citizenship behaviours. When exploring the past study related to customer based Airline brand equity (CBABE) in Taiwan, the research mainly focused on specific dimensions; brand preference, purchase intention, brand awareness, brand image, perceived quality and brand loyalty (Chen & Tseng, 2010; Chen & Chang, 2008). This research addresses to facilitate and examine the role of brand reputation among CBABE dimensions and brand trust in the Airline industry. The significance of brand trust due to the importance of Air safety, reliability and on-time-performance issues in the Airline industry are significant (Zhang, 2012; Wu, 2010). There is the reason to believe that large number of business key prevalent measure of brand customer relationships and rational to quantify is brand equity (Alam & Yasin, 2010). It can be argue that customers have higher tendency to choose trust worthy Airline brand for their air travel. With the increasing air travel among the general public, there is higher inclination for the passenger to opt for reputable and trustworthy Airline brand. Large amount of Airline resources and financial investment are focused to improve trust and reputation of the Airline brands (Zhang, 2012; Taneja, 2016a). Hence, it is essential to analyse brand equity accommodating other components and comprehend the relationship amongst brand reputation and brand trust.

The main purpose of this research are three facets. This study aims to fill the significant gaps which are; (1) To identify fundamental dimensions of CBABE; (2) To empirically inspect the relationship of CBABE dimensions with brand trust in Airline industry and inspect mediating role of brand reputation influencing between CBABE dimensions and brand trust (3) To compare the assessment of the dimensions of CBABE among different purpose of air travel. From managerial viewpoint, the research results will enable to clarify the effective ways, how CBABE can attract Airline customers comprehending the purpose of air travel. These relationships and findings will aid to increase the differential applications of CBABE. It can be considered that research likewise focuses to verify the dimensions of CBABE of Taiwanese Airline industry; domestic and international air passengers.

## 2. Research models and hypothesis

Brand equity is believed to add incremental value, utility and primary capital for large number of organizations. Resilient brands have capitalised by increasing the number customer service and product purchase, by understanding intangible factors that emboldens customer's trust (Keller, 2015; Chen & Chang, 2008). Researches have focused in the direction of identifying the dimensions of brand equity in different industries. Sustainable competitive advantage are gained by organisations, by means of projecting strong brand image, thereby increasing long-term cash flow, profitability, stock price and premiums (Kumar, Dash, & Purwar, 2013; Yoo & Donthu, 2001; Yasin, Noor, & Mohamad, 2007). This is largely true for the service industry, were services are embedded with characteristics of heterogeneity, perishability, intangibility and inseparability. Companies from advanced countries have fundamentally given equal importance for short-term performance and long term brand equity components in their corporate strategies. Brand corporate strategies and marketing campaigns are frequently aligned to enhance the brand image and install brand equity (Keller, 2015; Kim & Kim, 2005). Airline industry being in the service sector, needs adjustment to measure brand equity embodying feature pertinent to the nature of business and customer focus. This provides common groundwork for further research in Taiwanese Airline Industry; domestic and international air passengers.

In the past, researchers have focused sensibly to examine brand equity dimension on international Taiwanese Airline passengers. Chen and Chang (2008) conducted research to study the international Taiwanese air passengers and the association amongst brand equity, brand preference and purchase intentions. Findings from their research established positive relationship amongst brand equity, brand preference and purchase intentions. This study also detected moderate influence of switching cost linking the relationship amongst brand equity and purchase intentions. It was observed that there is no significance of brand equity on customer purchase intentions, with low switching costs. Chen and Tsang (2010) examined international Taiwanese air passenger behaviour from customer's perspective and operationalization of airline brand equity. Empirical investigation on four dimensions were conducted; brand image, brand awareness, brand loyalty and perceived quality. Inter-relationship amongst the four dimension and their effect on brand equity was investigated. The research model enabled to find the casual relationship amongst perceptual and behavioural dimensions, henceforward their inter-relationships between brand equity components was established. It is encouraging to recognise different perspective used to evaluate brand equity that is essentially studied in three different standpoints; financial perspective, customer perspective and employee perspective (Farjam & Hongyi, 2015). This research is focused to consider CBABE in Taiwanese Airline industry by the support of relevant literatures, empirical studies, and hypothesised drivers from other service sectors. There is enormous room for further research on CBABE, which focuses on the behavioural intentions of brand equity and brand trust (Bauer, Sauer, & Schmitt, 2005a; Bauer & Sauer, 2008; Gladden & Funk, 2002). It is important to understand that there is shortage of research in the area of Taiwanese Airline industry, both in terms of hypothesised drivers and behavioural intentions of brand equity.

Brand loyalty, brand awareness, brand association and perceived quality are the four brand equity dimensions (Aaker, 1991). Kim and Kim (2005) examined brand equity of other service sector by means of primary dependant variables that are brand loyalty, brand awareness, brand image, perceived quality and brand loyalty. While, primary dependant variables such as brand affect and self-congruence was incorporated by Han, Nguyen, and Lee (2015) as perceived dimensions. Flight service quality has sub-construct such as inflight, reservation, reliability, availability, employees and airport. These are regarded as perceived quality in the Airline industry (Chen & Tseng, 2010). Current research utilises self-congruence to determine symbolic consumption of customer behaviour. It is established that prominence of symbolic consumption is important in customer behaviour (Nam, Ekinci, & Whyatt, 2011; Kwak & Kang, 2009). Well managed brands, have greater propensity to create emotional ties with customers that urges them to favour them over the competitors (Chaudhuri & Holbrook, 2001; Evanschitzky et al., 2006). Such emotional inclination towards the brand

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