

Chapter 26

Consumer Loyalty to an Airline: Online and Offline Antecedents

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ABSTRACT

The purpose of this chapter is to analyze the loyalty of airline users in both online and offline environments, and the influence exercised by the virtual environment on overall loyalty to an airline company. An empirical study was carried out, with a total of 1710 personal interviews with users of different airline companies. In the analysis of the data, structural equations models were used, in particular the technique of confirmatory factor analysis. The results reveal that satisfaction, trust and perceived value all explain the relationships of loyalty between passengers and airline companies and that satisfaction trust and loyalty online influence overall satisfaction, trust, and loyalty to the company. Perceived quality, satisfaction, and trust online explain online loyalty.

INTRODUCTION

Customer loyalty is one of the main factors of interest for the strategic managements of firms, becoming one of the customer-centric strategies of marketing teams. The reason for this lies in the intensity of competition, especially in the services, leisure, and travel sector, and in firms' need to foster close relationships with custom-

ers. In addition, the cost involved in gaining new customers makes it much more profitable to gain the loyalty of current customers. Having loyal customers permits the firm to reinforce loyalty through the development of customer relationship management strategies, the better to individualize proposals for products and services.

Relationship marketing is the theoretical framework permitting us to analyze loyalty from a

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wider spectrum. The fundamental aim of relationship marketing research is to identify how long term relationships with the customer are created and maintained (Berry, 1995; Bitner, 1995; Gummesson, 1987). In this sense, knowledge of the consumer's behavior and the mechanisms that lead him to be loyal to a brand constitute the key study for airline companies.

The air transport industry makes a contribution of more than €140 billion to the European GDP, with more than 150 scheduled airlines and a network of over 400 airports, which together employ more than 3 million people (European Commission, 2012). Regarding passenger numbers, more than 776 million passengers departed or arrived at EU airports in 2010 (Eurostat, 2012). The development of new technologies in recent years has encouraged an increasingly high percentage of passengers to acquire their tickets via the Internet. On the one hand, the low cost companies, who base a large part of their business model on Internet sales, have converted the website into the centre of information and commercialization of their flights, and on the other hand the traditional companies, pressured by the strong competition in the market resulting from the deregulation of the airline industry and the advance of new technologies, have emulated the success factors of the low cost companies, leading them to reduce costs by establishing direct contact with their customers through their own websites (Gil, et al., 2006). Identifying the antecedents of e-loyalty to airline companies is especially important given that 25.8% of their sales are made directly through their websites, and this is expected to increase to 38% by 2013 (Sita, 2011).

The aim of this study is to identify the antecedents of the loyalty to an airline company of a user who buys his or her ticket by means of the airline company's website. For this we carry out a bibliographical review which will permit us to design an explanatory model of loyalty, dealing on the one hand with the online environment as it refers to the purchase of an airline ticket through

the airline company's website, and on the other hand takes into account an offline scenario when it refers to the use of the service both in airports and aboard aircraft.

THE CONCEPTUAL BACKGROUND

E-Loyalty to the Website and Overall Loyalty to an Airline Company

For airline companies, brand loyalty has today become the strategic key in a milieu as competitive as that in which they operate (Mattila, 2004; Oliver, 1999). In this context the analysis of the factors that induce higher indices of loyalty to the brand, which consequently have a decisive influence on buying decisions, takes on special importance.

Although there is no unanimity over the definition of the loyalty concept, consumer loyalty has traditionally been considered to be repeated behavior of purchase of a brand, a service or in an establishment, this criterion being maintained in the electronic market. Thus, loyalty in the online environment (e-loyalty) has been defined as the consumer's favorable attitude towards the use of Internet as a purchasing channel which results in repeat purchase behavior in the fullness of time (Anderson & Srinivasan, 2003).

Following the study by Jacoby and Chestnut (1978), which explores the psychological meaning of loyalty, Oliver (1999) argues about the dangers of defining loyalty solely on the basis of behavior (repeat purchases) distinguishing between true loyalty and spurious loyalty, which is the fruit of coincidence and/or of the preference for convenience. The absence of alternatives, the fact that the consumer does not have a preferred brand, or the influence of situational factors, are variables that lead to a false loyalty. Keller (1998) recognizes that brand loyalty has often been measured simplistically, through repeat purchase. This is the case of the airline companies' loyalty programs,

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