A GENERATION TAKES FLIGHT: SWEDISH GENERATION Y AND AIRLINE BRAND LOYALTY

by

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Abstract

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RESEARCH QUESTIONS
- “What is the level of loyalty towards airlines amongst the Swedish Generation Y?”
- “What determining factors influence whether a Generation Yer is brand loyal to airlines or not?”

PURPOSE OF THE STUDY | The purpose of this thesis is to investigate and analyze what the level of loyalty towards airlines is amongst the Swedish Generation Y and consequently what the factors are behind this loyalty.

METHODOLOGY | This thesis uses both primary data and existing literature to establish its findings. A questionnaire of 411 respondents was carried out to answer our research questions.

CONCLUSION | There is a definite lack of brand loyalty towards airlines found amongst Swedish Generation Yers. Key factors which influence the occurrence of brand loyalty include peer feedback, safety and trust, brand congruence and an online presence. Price acts as a moderator between Generation Yers liking an airline and becoming fully brand loyal towards it.

KEY WORDS | Generation Y, Brand Loyalty, Airline Loyalty, Sweden.
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Acknowledgement

“Education is a process in which we discover that learning adds quality to our lives. Learning must be experienced.” – WILLIAM GLASSER

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Last but not least, we would like to thank our families and friends. Without their support and encouragement this thesis would certainly not exist today.

Mark Ross Phillips
Västerås, June 10th 2012

Frances Anna Demelza Wijsman
Västerås, June 10th 2012
Glossary

The glossary gives an overview of the most frequent used terms, keywords, concepts and abbreviations throughout this thesis.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION LOYALTY</td>
<td>Also referred to as behavioral loyalty, action loyalty is the customer’s motivation to buy again being realized and willingness to surmount any barriers to repurchase (Lazarevic &amp; Petrovi-Lazarevic, 2007)</td>
</tr>
<tr>
<td>AFFECTIVE LOYALTY</td>
<td>The customers are committed to the brand because they like it but may still engage in switching behavior because they have not committed to the intention to buy or the action itself (Lazarevic &amp; Petrovi-Lazarevic, 2007)</td>
</tr>
<tr>
<td>BABY BOOMERS</td>
<td>The demographic cohort born between 1946 and 1964 (Dorsey, 2010)</td>
</tr>
<tr>
<td>BRAND CONGRUENCE</td>
<td>A match between how the customer perceived their own self and how they see the traits of a brand (Kressmann, Sirgy, Herrmann, Huber, Huber, and Lee, 2006)</td>
</tr>
<tr>
<td>BRAND LOYALTY</td>
<td>Brand loyalty is the customer's conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually (Kabiraj &amp; Shanmugan, 2011, p. 286)</td>
</tr>
<tr>
<td>COGNITIVE LOYALTY</td>
<td>Customer will believe that the brand is the superior offering available (Forgas, Miliner, Sánchez, and Palau, 2010)</td>
</tr>
<tr>
<td>CONATIVE LOYALTY</td>
<td>The customers’ behavioral intention to keep on using the brand in the future (Forgas et al., 2010)</td>
</tr>
<tr>
<td>GENERATION X</td>
<td>The demographic cohort born between 1965 and 1977 (Dorsey, 2010)</td>
</tr>
<tr>
<td>GENERATION Y</td>
<td>The demographic cohort born between 1977 and 1995 (Dorsey, 2010)</td>
</tr>
<tr>
<td>PRICE TOLERANCE</td>
<td>The extent to which participants are willing to pay fee increases without expressing measurable resistance (Howard &amp; Selin, 1987). Several factors influencing price tolerance are: customer satisfaction, involvement, perceived price fairness, evoked set size and switching barriers (Herrmann, Huber, Sivakumar &amp; Wricke, 2004)</td>
</tr>
</tbody>
</table>
Introduction

The first chapter of this thesis on brand loyalty in the airline industry starts with outlining the background and problem under discussion throughout the thesis. Followed by the problem statement, research question, purpose and the intended target audience.

1.1 Background

The airline industry is no stranger to new challenges, having experienced numerous oil crises, safety issues, environmental protection, labor issues and the effects of the deregulation of air travel across Europe and America (Wensveen, 2012). However, the airline industry is currently still facing major challenges, with newspapers writing articles about airlines suffering major losses on a monthly basis (De Jong, 2012). Moreover, Dolnicar, Grabler, Grün, and Kulnig (2010) quoted that the Director General and CEO of the International Air Transport Association, Giovanni Bisignani, stated plainly that “the last decade was the most difficult that we have ever faced. Airlines lost an average of US$5 billion per year”.

Although these difficulties have shaped the airline industry into what we see today, there are new problems afoot for the industry, one of these being the competitiveness in the industry (Dobruszkes, 2009). One way in which airlines can beat this competitiveness is by creating brand loyalty amongst their potential customers (Dolnicar et al., 2010). Creating a strong level of brand loyalty can offer a competitive advantage to a firm (Aaker, 1991; Keillor, 2007). In order to survive it is crucial for airlines to undertake action and start activities to increase brand loyalty to make sure they gain a solid customer base. One of these issues is how they win over Generation Y who, according to Lodes and Buff (2009), are not generally brand loyal and tend to use the Internet to source the cheapest options when purchasing goods and services. Such consumer behavior is a stark contrast to what the airline industry might be used to, where people are loyal to “their” airline and there were fewer tools for price comparison than the countless price comparison websites nowadays available (Benner, 2010; Shaw, 2007).

Generation Y is relevant when addressing the airline business landscape as they love to travel, are online savvy and book flights online (Lazarevic & Petrovi-Lazarevic, 2007). These characteristics are common with the Swedish Generation Y (Parment, 2008). Nusair, Parsa, and Cobanoglu (2011) mention the possibility of creating commitment to these customers by involving them in online activities. This is where an opportunity lies for airlines, transitioning customers’ way of thinking to quality offered, service and comfort features instead of solely focusing on the price of a flight. Now is the right time for airlines to attract these potential customers and gain their brand loyalty in order to profit from them in the future through the benefits of brand loyalty, perhaps most notably repeat purchases (Evans, Jamal, and Foxall, 2010) as opposed to the switching behavior common amongst Generation Yers (Lazarevic & Petrovi-Lazarevic, 2007).
1.2 Problem statement
Airlines in Europe and further afield have faced numerous challenges and opportunities as a result of market deregulation, with increased competition amongst carriers being a primary outcome (Dobruszkes, 2009). The onset of the Internet as a primary tool for customers to search for prices and book flights also constitutes a major recent change to the way in which airlines do business, what is more, the importance of the Internet as a means of buying online for younger people is evident with online ticket purchases now accounting for the vast majority of airline sales in this segment (Nielson, 2010). These realities illustrate the challenges for today’s airlines as they look to develop and maintain brand loyalty with a net-savvy generation. The problem our research aims to investigate is the perceived lack of loyalty amongst Generation Y and its prevalence with regard to airlines (McCrindle & Wolfinger, 2009). Our objectives include finding out what proportion of the Swedish Generation Y consider themselves brand loyal in regards to airlines and what forms the basis for any such loyalties. Swedish Generation Y is of particular interest due to the geographic proximity of the authors and lack of research in the area. In other words, the authors particularly aim at identifying and analyzing the characteristics of western Generation Yers, which are also shared by Swedish Generation Yers (Erickson, 2010), throughout this thesis.

Whilst research into brand loyalty can be traced back many years with only a small pool of researchers that have addressed the brand loyalty concept in the context of airline brands (Chen & Tseng, 2010), where many of those studies focus on specific research topics within the area (Dolnicar et al., 2010). These topics include, lack of brand loyalty (McCrindle & Wolfinger, 2009), customer satisfaction (Forgas et al., 2010), factors underlining loyalty towards airlines (Dolnicar et al., 2010) and brand congruency (Lazarevic, 2012). Although existing literature reveals the demanding and complex nature of developing brand loyalty with regard to Generation Y, the benefits of doing so are clear as the spending power of the cohort grows. According to Wolburg and Pokrywczynski (2001), Generation Y is particularly important as a customer segment since it has the potential to grow and as this growth occurs, so too will the Generation’s spending power and market influence.

No research has thus far been conducted with a topic combining both Swedish Generation Y and airline brand loyalty, leading to a gap in the information landscape related to airline brand loyalty (Forgas et al., 2010; Dolnicar et al., 2010) and even Generation Y brand loyalty (Lazarevic, 2012). This thesis aims to fill that gap and add some understanding of Generation Y and airline brand loyalty to current literature.

1.3 Research question
Bryman and Bell (2011) explain that the chosen research problem, whilst of personal interest to authors, must also lead to relevant research questions. Our research questions for this project are derived from the problem we are looking to address, namely how brand loyal Swedish Generation Yers are to airlines and the reasoning behind any loyalty. Amongst others, Aaker’s (1991) brand loyalty pyramid will be used as a tool for measuring the level of loyalty. As such, our research questions are as follows:

1. **What is the level of loyalty towards airlines amongst the Swedish Generation Y?**
2. **What determining factors influence whether a Generation Yer is brand loyal to airlines or not?**
1.4 Purpose
The purpose of this thesis is to investigate and analyze what the level of loyalty towards airlines is amongst Swedish Generation Y and consequently what the factors are behind this loyalty. This study is intended to answer these questions in a way that both provides relevant academic findings as well as more practical implications for airline marketing practitioners as they adapt to a new generation of customers with a different approach to brand loyalty and purchasing channels. This paper will also provide airline professionals with recommendations that could be taken into account when specifically focusing their marketing activities on Generation Y.

1.5 Target audience
This thesis is aimed at a variety of target audiences, first of all the study could be a useful tool to guide airline marketing. It will give airline professionals an insight into airline brand loyalty amongst Generation Y. Our research and its recommendations can provide airline marketing practitioners with a better understanding of a new generation of customers in addition to practical ideas on how best to adapt and take advantage of their characteristics. Another target audience will be academic scholars interested in researching Generation Y or airline brand loyalty; this study might give a different view on existing research in the areas of brand loyalty, Generation Y and airline loyalty. Indeed, it has already been highlighted that there is no existing research on Generation Y and airline brand loyalty and as such this work can help academics add to their existing knowledge of Generation Y.
2

Theoretical Framework

The following chapter gives an overview of the information landscape of this thesis. The aim of the Theoretical Framework chapter is to give an overview of the existing research with regard to the key topics of our study; namely Generation Y, brand loyalty, airline brand loyalty and brand loyalty amongst Generation Y. In the final paragraph of this chapter a conceptual framework is presented.

2.1 Generation Y

It seems difficult for researchers to identify one single shared definition of Generation Y, with a varying span of years of birth offered. For the purpose of this report, we will be defining Generation Y according to the definition of Dorsey (2010): “the demographic cohort born between 1977 and 1995.” Paul (2001) indicated Generation Y is set to be the next key generation with a high level of both confidence and consumerism. This is confirmed by Tulgan and Martin (2001) who describe Generation Y as having great confidence and self-esteem, being education-driven and also as being open and tolerant. In fact, Generation Y is deemed more diverse and racially tolerant than any preceding generation ever was. These factors make them eager to travel and experience new cultures (Nobel, Haytko and, Phillips, 2009).

Although researchers cannot seem to find a common definition of the term “Generation Y” in terms of time span, they do all agree on one thing: Generation Y is the most technological savvy generation thus far. They are heavily engaged in online purchasing behavior, with up to 15% of their purchases being made online (Lester, Forman and, Lloyd, 2006; Nusair et al., 2011) and are heavy internet users. Research by the CBS (2009) shows that Sweden (52%) is in the top 4 with Denmark (59%), the United Kingdom (57%) and the Netherlands (56%) when it comes to online shopping behavior in the European Union. For Sweden this means an increase in online shopping of 16 to 60 year olds of 10% in only 4 years (CBS, 2009). Growing up around this comfort with technology means that Generation Yers engage in many everyday activities in new ways, even education is being transformed by their technology-savvy nature as electronic tools replace traditional means of learning (Jones, Ramanau, Cross and Healing, 2010).

Generation Y’s technology-comfortable nature is noted by their extensive use of the Internet, social networks, text messaging, e-mail, blogging and other such tools for communications. Generation Y is also perceived to be less brand loyal than other generations (Brsky and Nash, n.d.; Nobel et al., 2009). This technological comfort is also expanded to other realms of life within Generation Y, with communication devices being used as a social enabler rather than just as tools for communication (McCrindle and Wolfinger, 2009).

On the other hand, Generation Y will also be the generation that will have to carry the heavy burden of the current economic crisis that previous generations have left behind. Baby Boomers, “the generation born between 1946 and 1964” (Dorsey, 2010) - were hit badly by the recession which began in 2008, with pension schemes and
property prices dropping in value in many nations. Despite this, the disposable income of Generation Yers is increasing as they transition from education to full-time employment, whereas the income of baby boomers seems to be stagnating (PriceWaterhouseCoopers, 2010). A PriceWaterHouseCoopers’ (2010) report on the new consumer behavior paradigm makes it clear that it is Generation Y customers, with their increasing disposable income, that will lead the economic recovery. Part of the reason they will take this leading economic role is their demand for new technologies and the spending associated with this demand. Generation Y is an attractive target market for the business world as their disposable income is growing, they are highly interested in fast moving consumer goods, yet they will also have to pay for the recession and endure the tough economic times facing them. They will be bound by closer credit rules than preceding generations (PriceWaterhouseCoopers, 2010).

Research suggests that Generation Yers are not particularly responsive to traditional marketing methods (Lazarevic & Petrovi-Lazarevic, 2007; Syrett & Lammiman, 2004). They place much emphasis on brands and materialistic notions and have little respect for the status quo in social terms (Evans et al., 2009). Regarding advertising, Generation Yers are deemed to be rather skeptical of commercial messages, instead they value peer feedback through the opinions of friends, family, and online forums and blogs about products and services (Nusair et al., 2011). Thus, creating word of mouth is deemed a key factor to winning over Generation Y, as Generation Yers pay high value to peer feedback when making choices (Benckendorff, Moscardo and Pendergast, 2009). Benckendorff et al. (2009, p.5) agree with Nusair et al. (2011) and Evans et al. (2009) when they state that Generation Y are “a hero generation, with a focus on brands, friends, fun and digital culture. They are multi-taskers who are networked rather than individually focused, hence are strongly influenced by friends and peers”.

All authors, despite differences in age group definitions, form a consensus that Generation Y is a brand-conscious, disloyal, connected and peer-dependent generation. This Generation Y segment is particularly relevant for airlines to know more about when developing brand loyalty because of its extensive online presence. Regarding Generation Y and travel, Benckendorff et al. (2009) surmise existing research as showing that Generation Yers rely on peer feedback when making travel decisions and have a concern for the environmental impact their travels will have on the environment. As such, shared values are an important consideration. Furthermore, Benckendorff et al. (2009) state that Generation Y will travel more as they enter the workforce and have a full-time income.

Research in the area of Generation Y is fairly limited in Swedish studies, as opposed to the many foreign Generation Y studies available. However, Parment (2008), Bengtsson and Lindvall (2010) and Lindgren, Lüthi and Fürth (2005) did do research in the area of the characteristics of Swedish Generation Yers. Whilst this research is not related to the topic at hand in this work, all of the above authors recognized and took into account the characteristics of Generation Y as ascribed in this section, especially their technology-driven nature.

When looking at the characteristics specific for Swedish Generation Yers Parment (2008) writes that Swedish Generation Yers tend to have slightly more disposable income than their non-European counterparts, due to the government and families support for students. Parment (2008) identifies that Swedish Generation Yers make
well-informed purchasing decisions and are conscious of the need to save. Swedish Generation Yers do not plan their purchases as thoroughly as their parents often did and do, perhaps due to the amount of brands and options available ever since they were born. Research by Bengtsson and Lindvall (2010) amongst Swedish Generation Yers suggested that they do value saving but are also not strangers to impulse buying. Style and having your own identity is more important to Swedish Generation Yers than the brand they wear. Generation Y sees nothing wrong in buying unknown and different brands. What is more, Parment (2008) states Swedish Generation Yers also lack brand loyalty, which Bengtsson and Lindvall (2010) confirm by noting that Swedish Generation Yers put a lot of effort into information searches and evaluating the different brands available to them.

According to Lindgren et al. (2005) Generation Yers are all about having fun, maximizing their opportunities and living up to their own expectations. It is very important for Swedish Generation Yers to have, or make, the time to experience different cultures and travel around the world. Their travel experiences help them to express who they are. As such, it is clear that the Swedish Generation Y shares many of the same characteristics as those in other countries do.

2.2 Brand Loyalty

The American Marketing Association (n.d.) defines a brand as being “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers”. Brand loyalty, then, concerns itself with customer loyalty to said brands. It is a concept that has been defined and re-defined as research continues in the field of marketing research and consumer behavior. Cunningham (1956, as cited in Odin, Odin and Valette-Florence, 1999) set the early tone for this research by linking brand loyalty with the concept of repeat purchasing. However, as discussed by Odin et al. (1999) there was a lack of clarity about whether brand loyalty was behavioral or attitudinal in nature, or both. Jacoby (1971, as cited in Odin et al., 1999, p. 75) ascribed both a behavioral and attitudinal link to brand loyalty when he defined it as being a “biased behavioral response expressed over time by some decision-making units with respect to one or more alternative brands out of a set of such brands and is a function of psychological processes”.

Holt (2004, p. 95) gave brand loyalty a more simple definition, writing “brand loyalty is the consumer’s willingness to stay with a brand when competitors come knocking with offerings that would be considered equally attractive had not the consumer and brand shared a history.” Aaker (1991) proposed that to foster loyalty from customers, a brand must become an ally to them, therefore placing an emphasis on the attitude the customer has to a brand and the resulting loyalty behavior. As such, it is clear that research in the field of brand loyalty has recognized that both attitudinal and behavioral elements play a role in brand loyalty. Kabiraj and Shanmugan (2011, p. 286) have recently maintained that “brand loyalty is the consumer’s conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually,” therefore offering further consistency to the point that loyalty can be behavioral or attitudinal. This definition will guide our research as it emphasizes the multi-faceted nature of brand loyalty as well.
It is also worth noting what brand loyalty is not. Odin et al. (1999) differentiate brand loyalty from the inertia which occurs when a customer repeatedly purchases the same brand but is not really involved with the brand at any attitudinal level, perhaps purchasing some brand repeatedly because the brand is the most easily available. This differentiation also draws a line between simple repeat-purchasing and brand loyalty, with Evans et al. (2009 p. 370) noting that repeat purchasing occurs “irrespective of any affective dimensions of what goes on in consumer’s minds” and further discussing how loyalty involves a trust or commitment to a brand that does not usually exist in simple cases of repeat purchasing.

Therefore, it is clear that brand loyalty is not just repeat purchasing and that a customer’s cognitive loyalty (loyalty to information) or commitment is a key determining factor when drawing a line between the two terms. This relevance of cognitive brand sensitivity when drawing a distinction between brand inertia and loyalty was illustrated by Odin et al. (1999) which is shown in Figure 1 below. It shows that inertia consists of people with a low cognitive involvement with the brand repeatedly purchasing it, perhaps due to price or high exit barriers. Loyalty, contrastingly, occurs only in the presence of strong brand sensitivity on the part of the customer.

Aaker (1991) influenced academic understanding of brand loyalty greatly when he proposed brand loyalty as being one of five elements resulting from brand equity, in addition to brand awareness, perceived quality, brand associations and proprietary assets such as patents. Going into further detail about brand loyalty, Aaker (1991) found loyalty to be a variable which has different levels of strength depending on the customer in question and proposed five categories to match different levels of brand loyalty.

These categories make up his “brand pyramid”, as illustrated in Figure 2. According to Aaker (1991), switchers have no conative loyalty (loyalty to an intention) towards the brand and will switch without hesitation if price or any other factor makes an alternative product more attractive. Such customers do not usually consider brand identity when making their purchase decisions, instead they purchase solely on other product features.
Switchers experience low switching costs, which are defined by Jones, Mothersbaugh and Beatty (2002, p. 441) as the “perceived economic and psychological costs associated with changing from one alternative (brand) to another.” Habitual buyers are, as the term suggests, people who repeatedly purchase the same brand through habit rather than any emotional or conative loyalty, similar to inertia as explained by Oliver (1999). Satisfied buyers are those who are loyal to a brand because it continuously satisfies their needs and wants (Aaker, 1991). These customers also perceive a limit to their ability to switch brands because of the potential costs of switching. Further up the pyramid are “likes”, those who have a real emotional attachment to the brand which is usually coupled with an awareness of the more practical benefits a particular brand offers such as price and quality. Finally, Aaker (1991) places committed buyers at the top of the pyramid. These buyers experience a strong sense of trust and commitment with a brand and can even associate with the values the brand conveys, something referred to by other authors (Kressmann et al., 2006; Lazarevic, 2012) as brand congruence.

In keeping with Aaker’s (1991) assertion that loyalty is complex and can be seen in stages or levels, Oliver (1999) asserts that loyalty has four stages. Starting with cognitive loyalty, which involves a customer repeatedly purchasing a product based on information available to them (i.e. price) a customer can eventually end up really liking a brand and thus experience affective loyalty. This liking can lead to conative loyalty behavior as the potential customer decides to purchase the brand. Action loyalty is the actual process of repeatedly purchasing the same brand over and over again and is a result of cognitive, affective and conative loyalty. These stages are illustrated as follows:

<table>
<thead>
<tr>
<th>Stage of loyalty</th>
<th>Characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>Loyalty to information</td>
</tr>
<tr>
<td>Affective</td>
<td>Loyalty as liking</td>
</tr>
<tr>
<td>Conative</td>
<td>Loyalty to an intention</td>
</tr>
<tr>
<td>Action</td>
<td>Loyalty to action</td>
</tr>
</tbody>
</table>

Figure 3 Stages of Brand Loyalty (Adapted from Oliver, 1999)
As touched upon by Aaker (1991), satisfaction plays some role in the development of brand loyalty. This assertion is also found across literature in the field of marketing, with Oliver (1999, p. 33) stating the two are “linked inextricably.” However, Oliver’s (1999) research indicates that loyalty and satisfaction, whilst interrelated, are two very separate considerations. Whilst satisfaction is seen as a key antecedent to brand loyalty, other factors such as product quality, personal fortitude or interest on the part of the customer and a social connection between customer and brand are also key determinants of whether brand loyalty will occur. In some cases, customer disinterest; or a lack of involvement, in a brand or product category leads to true action loyalty being very difficult to achieve. In such cases, achieving satisfaction is still possible and can lead to repeat purchases, but such repeat purchasing is not true loyalty (Oliver, 1999). This is similar to Odin et al.’s (2011) concept of inertia where a customer may be re-purchasing out of convenience rather than a real feeling of loyalty.

One antecedent of brand loyalty touched upon by Oliver (1999) was a social connection between the customer and brand. This concept of social connection is given more light by Kressmann et al. (2006) as they find a direct correlation between brand congruence and brand loyalty. Congruence in this case entails a match between how the customer perceived their own self and how they see the traits of a brand. If a customer experiences brand congruency towards a particular brand, they are far more likely to become brand loyal to that brand than others, which they deem not to share their personality traits or values. In fact, Kressmann et al. (2006) also note a customer is more likely to investigate a product for potential purchase if they think it has brand congruence with them. This, therefore, would improve the likelihood of the customer entering the cognitive loyalty stage as per Oliver (1999) and also becoming a satisfied and loyal customer as per Aaker (1991).

Not only then, has literature in the area of brand loyalty separated the concept from repeat-purchasing or inertia, but it has also broken down brand-loyal customers into specific categories. Satisfaction and brand congruence, amongst others, are identifiable as playing key roles in the development of brand loyalty (Kressmann et al, 2006; Oliver, 1999). Another important consideration when exploring brand loyalty is what benefits it actually brings to the fore for a business. Evans et al. (2009) notes that loyal customers will be less prone to switch to a competitors offering, thus improving the retention rate of the brand to which customers are loyal. Garnering positive word of mouth recommendations from brand loyal customers to others considering purchasing the product or service is also seen as a benefit of having brand loyal customers. Evans et al. (2009) further acknowledge a reduction in search costs, perceived risk and even an enhanced self of self through brand congruency as being the benefits of brand loyalty from the customers’ perspective.

### 2.3 Airlines and Brand Loyalty

Research into airline brand loyalty and its underlying factors remains limited (Chen & Tseng, 2010). Aaker (1991) and Evans et al. (2009) illustrate that having a strong level of brand loyalty can offer a competitive advantage to a firm. This assertion also rings true regarding the airline sector according to Chen, Chang, and Lin (2008) whose research showed a direct and positive relationship between brand equity, customer brand preference and the final purchase intentions of customers, meaning that brand equity including loyalty does lead to increased sales for airlines. According to this research, all three factors play a role in developing brand loyalty, whilst the cost of
switching has a moderating effect on such loyalty. This moderating effect is notable as the impact brand equity, preference and purchase intentions have on each other is minimized where there is a very low switching cost for the customer – where fares are very low for example (Chen et al., 2008).

Forgas et al. (2010) identified perceived value, satisfaction and trust as the key antecedents for brand loyalty towards airlines, further concluding that trust can lead to customer satisfaction and eventually to loyalty. These antecedents match well with the categories the satisfied, likes and committed buyer categories of loyalty as identified by Aaker (1991). Forgas et al. (2010) further find that an airline’s brand and image have a direct influence on conative (behavioral) and affective (emotional) loyalty as well as on satisfaction, calling for continued investment on branding by airlines in order to build loyalty. Perhaps related to the trust element of brand loyalty towards airlines identified by Forgas et al. (2010), Chen et al. (2012) find a positive correlation between an airlines Corporate Social Responsibility efforts and consumer behavioral and attitudinal loyalty towards that airline. This attraction to shared values helps build brand congruence (Evans et al., 2009). Chen et al. (2008) also concluded that safety is a very important underlying factor for customers when they are deciding on an airline. Chen and Tseng (2010) further find that brand awareness, perceived quality, and brand image all contribute to forming a foundation for brand loyalty to airlines, an echoing of Forgas et al.‘s (2010) findings.

Dolnicar et al. (2010) carried out comprehensive research into the factors that underline loyalty towards airlines, finding that key antecedents include being members of a loyalty program, price, national carrier status and the reputation of an airline developed through peer feedback. The importance of each factor can, however, vary by market segment. Leisure travelers, for example, were found to be more price sensitive than business airline customers. Echoing these sentiments that price is not the be-all and end-all of airline loyalty is Anuwichanont (2011) whose research shows that whilst price is an important consideration and offers a moderating effect, “perceived value” is also important. This perceived value is a culmination of the reputation of the airline, affective connotations derived from its brand, emotional responses to the brand, monetary price and “behavioral price”, the time and effort needed to purchase a ticket (Anuwichanont, 2011).

With airline ticket purchases being made mostly online in many markets today (Nielson, n.d.), the impact of the internet on brand loyalty towards airlines is now of great relevance to the industry. Forgas et al. (2012) find that a customer’s loyalty towards an airlines website, termed “e-loyalty”, is dependent on a number of factors. Most importantly, the customers must have trust in the websites capabilities and that it is suitable for a safe transaction. It is also noted in existing literature that the customer’s perception of an airline is reflected in their loyalty to that airline’s website, finding that the website should reflect the qualities the airline brand contains offline. Of particular relevance to this study is Forgas et al.’s (2012) finding that members of Generation Y and Generation X are less likely than to recommend, re-visit and purchase air fares directly through an airline’s own website than people from the Baby Boomers generation who use such websites more commonly. This finding is linked with a relative lack of brand loyalty on the part Generation Y (McCrindle and Wolfinger, 2009). Furthermore, Forgas et al. (2012) also note loyalty programs as being an effective means of developing and maintaining brand loyalty, with a varying degree of effectiveness depending on generation and with Generation Y
being less likely to develop loyalty with via such programs than other generations. These studies all make clear that flag-carrier status (airline nationality), reputation, peer feedback, loyalty program membership and online tools (which influenced behavioral price) all play a part in developing and maintaining brand loyalty towards airlines today. Price is generally deemed to be a moderating factor, separating attitudinal loyalty from behavioral loyalty when people choose the cheaper airline over the one they perceive to be better.

2.4 Generation Y and Brand Loyalty

As mentioned in section 2.1 Generation Y is one of the most important generational cohorts in today’s market. They are fairly difficult to aim marketing activities to, because of their “dislike of traditional marketing and disloyalty to brands” (Lazarevic and Petrovi-Lazarevic, 2007, p. 1). Lazarevic (2012, p. 45) also notes Generation Yers are “notoriously disloyal to brands.” It is difficult to secure repeat purchases amongst this target group due to their disloyalty; what is more, Generation Y has a very different shopping behavior than other generations do. Generation Y, having been exposed to a brand from birth, has developed a unique perspective on them (Bakewell & Mitchell, 2003). This comfort with brands means that Generation Yers interact differently with them and are more difficult to make brand loyal, often expecting celebrity endorsements to accompany a brand in order to offer it credibility and link the brand with shared values (Merrill, 1999). What is more, Generation Yers show less of an inclination for brand loyalty in a travel context and do not hesitate to switch brands when the opportunity arises (Corvi, Bigi & Ng, 2007).

In keeping with this theme of Generation Y being difficult to market to, Lazarevic and Petrovi-Lazarevic (2007) contend that Integrated Marketing Communications are essential when it comes to building familiarity with brands amongst Generation Y as well as communicating what the brand stands for effectively to Generation Yers. This presence of perceived shared values has a positive effect on the Generation Yer’s loyalty towards a brand. In other words, brand congruence (e.g. a shared concern for the environment amongst the potential customer and the airline) leads to a positive brand experience and attitude towards the brand at hand (Grindem, Khadaywi, Beltran, Kempa & Rajpal, 2010; Lazarevic, 2012). Lazarevic and Petrovi-Lazarevic (2007) propose a model of brand loyalty for Generation Y; this model matches on most points with Oliver’s (1997) four stages of brand loyalty (Figure 3).

Figure 4 describes factors that can influence customer’s movement through stages, before they reach the loyalty stage. The non-consumer stage describes Generation Yers before they have consumed the brand. The second stage of the model shows how a non-consumer moves to cognitive loyalty where the customer believes that the brand is the superior offering available (Lazarevic et al., 2007). Oliver (1997) mentions that customers in this stage usually purchase the product based on information gathered. Baker, Parasuraman, and Voss (2002) and Verhoef, Langerak, and Donkers (2004) agree with the latter as their research has shown that factors as shopping experience, price/quality ratio, involvement and brand attractiveness are of major importance in the cognitive stage. Stage three shows the Generation Yer who has affective loyalty towards the brand, move to the conative loyalty stage. This movement is influenced by whether the customer feels a relationship with the brand or not (Lazarevic et al., 2007) and this is in line with Oliver’s (1997) findings as he states that customers in this stage
start actually liking the brand. Bettencourt (1997) mentions that customers in this stage are satisfied and at pleasance with a brand based on previous experience and brand comparisons. The final stage of the model occurs when a customer moves from intent to buy to exhibiting tangible loyalty behavior, as in the actual (re)purchase of the brand. This is in keeping with Oliver’s (1997) findings where he states that action loyalty occurs when “intentions are committed into actions”, in other words, action loyalty occurs when the customer acts upon the affective and cogitative loyalty they have developed. The following model (Figure 4) illustrates the complex nature of developing the brand loyalty of Generation Y. Brand loyalty from Generation Yers is seen as a difficult task due to the overload of brands available and thus this model could help marketers when setting out their activities.

Lazarevic (2012) collates existing research on the topic of Generation Y and brand loyalty, finding that the brand congruency with the self-concept of the Generation Yer can be a very useful tool in developing brand loyalty from members of this cohort. Other possible tools identified include celebrity endorsements and integrated marketing communication, with particular reference being paid to the benefits of a brand being interactive and connectable with the customer through online tools, thus enabling peer feedback. Lazarevic (2012) notes such brand interaction is becoming an expectation of Generation Yers as they have grown up with the internet. Nusair et al. (2011) found that Generation Y could become loyal to an online web vendor brand through a combination of considerations, namely satisfaction and investment size.

2.5 Price tolerance
Price tolerance can be described as the spectrum of prices within which the customer does not change their purchasing behavior (Herrmann, Huber, Sivakumar and Wricke, 2004). Kalyanaram and Little (1994) aim at identifying the latitude of price tolerance in their research, suggesting customers have a reference price to start with. This reference price is defined by Kalyanaram and Little (1994, p. 408) as “a price that consumers are assumed to form in their minds as a result of experience”. Price is an important consideration when taking airline

![Figure 4 Model of brand loyalty for Generation Y (Lazarevic and Petrovi-Lazarevic, 2007)]
customers into account and is recognized in existing literature as playing a mediating role between cogitative and action loyalty (Forgas et al., 2010; Dolnicar et al., 2010).

Herrmann et al. (2004) identify the factors influencing customer price tolerance as customer satisfaction, involvement, perceived price fairness, evoked set size and switching barriers (Figure 5). This research is particularly relevant to this study as airline customers were examined by the authors. As well as having a direct effect on price tolerance, these factors are interrelated and have an indirect effect on each other as shown in Figure 5 below:

![Figure 5 Factors influencing price tolerance (Herrmann et al., 2004)](image)

Herrmann et al. (2004, p. 533) use Howard and Selin’s (1987) definition of price tolerance as “the extent to which participants are willing to pay fee increases without expressing measurable resistance”, also noting that price tolerance can be defined as “the maximum price increase satisfied consumers are willing to pay or tolerate before switching” as suggested by Anderson (1996). In other words, price tolerance is seen as the response to a price increase on the customer’s part with the understanding that that customer will continue to buy the product or service as long as the price remains within a certain price range that can be tolerated (Herrmann et al., 2004). Kalyanaram and Little (1994) found price tolerance to be a reference point regarding expected prices a customer has in their mind which is influenced by brand loyalty and the frequency of purchase.

Regarding customer satisfaction, Herrmann et al. (2004) note there is a relationship between the number of purposes a product can fulfill for the customer and price tolerance the customer will have for that offering. In effect, the easier it is to replace a product, the lower the price tolerance will be for that product or service. Herrmann et al. (2004) note that this relationship between a product’s worth and customer satisfaction is supported by Anderson (1996) who finds customer satisfaction and product or service’s perceived value are closely linked. Hermann et al. (2004) find that there is a direct link between customer satisfaction with a product or service and increased price tolerance towards that offering. Satisfaction also plays a role in perceived price
fairness in an airline brand context as per Forgas et al. (2010). The latter is confirmed by Kalyanaram and Little (1994) who suggest that customers who feel satisfied with and loyalty towards a brand have a higher level of price tolerance for that particular brand. As a result of this, such customers concentrate more on the benefits offered by their favored brand than the actual price (Kalyanaram and Little, 1994).

Evoked set size refers to the availability of similar replacement products or services within the marketplace (Herrmann et al., 2004). Herrmann et al. (2004) note that customers are inclined to switch brands where there are plentiful alternatives within a specific product or service category available. When an evoked set contains similar product offerings, customers can see a product as being easily substituted by those similar alternatives. Despite more alternatives existing in a larger evoked set, Herrmann et al. (2004) find that such a large set indirectly increases price tolerance rather than reducing it as customers become aware of the beneficial features of different available options within the marketplace. Such a link is echoed by Krishnamurthi and Raj (1991) who state that loyal customers are oftentimes in the market specifically for their preferred brand, suggesting that these customers feel a “need” for that brand. These customers already have a favorable attitude toward their favored brand’s attributes and thus they will have a higher price tolerance towards that particular brand (Krishnamurthi & Raj, 1991). As mentioned previously, there can be a certain price tolerance amongst customers regarding a product or services’ cost. Thus, a price increase within this tolerance range will not necessarily result in customers engaging in brand switching. Switching barriers, therefore, entail factors that help keep customers from switching between brands within a category (Herrmann et al., 2004).

Herrmann et al. (2004) identify a company’s brand image, product quality, customer service activities and purchasing procedures as being factors that win over and retain customers. Accordingly, these factors help develop economic switching barriers that act to minimize switching between brands. Herrmann et al. (2004) find that the presence of effective switching barriers, such as those listed above, lead indirectly to a higher level of price tolerance from the customer as they are less prone to shop around.

Herrmann et al. (2004) make reference to Helson’s (1964) adaptation level theory when explaining the impact of perceived price fairness of price tolerance. Helson (1964, as cited in Herrmann et al., 2004, p. 536) surmise the adaptation level theory as follows: “Each individual, based on prior experience with myriad of stimuli, possesses a corresponding average adaptation level. This adaptation level embodies the field of subjective indifference, or perceptible neutrality, and serves as a foundation when estimating further stimuli.” Such a tolerance range for stimuli can also apply to a customer’s tolerance of prices, with the promoted price being one stimulus customers are exposed to. This does not entail a full and accurate judgment of the stimuli exposed to the customer, but rather is subjective and interpretative on the part of the customer who perceives stimuli in accordance with their own individual tolerance levels (Helson, 1964). According to this theory, therefore, a customer makes a price judgment according to their own adaptation level. The end result of the customer buying a brand or switching will depend on their subjective evaluation of the product and whether or not the price being asked for correlates with that evaluation. This evaluation will be heavily based on perceived price fairness on the part of the customer, and perceived price fairness will lead indirectly to increased price tolerance (Herrmann et al., 2004).
Kalyanaram and Little (1994) also mention the influence of the adaptation level theory by Helson (1964) as a tool for measuring how new information about a brand can have an impact on the price tolerance of customers, further stating that the adaptation level of an individual customer depends on previous experience. Each customer attributes a price to a product and depending on what information they have about that brand.

With regard to the involvement aspect of price tolerance, Hermann et al. (2004) explain that a direct correlation exists between the price tolerance a customer will have to a particular brand and the level of involvement that exists between that customer and the product. Hermann et al. (2004, p. 537) note that “individuals with a high amount of involvement only accept stimuli that marginally deviate from the latitude of acceptance”. This means that those who have a high level of product or brand involvement are likely to focus on the stimuli related to that product and thus are likely to reject products or brands whose stimuli do not closely match their expectations. Potential customers who have low product involvement, contrastingly, are less discerning when discriminating against the stimuli or characteristics of products and thus more likely to purchase the cheaper of the options available to them (Herrmann et al, 2004). Hermann et al. (2004) confirm that satisfaction with performance, a larger evoked set and high product involvement all play a part in increasing the price tolerance of customers. In addition to these direct causes of increased price tolerance, the presence of switching barriers and perceived price fairness also indirectly lead to such an effect by influencing the evoked set and satisfaction a customer experiences.

To surmise, it is worth noting that applying Herrmann et al.’s (2004) findings when making pricing decisions will allow a company to take the fullest advantage of its customer’s price tolerances and therefore increase profitability. This is perhaps especially relevant for the airline industry, where perceived value is a key factor for customers when they are making purchasing decisions (Forgas et al., 2010). Krishnamurthi and Raj (1991) offer insight into circumstances when a customer is not brand loyal when they explain that such customers are highly sensitive to price as opposed to brand loyal customers who will have a broader price tolerance. Thus, Herrman et al. (2004), Kalyanaram and Little (1994) and Krishnamurthi and Raj (1991) all agree that brand loyal customers are, in general, less price sensitive than those who do not favor any particular brand within a product segment.

2.6 Conceptual Framework
The following conceptual framework illustrates that there are important factors considered by Generation Yers in the process of investigating and purchasing flight tickets and which could eventually lead to brand loyalty. The conceptual framework starts with different factors that could potentially lead to brand loyalty. Some of these factors are claimed to be specific to Generation Yers by the different studies previously examined such as peer feedback (Benckendorff et al., 2011), a high preference for purchasing and activities online (Lester et al., 2006), shared values and brand congruence, such as a shared concern for the environment amongst the potential customer and the airline (Grindem, Khedaywi, Beltran, Kempa and Rajpal, 2010; Lazarevic, 2012) and customer involvement as described by Forgas et al. (2012) and Herrmann et al. (2004).
Other general factors leading to brand loyalty are an airlines’ flag-carrier status (airline nationality) and the reputation of an airline (Dolincar et al., 2011). Forgas et al. (2010) state that perceived value, brand image and trust can lead to customer satisfaction and eventually to loyalty. Herrmann et al. (2004) also mention the importance of the availability of substitutes, perceived price fairness and the membership of an airlines’ loyalty program (Dolincar et al., 2011).

The aforementioned factors can combine to create cognitive loyalty, due to the information potential customer’s gain in the purchasing process. Once customers are in the cognitive loyalty stage, the information they have gathered and a potential first purchase could lead to satisfaction with the brand and thus lead to affective loyalty, where a customer feels the airline has the potential to provide a satisfactory service (Aaker, 1991). For example a liking towards a brand can be developed due to service offered, quality or a connection with the brand. Moreover, a factor such as brand image might have a direct influence on affective loyalty as well as on the potential satisfaction of customers (Forgas et al., 2010).

Once customers are slightly satisfied with the product and have entered the affective loyalty stage where they start liking the brand (Oliver, 1999), the conative loyalty stage is reached where customers have the behavioral intention to continue to use the same brand in the future (Forgas et al., 2010; Oliver, 1999). Next price tolerance comes in, different factors that could influence the way the price is tolerated by customers are evoked set size, perceived price fairness, potential switching barriers and the way customers are involved with the airline (Herrmann et al., 2004). When the price proves unacceptable to the potential customer they will likely switch to other brands (Lazarevic and Petrovi-Lazarevic, 2007). Although switching also depends on time constraints and

![Diagram](image-url)
destinations offered, these factors can be linked with factors including the availability of substitutes and perceived price fairness.

Potential customers who find the price unacceptable switch to an alternative option, perhaps offering peer-feedback as a result of their search. However, once a customer accepts the price charged by an airline in light of the factors that make it appealing to them they move into the action loyalty (or behavioral loyalty) stage (Lazarevic and Petrovi-Lazarevic, 2007). This could consequently lead to Generation Yers giving peer feedback via social media platforms (Benckendorff et al., 2011). Pre-purchase peer feedback is one of the factors shown in the first set of factors influencing brand loyalty, as Generation Yers rely heavily on experiences of others. However, in order to use feedback there must be peers who are willing to give it and Generation Yers are known to be keen to share their brand experiences (Benckendorff et al., 2011) therefore action loyalty by Generation Yers could lead to post-purchase peer feedback.
Chapter 3 gives a detailed overview of the different procedures used in this thesis as well as choices made regarding the methods and reasoning behind the data collection. The chapter will be concluded with the validity, reliability, ethics and limitations of the research.

3.1 Selection of topic
The authors of this thesis share an interest in marketing, more specifically in branding and loyalty concepts within the marketing field. Another topic of mutual interest is marketing within the airline industry and this forms the foundation for this thesis. After a brainstorm session the authors agreed upon investigating a topic related to airline brand management. Further discussion took place about more precise research questions, which were aided by preliminary searches of what kind of research had already been conducted in the area of airline brand management, in different academic journal databases. The first draft of the research question read:

What is the impact of brand nationality and alliance membership on brand loyalty towards airlines?

After further consideration it was deemed necessary to focus on a particular market segment or age-group to add relevance to the topic as this initial idea seemed very broad in nature. In addition to this, it was also considered whether or not the above question could be too limiting in nature; what if there were other considerations that impact brand loyalty to airlines? In this light, it was decided to investigate the key factors that could determine brand loyalty to an airline rather than focus specifically on the two possible determining factors of brand nationality and alliance membership. It was further agreed to use “Generation Y” as the research segment for this thesis, as this market segment continues to form the basis of much marketing research and is a useful tool for giving further focus to the topic at hand. Generation Y refers to “the demographic cohort born between 1977 and 1995” as defined by Dorsey (2010), an expert in the area of generational behavior. This study focuses specifically on the Swedish Generation Y as there is limited research into this cohort and the authors were both based in Sweden at the time of writing.

3.2 Research strategy and design
Bryman and Bell (2007) explain that whilst the line between qualitative and quantitative research can sometimes be blurred, quantitative research is primarily deductive and analytical in nature whereas qualitative studies are more inductive and interpretative in nature. In light of this distinction, this research is designed to follow a primarily quantitative strategy as the authors set out to analyze data to answer a research problem rather than only to qualitatively interpret it. Quantitative methods of research, according to Ghauri and Grønhaug (2005), are usually characterized by an emphasis on testing and verification, the use of controlled measurement, being result oriented and following a logical and critical approach whilst also focusing on facts or reasons behind social events. This research is constructed along these lines as it uses controlled measurement through the conducting
of a questionnaire, exploring the research problem using primary data and existing literature rather than observing and analyzing our findings. In line with these common characteristics of quantitative research, the authors focus on the facts behind a social event, which in this case is the measurement of Generation Yers loyalty to airlines and the driving factors behind any such loyalty. This choice of a quantitative research design matches with Bryman and Bell’s (2007, p. 33) assertion that “if we are interested in teasing out the relative importance of a number of causes of a social phenomenon, it is likely that a quantitative strategy will meet our needs,” further noting that the assessment of cause is a key role of quantitative research. A more qualitative approach such as grounded theory was deemed ill-suited to the research problem at hand as it aims to widely investigate a phenomenon as opposed to identifying causal factors (Fisher, 2007).

This thesis also fits the categorization of descriptive research design as explained by Ghauri and Grønhaug (2005). This research design is suitable where the problem is structured and consists of definable concepts. In the case of this thesis, we explore both Generation Y brand loyalty and its mediating force of price, merging these concepts as we attempt to answer set research questions. Ghauri and Grønhaug (2005) further note that descriptive research design involves the use of both primary and secondary data or existing literature within a structured framework to answer a set research problem. This project fits those criteria precisely and thus has a quantitative, descriptive design. In effect, this means the project relies upon defined concepts being measured in a controlled fashion with the results being analyzed deductively rather than inductively.

3.3 Empirical data collection
Data collection plays a very important role in this thesis. Existing literature retrieved from academic research to relevant books allows the authors to construct their conceptual framework and identify trends and existing findings in the topic area under discussion. Primary data, on the other hand, will allow for the testing of the conceptual framework (Figure 6) and answering of the research questions through the collection of feedback from respondents. The following two sections will illustrate the methods used to collect primary and existing relevant literature.

3.3.1 Review of Literature
Ghauri and Grønhaug (2005) explain that building a knowledge of relevant literature in an important part of a study. Apart from the obvious advantage of saving time by using past research into a topic area, such research can also allow for a better understanding of the research problem through the investigation of existing research into previous similar or related studies. In fact, Ghauri and Grønhaug (2005) recommend a literature review as being one of the first steps in a research project as it can help refine and perhaps even partly answer a research question. In keeping with this recommendation, existing literature has guided this research from the offset. Relevant literature to support this thesis is gathered in a variety of ways. First of all, Discovery (as provided by Mälardalen University’s Library), Emerald and Google Scholar were used to source material. The Google search engine was also used when developing the ideas and groundwork for this project, proving useful for finding information related to airline brand loyalty. In order to refine our search results and ensure we found all relevant academic articles, the following keywords were used extensively:
With such keyword combinations, the authors could identify relevant literature whilst minimizing the amount of irrelevant data which showed up in search results. In order to get reasonable results, keywords were combined throughout the research with Boolean operators (AND / OR / NOT / AND NOT), as illustrated in the following example.

**Airline AND Brand Loyalty AND Generation Y**

Other literature sources used for this research include books from different authors which were deemed relevant to the research topic. These books included academic course material used throughout the MSc. in International Marketing course both authors are enrolled in as well as relevant books in the areas under discussion throughout this thesis. Additional books were used to guide the methodology of this research project. These books were primarily found in the library of Mälardalen University, with e-books being found via the Mälardalen University library website.

### 3.3.2 Primary data

Ghauri and Grønhaug (2005) state that primary data is necessary when secondary data cannot fully answer the research questions posed in a thesis. The key advantage identified of utilizing primary data is that is can be specifically designed with the project at hand in mind. Ghauri and Grønhaug (2005 p. 82) go so far as to say “if we want to know about people’s attitudes, intentions and buying behavior for a particular product, only primary data can help us answer these questions.” Such a sentiment rings especially true when this study’s research questions are taken into account – secondary data can only offer a limited insight into the research problem at hand and only primary data can allow the authors to learn more fully about the airline loyalty behaviors, or lack thereof, amongst Generation Yers in Sweden.

With this in mind, this project uses a questionnaire to collect primary data. The primary data collection follows a number of stages, similar to those set out by Davies (2007). These stages are designed to ensure the questionnaire is fit for purpose and that we have enough time to collect, prepare and analyze the primary data.
In addition to conducting a questionnaire, other possibilities for collecting primary data for this project were considered by the authors. An interview with airline marketing professionals was given consideration from the offset as it would allow the authors to gain insight into how they perceived Generation Y and the challenges it posed to their way of doing business. However, after further consideration, it was decided an interview would not be necessary to answer the research questions within this study. Conducting a focus group was also a possibility but was discounted as the questionnaire method suited this researches’ primarily quantitative approach better and offered a more focused approach to the research problem.

3.4 Questionnaire

The following sections will provide an overview of the population sampling, questionnaire distribution and questionnaire design used in this study. An overview of the questionnaire in both English and Swedish can be found in Appendix 1 and 2 respectively.

3.4.1 Sample Population

In light of Fisher’s (2007) assertion that a larger sample size will offer more accurate research results, this project set out to achieve a sample size of 384 respondents. This took accuracy needs into account whilst also being realistic in light of time and resource limitations. When all data was collected, a total of 411 valid responses were available for analysis. According to Fisher (2007), such a sample size puts our primary data within a 5% margin of error. The sample population was limited to Generation Yers (respondents born between 1977 and 1995) from Sweden. Non-probability sampling, described by Ghauri and Grønhaug (2005) as not being completely random in
nature, were used in this questionnaire. This sampling technique entails setting some parameters (age and Swedish nationality) and then selecting respondents from that sample. Although this carries less weight than a completely random sampling process - probability sampling - would, resource and time limitations mean that such an option is not available to the authors. However, Ghauri and Grønhaug (2005) note that non-probability can still offer insight into a topic and even offer direction for further studies.

3.4.2 Questionnaire Distribution
The questionnaire was primarily distributed online through social networking websites and university e-mail databases during week 17 of 2012. As illustrated in the theoretical framework, Generation Yers are renowned for their online activity and as such this method is deemed suitable for this project. An opportunity to win a pair of cinema tickets was used to encourage participation in the questionnaire amongst potential respondents.

3.4.3 Questionnaire Design
The questionnaire (Appendix 1 – English and 2 - Swedish) aims to answer the proposed research questions whilst being guided by the Conceptual Framework (Figure 6) that was produced from existing literature. Accordingly, this questionnaire is designed with the research questions and conceptual framework in mind. The first section of the questionnaire – questions one through six – establishes basic demographic data. Fisher (2007) warns against asking for more personal demographic data than is absolutely necessary for a project and this consideration has been taken into account. As such, this first section of the questionnaire enquires through dichotomous questions about the respondent’s gender, age, nationality, education, occupation and income. This information is relevant for a number of reasons. The age and nationality questions act as confirmation that respondents are indeed Swedish Generation Yers as defined in this project. Sex, education, occupation and income information will be utilized in the analysis stage as this study and act as variables. Whilst some method authors advice placing the demographic section towards the end of a questionnaire (Fisher, 2007; Ghauri and Grønhaug, 2005), this section will be placed at the start in the case of this study because of the importance of demographic data in determining whether respondents are suitable.

The second section of our questionnaire involves questions seven to eleven. These questions will aim to gain an insight into the respondents flying behavior. These questions ask how many round-trips have been flown in the past 24 months by the respondent, how many of those flights were outside the European Union, the number of airlines they have flown with in the past two years and what their preferred means of booking flights is. These questions are all relevant for this investigation in different ways. The data retrieved on the number of round trip flights taken can be compared with the number of airlines flown in the same period, for example, to show whether respondents are likely to use just one airline or many. Finding out what outlets respondents use to purchase their flights; from online travel agents to ticket offices, can help to establish whether Generation Yers still use more traditional means of ticket purchasing at all or have become heavily reliant on online options as per the Conceptual Framework (Figure 6). The third section of the questionnaire entails questions 12 and 13 and is aimed to establish what factors influence the respondent’s flight purchasing behavior. Question 12 aims to establish Using a checklist format, question 12 lists factors which were established in the conceptual framework
as being key considerations for Generation Y airline customers and asks respondents to choose which of those considerations apply to them. Question 13, a dichotomous question, aims to establish whether an airline being the national carrier is a determinant in the respondent’s flight purchase decisions whilst Question 13 identifies how important airline flag-carrier status is for Swedish Generation Yers. The fourth area covered is the peer feedback aspect of Generation Y brand loyalty as established in the conceptual framework. Questions 14, 15 and 16 (also dichotomous questions) intend to establish the peer-feedback activities of Swedish Generation Yers by finding out whether or not they share their experiences of airlines and rely on other people’s experiences when making purchasing decisions.

Question 17 is a key question for this research as it asks the respondent directly about their loyalty to airlines or lack thereof. The five options given to the respondent are all designed to directly correlate with the categories of loyalty proposed by Aaker’s (1991) brand loyalty pyramid (Figure 2). This categorization will enable the authors to analyze clearly the level of loyalty towards airlines found amongst Swedish Generation Yers. The respondents’ replies to this question can then be cross-compared with their replies to other questions in the analysis stage. For example, comparing the response to question 17 in light of the responses to question 14 allows the authors to see which customer by loyalty level is more likely to have shared post-purchase peer feedback regarding their airline experiences. Furthermore, those who chose “Recommendations from friends and family” as a factor in Question 12 can be cross-compared with question 17 to gain insight into whether a customer’s use of pre-purchase peer feedback correlates with any change in their level of loyalty.

The final section, constituting questions 18 and 19, are further linked to the conceptual framework as they establish the relationship price may have as a mediator between booking with an airline they want to fly with and flying with cheaper alternatives. Question 18; using Likert scales, helps to measure directly the impact of prices on flight purchase decisions whilst Question 19, a dichotomous question, identifies any difference between the importances placed on price for short- and long-haul flights.

3.5 Research Considerations
It is important for the authors of a thesis to assess the reliability, validity, limitations and research ethics of a study. These features are used to assess the quality of the research. This section gives the reader an overview of the reliability, validity, limitations and ethics of this study.

3.5.1 Analyzing the Data
According to Davies (2007), it is important that appropriate data is analyzed effectively in order to answer set research questions. Using the analytical suite offered by Survey Gizmo (an online survey software tool), the authors compiled a report on the questionnaire results which allowed them to cross-compare results and follow individual respondent’s answering trends throughout the whole questionnaire. This allowed the authors to identify trends amongst respondents and to analyze their responses in detail. The survey used also allowed for cross-tabulations to be made, meaning results could be divided depending on how the respondents answered a
particular question. This proved very useful in the case of this project and allowed for important insights for this study, such as the airlines flown by respondents who fell into different categories of Aaker’s pyramid.

3.5.2 Reliability
Bryman and Bell (2007 p. 40) state that reliability “is concerned with the question of whether the results of a study are repeatable.” Bryman and Bell (2007) further explain that reliability is concerned with the consistency of measures used throughout a project. Factors to be considered when judging the reliability of measures include stability, whether a measure is stable over time and the possibility that there will be variation in the results if the same test was conducted at a later date. Other factors under consideration include internal reliability; are the indicators that make up the scales reliable, are respondent’s scores on any indicator related to their scores on other indicators; and finally the presence of inter-observer consistency (Bryman & Bell, 2007). As this study is carried out by two people, subjective judgments pose a threat to reliability and this risk has been noted and guarded against throughout the project to ensure consistency, a key indicator of reliability. To minimize biases, all of our findings will be clearly linked to our primary and literature sources. The authors aimed to meet the entire aforementioned criterion for reliability throughout the course of this study.

3.5.3 Validity
When conducting research, the researchers need to take the validity of the research into account. Validity reflects the accurateness of research material and considers if a research uses the correct means and concepts to measure something. This point is emphasized by Bryman and Bell (2007 p. 159) who note “validity refers to the issue of whether or not an indicator that is devised to gauge a concept really measures that concept.”

Fisher (2007 p. 272-275) distinguishes between four different types of validity: Construct or measurement validity which refers to research that includes questionnaires to assess whether a person exhibits particular characteristics and questions whether the measurements used in the investigation act as true measures; internal validity which is concerned with the accuracy of any cause-effect relationship implied in research; external or population validity which looks at whether findings can really be generalized across a whole group or population; and lastly ecological validity which explores if the findings obtained from contrived circumstances have validity in real-life situations outside of a controlled research environment. Population validity is of particular relevance to this study as it aims to identify findings related to a whole generational cohort, and as such we give this form of validity high regard when deciding our sample population and size.

What is more, part of this study relies on a questionnaire aiming at gathering responses on loyalty behavior of Generation Yers, as a result construct validity needs to be assessed. Does the analysis of the questionnaire match with the theoretical findings? Thus the authors aimed to link the analysis and questionnaire with the conceptual framework and therefore existing literature. Moreover, construct validity is maintained by the authors of this thesis by using multiple sources as reference and by not just limiting to one or two sources only. Utilizing multiple sources of provenance is a means of increasing this study’s validity.
3.5.4 Limitations

One notable limiting consideration this project will entail is the use of a generational cohort as a means of investigating consumer behavior. Lazarevic (2012) noted that generational cohorts can be deemed as generalizing and sometimes fail to take into account the variety of customers a more thorough demographic approach could. However, this limitation is countered with the fact that generational cohorts can be defined by what they have in common; technology comfortable and brand culture to name a few in the case of Generation Y. Evans et al (2009) state that generational cohorts are useful tools as they offer marketers an inclination of what messages work best for that cohort, and how best to send those messages by examining formative events and shared characteristics that generation shared. Thus, one of the limitations of this project is that we will be using generational cohorts as the parameters set by such definitions are not always overly specific.

Furthermore, this study aims to focus on brand loyalty towards airlines rather than examining Generation Y’s loyalty in a broader context. Whilst the authors use existing research related to this broader loyalty concept, the research purpose means our results and recommendations will most likely be specific to the airline industry and of limited use to marketing practitioners outside of that industry. Another limitation of this preliminary report could be the fact that only a segment of Generation Y will be analyzed and investigated, Generation Y includes high school students, college students and young adults new on the job market. This research will mainly be looking at the brand loyalty of college students and young adults with little access to high school students. Thus, the questionnaire does not constitute a thorough examination of the complete Generation Y. Finally, the authors have researched and analyzed the potential factors leading to price tolerance and action loyalty, as opposed to finding out an exact numerical price that would lead to more price tolerant customers.

3.5.5 Ethics and research

Besides reliability, validity and limitations another major piece to take into account when conducting research is the ethical aspects of doing research (Fisher, 2007). The authors’ set out to deliver this research in an ethical manner and considerations such as plagiarism, objectivity, integrity, openness and confidentiality have accordingly been taken fully into account. This study combines primary research with studies conducted by others and accordingly ensures that such references are adequately cited and quoted. The authors have been committed to openness in conducting this research and have stated fully the methods used throughout this study, their potential limitations, and given any academics and practitioners in the field the freedom to access the research as suggested by Davis (2005). This study aimed to present original information and the authors have established to the best of their ability that this thesis is a new area of research (Davis, 2005).

Upon carrying out primary research the authors have ensured that collected data was not biased and was collected without any preconceived notion of what they thought the findings should be. No gathered data was disregarded due to the data not matching the theories we intended to validate. The only occasion in which data was dropped was when the respondents did not match our target group (non-Generation Yer, non-Swedish) and thus could not be used in this research as the responses could potentially have invalidated the final outcome. All data was treated with equal respect whether the responses matched with any expectations or not (Davis, 2005).
What is more, in the course of writing this thesis the authors have never plagiarized or fabricated either primary or secondary data and aimed at maintaining both the integrity of themselves as well as that of Mälardalen University.
Chapter 4 gives an overview of the data gathered with the survey conducted in week 17 (2012), the findings of the survey are presented in this chapter.

4.1 Demographics

A total of 442 responses were submitted, of which 31 were disqualified as they did not match the age group associated with Generation Yers or the survey was not fully completed. Thus, a total amount of 411 responses have been taken into consideration for the analysis. This section gives an overview on the demographic characteristics of the respondents, consisting out of Questions 1 to 6 of the survey conducted. The 411 accepted responses all had Swedish nationality which is in line with the goal of this survey to research the brand loyalty characteristics of Swedish Generation Yers. The same goes for age group as any respondent older than 36 years has been disqualified for the sake of researching and analyzing habits of Generation Yers only whilst 100% of the respondents are Swedish. When looking at education completed among the respondents we can see that most respondents (85.3%) have either finished high school, professional education or their Bachelor’s degree. 57.9% of the respondents stated to be a student. The yearly income amongst the majority of the respondents (68.9%) was less than 100,000 SEK (less than 50,000 SEK and 50,000 SEK – 100,000 SEK combined).

**Question 1 – What is your gender?**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48.3%</td>
</tr>
<tr>
<td>Female</td>
<td>51.7%</td>
</tr>
</tbody>
</table>

**Question 2 – What is your age group?**

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 – 20 years</td>
<td>19.0%</td>
</tr>
<tr>
<td>21 – 25 years</td>
<td>52.0%</td>
</tr>
<tr>
<td>26 – 30 years</td>
<td>18.5%</td>
</tr>
<tr>
<td>31 – 35 years</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
Question 3 – What is your nationality?

**Nationality**

- Swedish: 100%

Question 4 – What is the highest level of education you have completed?

**Education**

- Did not complete High School: 4.0%
- High School: 52.8%
- Professional Education: 12.0%
- Bachelor’s Degree: 20.5%
- Master’s Degree: 10.7%

Question 5 – What is your occupation (top 5)?

**Most Frequent Occupations**

- Students: 57.9%
- Computers: 6.6%
- Engineer: 4.4%
- Healthcare: 3.9%
- Administration: 3.2%
- Other: 24.0%

Question 6 – What is your annual income?

**Annual Income**

- Less than 50,000 SEK: 39.2%
- 50,000 SEK – 100,000 SEK: 29.7%
- 100,000 SEK – 200,000 SEK: 11.4%
- 200,000 SEK – 300,000 SEK: 9.5%
- 300,000 SEK – 400,000 SEK: 7.3%
- 400,000 SEK – 500,000 SEK: 1.5%
- Higher than 500,000 SEK: 1.5%

*Figure 8 Demographics*
4.2 Factors influencing brand loyalty

**Question 11 - Which outlet do you use most often to book your flight?**

<table>
<thead>
<tr>
<th>Purchasing Outlets</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airline Website</td>
<td>60.1%</td>
</tr>
<tr>
<td>Online Travel Agency</td>
<td>27.6%</td>
</tr>
<tr>
<td>Travel Agency</td>
<td>6.4%</td>
</tr>
<tr>
<td>Other</td>
<td>4.6%</td>
</tr>
<tr>
<td>Ticket Office</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

![Figure 9 Purchasing Outlets](image)

60.1% of the respondents purchase their flights via the website of the airline they intend to fly with, whereas 27.6% purchase their flights using online travel agencies. Travel agencies are used by 6.4% of the respondents, while only 1.2% of the respondents purchases tickets through ticket offices. 4.6% of the respondents answered they used “other” means of purchasing, mainly price comparison websites that also allow the visitor to purchase flights. When looking at the option “other” either names of airline websites or names of online travel agencies were included, they were consequently added to the appropriate sections.

**Question 12 – Which of these factor(s) influence your airline choice when booking flights?**

<table>
<thead>
<tr>
<th>Factors Influencing Airline Choice (multiple choice)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>94.6%</td>
</tr>
<tr>
<td>Service</td>
<td>18.3%</td>
</tr>
<tr>
<td>Quality</td>
<td>42.9%</td>
</tr>
<tr>
<td>Recommendations of Friends and Family</td>
<td>37.1%</td>
</tr>
<tr>
<td>Loyalty Program Membership</td>
<td>9.0%</td>
</tr>
<tr>
<td>Safety Concerns</td>
<td>19.5%</td>
</tr>
<tr>
<td>Airline Nationality</td>
<td>11.0%</td>
</tr>
<tr>
<td>Shared Values</td>
<td>16.1%</td>
</tr>
<tr>
<td>Other</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

![Figure 10 Factors Influencing Airline Choice](image)

As can be viewed from the figure above, price (94.6%) is a very important factor influencing flight purchase decisions amongst Generation Yers, whereas 42.9% of the respondents also claimed that quality was of major importance as well as recommendations from friends and family (37.1%). Less importance was given to factors such as loyalty program membership (9%) and airline nationality (11%). Other factors indicated were flight duration, the availability of Wi-Fi on board and departure times.
4.3 Flying behavior of Generation Y

Question 7 – How many round-trips (flights) did you make in the past 24 months?

<table>
<thead>
<tr>
<th>Flights over the past 24 months</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>18.2%</td>
</tr>
<tr>
<td>1 Flight</td>
<td>22.1%</td>
</tr>
<tr>
<td>2 – 5 Flights</td>
<td>38.0%</td>
</tr>
<tr>
<td>6 – 10 Flights</td>
<td>15.1%</td>
</tr>
<tr>
<td>10+ Flights</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Almost 40% of the respondents have indicated that they have flown between 2 and 5 times (return trips) in the past two years. However, 18.2% of the respondents did not fly at all over the past two years and 22.1% flew once. There were also quite a few respondents who have flown 6 to 10 times over the past 2 years and 6.6% even flew more than 10 times.

Figure 11 Flights over the past 24 months

Question 8 – Of those round-trips, how many were outside the European Union?

<table>
<thead>
<tr>
<th>Flights outside the European Union</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>57.7%</td>
</tr>
<tr>
<td>1 Flight</td>
<td>23.8%</td>
</tr>
<tr>
<td>2 – 5 Flights</td>
<td>15.3%</td>
</tr>
<tr>
<td>6 – 10 Flights</td>
<td>2.2%</td>
</tr>
<tr>
<td>10+ Flights</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Figure 12 Flights Outside the European Union

Question 8 was concerned with finding out how many of the flights made over the past two years were flights outside the European Union. More than half of the respondents (57.7%) indicated that the flights they made were mainly pan-European. 23.8% of the respondents said they flew once outside the European Union and 15.3% of the respondents responded that 2 to 5 out of their flights were outside the European Union. When looking at the responses of respondents who flew more than 5 times a year we can see that most of their flights were within the European union as they responded that only 3.2% of their flights were intercontinental.
Question 9 – Which airlines have you flown with in the past 24 months?

**Top 5 Most Frequently Flown Airlines**

<table>
<thead>
<tr>
<th>Airline</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAS</td>
<td>39.8%</td>
</tr>
<tr>
<td>Ryanair</td>
<td>26.2%</td>
</tr>
<tr>
<td>Norwegian</td>
<td>17.5%</td>
</tr>
<tr>
<td>Air France – KLM</td>
<td>9.7%</td>
</tr>
<tr>
<td>Lufthansa</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

*Figure 13 Most Frequently Flown Airlines*

Due to the wide variety of different airlines in the world and consequently variety in responses we have made a Top 5 of most common used airlines as answered by the respondents of this survey. Most of the respondents (39.8%) answered they have flown one or more times with SAS in the past 24 months. Another frequently used airline is Ryanair with almost 30% and Norwegian (17.5%). Other airlines mentioned in the survey included Air France-KLM, Lufthansa, Thomas Cook, Malmo Aviation, Air Berlin, American Airlines, Turkish Airlines, Thai Airways and British Airways.

Question 10 – Are you a member of an airline’s loyalty program?

**Airline Loyalty Program Membership**

<table>
<thead>
<tr>
<th>Membership</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18.0%</td>
</tr>
<tr>
<td>No</td>
<td>82.0%</td>
</tr>
</tbody>
</table>

*Figure 14 Airline Loyalty Program Membership*

When asked, 18% of respondents stated that they were a member of an airline loyalty program. The programs include: EuroBonus, Flying Blue, One World, Finnair Plus, Norwegian Reward and Royal Archid Plus.
4.4 Generation Y and Brand Loyalty towards Airlines

*Question 13* – *If possible, do you prefer to fly with your home-country’s national airline?*

<table>
<thead>
<tr>
<th>Airline Nationality Preference</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefer to fly with their national airline</td>
<td>46.0%</td>
</tr>
<tr>
<td>No preference</td>
<td>27.3%</td>
</tr>
<tr>
<td>Not sure</td>
<td>26.8%</td>
</tr>
</tbody>
</table>

*Figure 15 Airline Nationality Preference*

The most popular response to this question was that respondents prefer to fly with their national airline when possible, with 46% choosing this option. 27.3% of respondents has no such preference for flying with their national airline whilst 26.8% were not sure either way.

*Question 17* – *Regarding airlines, which of the following best applies to you?*

<table>
<thead>
<tr>
<th>Measuring loyalty towards airlines</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am committed to my preferred airline brand and am proud to use them</td>
<td>4.9%</td>
</tr>
<tr>
<td>I like the brand of my preferred airline and think they offer a good service</td>
<td>12.9%</td>
</tr>
<tr>
<td>Satisfied with my preferred airline and changing might be inconvenient</td>
<td>5.1%</td>
</tr>
<tr>
<td>Often choose the same airline because it is convenient</td>
<td>16.1%</td>
</tr>
<tr>
<td>Not at all loyal to any airline</td>
<td>61.1%</td>
</tr>
</tbody>
</table>

*Figure 16 Measuring Loyalty Towards Airlines*

When the respondents were asked to choose their level of loyalty using options related to Aaker’s Pyramid, a majority of 61.1% chose the option stating that they were “*not at all loyal to any airline.*” 16.1% agreed they often choose the same airline out of convenience. Just 5.1% of respondents felt they were satisfied with their preferred airline and changing their airline of choice would be inconvenient. 12.9% of those surveyed agreed they like the brand of their preferred airline and think they offer a good service. Finally, 4.9% of respondents stated they were “*committed to their preferred airline and are proud to use them*” – the most brand loyal of all the options available.
4.5 Price tolerance an acceptance

**Question 15 – Do you use price comparison websites to compare prices before booking a flight?**

<table>
<thead>
<tr>
<th>Usage of price comparison websites</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>43.3%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>35.0%</td>
</tr>
<tr>
<td>Rarely</td>
<td>13.1%</td>
</tr>
<tr>
<td>Never</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

*Figure 17 Usage of Price Comparison Websites*

91.4% (combination of *always*, *sometimes*, *rarely*) of respondents have at least once used price comparison websites to compare ticket costs when booking their flights, whilst just 8.6% never do so. Of those who use such websites, 43.3% do so every time they book a flight, 35% do so sometimes, whereas 13.1% rarely compare prices using comparison websites.

**Question 18 – “I don’t always fly with my preferred airline because the price is sometimes too high in comparison to other airlines”**

<table>
<thead>
<tr>
<th>Price as a moderator</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>28.9%</td>
</tr>
<tr>
<td>Agree</td>
<td>37.7%</td>
</tr>
<tr>
<td>Uncertain</td>
<td>24.0%</td>
</tr>
<tr>
<td>Disagree</td>
<td>4.6%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

*Figure 18 Price as a Moderator*

The most popular answer amongst respondents when asked whether or not the above statement applied to them was to “*agree*”, with 37.7% of those surveyed choosing that option. The second most popular response was to “*strongly agree*”, with 28.9% of respondents fitting into that category.

As such, a total of 66.6% (strongly agree and agree) of respondents agreed to some degree that they cannot always fly with their preferred airline because of the cost of doing so compared to alternatives. 24% were uncertain about whether the statement applied to them whilst a combined total of 9.5% either disagreed or strongly disagreed with the assertion that price sometimes prevented them from flying with their preferred airline.
Question 19 – When booking a flight, price is...

<table>
<thead>
<tr>
<th>When booking a flight, price is...</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Always important</td>
<td>77.1%</td>
</tr>
<tr>
<td>Important for European Flights</td>
<td>9.5%</td>
</tr>
<tr>
<td>Important for International Flights</td>
<td>11.9%</td>
</tr>
<tr>
<td>Never important</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

![Figure 19 Importance of Price when Booking a Flight](image)

When asked about how important price was for them when booking flights, a majority of 77.1% of those surveyed stated that it was always an important consideration, regardless of flight type. 11.9% stated that price was an important consideration for them when booking long-haul flights whilst 9.5% felt it was a priority when booking shorter flights within Europe. 1.5% of respondents felt it was never an important consideration, meaning that price was deemed a consideration for 98.5% those surveyed to one degree or another.

4.6 Peer feedback

Question 14 – Have you shared your experience with an airline on any of your social networks during the past year?

<table>
<thead>
<tr>
<th>Sharing Experiences Online</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10.2%</td>
</tr>
<tr>
<td>No</td>
<td>89.8%</td>
</tr>
</tbody>
</table>

![Figure 20 Sharing Experiences Online](image)

The vast majority of respondents (89.8%) have not shared their airline experiences online in the past year, 10.2% have done so. Of those who did use social media to share their experiences 80.9% of them used Facebook, making it by far the most popular means of creating peer feedback amongst respondents. Other social networks listed as being used included Twitter, Foursquare, and blogg.se which is a Swedish blogging website.
Question 16 – Have you ever checked customer reviews of airlines online before purchasing a flight?

<table>
<thead>
<tr>
<th>Usage of Online Review Websites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have used</td>
</tr>
<tr>
<td>Have never used</td>
</tr>
</tbody>
</table>

36% of respondents have used customer review websites to attain previous customer feedback of airlines before booking a flight. The majority of respondents (64%) have never used such websites before making air-travel purchasing decisions.

Figure 21 Usage of Online Review Websites
5 Analysis

Chapter 5 gives an overview of the analysis between the empirical findings and the Theoretical Framework (Chapter 2). The analysis in this chapter is undertaken by means of analyzing the theory and data gathered according to the Conceptual Framework (Figure 8) and the proposed research questions.

![Figure 22 Conceptual Framework in Action (own work)](image)

The above figure shows our conceptual framework divided into five distinct phases. Each of these phases will be covered separately in our analysis throughout the following sections.

5.1 Factors influencing brand loyalty

When analyzing what the level of loyalty is towards airlines amongst the Swedish Generation Y, the authors have proposed several factors to take into account in the conceptual framework. A distinction has been made between factors specific to Generation Yers (peer feedback, online presence, shared values, brand congruence and involvement) and general factors (flag-carrier status, perceived value, positive reputation, safety and trust, brand image, previous experience, satisfaction, availability of substitutes, evoked set size and loyalty program membership).

According to the theory presented in Chapter 2 of this thesis both Benkendorff et al. (2011), Dolnicar et al. (2010) and Nusair et al. (2011) state that involvement with peers and consequently peer feedback and thus word of
mouth are key characteristics for Generation Yers. They tend to value the opinions of friends, family and online forums and blogs highly. The results of our primary data show that the importance of peer feedback is confirmed by Swedish Generation Yers with almost 40% of the respondents answered that recommendations from friends and family is an important factor they take into account when booking flights. This percentage makes peer feedback the second most important consideration by prevalence amongst responses after price considerations.

When the prevalence of using peer feedback is measured in light of how each respondent answered the Aaker question, a very clear trend appears as can be seen in Figure 23 (Results of Question 17 cross-compared with those who identified feedback from friends and family as a factor of consideration when booking flights in Question 12):

Peer feedback and Aaker’s (1991) loyalty pyramid

This correlation shows that the more loyal a person is according to Aaker’s (1991) pyramid, the more likely a Swedish Generation Yer is to have utilized peer feedback when making their purchase decision. This adds further weight to Dolnicar et al.’s (2010) assertion that peer feedback is one antecedent to brand loyalty as each level of loyalty sees more reference to peer feedback than the level below it. It also confirms that such a finding is applicable to our population of Swedish Generation Yers. Another factor underlining loyalty towards airlines according to Dolnicar et al. (2010) and Forgas et al. (2012) is the membership of an airline loyalty program. 18.3% of the respondents claim to be a member of loyalty programs, such as EuroBonus, Flying Blue and Norwegian Reward. When looking at the difference between students and full-time workers being a member of a loyalty program the difference is 12.9% (students) against 38.4% (full-time workers), which is in keeping with our findings of full-time workers flying more than students. When looking at the factors important when booking a flight membership of an airline loyalty program is placed as the 8th most important factor among the respondents.

The flag-carrier status of an airline is deemed as an important factor by 11% of the respondents. When looking at the airlines flown within the past 24 months we can see that 46% of the sample population responded that they prefer flying with their national airline when the opportunity arises. Comparing these results with the airlines flown with in the past 24 months SAS is not only the most frequently used airline, but also the national carrier of Swedish Generation Yers.
Chen et al. (2012) concluded with their research that safety is a key factor for customers when they are deciding on an airline. At the same time, Forgas et al. (2012) state that amongst others safety and trust can lead to customer satisfaction and eventually to loyalty. The primary data responses show us that respondents value safety and trust highly with 19.5% choosing safety as a key factor for them. Although Chen et al. (2012) claim it is the most important factor for customers our research shows that whilst Swedish Generation Yers do value safety and trust as important they also consider other factors such as price, quality and recommendations of friends and family which are valued as more important when deciding on booking a flight. In order to minimize risk, 36.3% of the respondents have also checked customer reviews of airlines before purchasing the actual flight, as well as relying on the experiences and stories of their peers.

Before being able to attract customers airlines need to create brand awareness, perceived quality, and a positive brand image. All of these factors contribute to forming a foundation for brand loyalty to airlines (Chen and Tseng, 2010; Forgas et al., 2010). The brand image of an airline could (if perceived favorably) lead to the potential satisfaction of customers as well as affective and conative loyalty (Forgas et al., 2010). Ways in which brand image play a role for the respondents of our survey are shared values which can contribute to brand congruence (16.1%), checking customer reviews (36.3%) and a preference of flying with your national airline which almost half of the respondents indicated (46%). Airlines need to be connected to their potential customers in light of Oliver (1999) and Kressmann et al. (2006) finding a direct correlation between brand congruence and brand loyalty. The fact that 16.1% of respondents listed shared values are important factors for them shows us these respondents feel connected to the brand. Of these respondents, 74% fit into the top three levels of Aaker’s pyramid when their responses to question 12 are taken into account, thus indicating a positive relationship between brand congruence and loyalty.

Customers can be involved with an airline in different ways, for example, membership of a loyalty program, actively searching and booking flights on the website of the airline (e-loyalty) as opposed to online travel agencies and by responding to and engaging in peer feedback (Herrmann et al., 2004). From primary data on whether respondents check price comparison websites or check customer reviews we can see that the vast majority of the respondents always check price comparison website and 35% does that sometimes, customer reviews are checked and taken into account by 36% of the sample population, whereas 10% of the respondents actually share their flight experiences with their peers via social media. If we look at involvement and the factors that are important when booking a flight we can see that there is not a determining difference between factors given importance to between more loyal and less loyal customers. Both involved and non-involved customers tend to value price, quality and peer feedback high, and the only main difference we can see is that respondents that are heavily involved by social media and have shared their previous experience and satisfaction with an airline value peer feedback and shared values highly.

The following tables give an overview of the factors deemed important and influencing respondents when purchasing their flights compared to the three involvement variables. They show a consistent trend whereby price, quality and peer feedback remain almost constant as key factors regardless of the involvement variable.
Have you shared your experience with an airline on any of your social networks during the past year?

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
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</tbody>
</table>

Do you use price comparison websites to compare prices before booking a flight?

<table>
<thead>
<tr>
<th></th>
<th>1. Price</th>
<th>2. Quality</th>
<th>3. Peer feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sometimes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rarely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Never</td>
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</table>

Have you ever checked customer reviews of airlines online before purchasing a flight?

<table>
<thead>
<tr>
<th></th>
<th>1. Price</th>
<th>2. Quality</th>
<th>3. Peer feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
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</tbody>
</table>

Figure 24 Customer Involvement

Booking flights on the homepage of an airline means more involvement with the brand, therefore online presence, not only with a website but also with social media practices (peer feedback) is an important consideration for airline practitioners. What is more, (satisfied) involved customers are also more accepting when it comes to price tolerance with Herrmann et al. (2004) noting the benefits the airline offers are of higher importance for loyal customers than the price is. Thus creating involvement with customers has a high chance of increasing brand loyalty. Figure 25 gives an overview of the most important general and Generation Y factors according to the primary data gathered amongst Swedish Generation Yers.

Research suggested that peer feedback is one of the most important factors airline need to take into account when relating their activities to Generation Yers, since they are constantly searching for information and comparing data to get the most out of purchases they make. If airlines are not present online, not only via their website but also with their social media activities (Nusair, 2010) they could miss out on a huge target market. Due to the wide variety of different airlines (flying to the same destinations) available it is easy for respondents to base their purchase decision mainly on price, therefore the research suggested that Swedish Generation Yers are very likely to switch to another substitute (Herrmann et al., 2004). Other important factors for Generation Yers that if leveraged properly could lead to an increase in loyalty are safety and trust (what is the reputation of the airline), shared values (what does the airline do to protect the environment) and involvement Generation Yers have with the airline. The importance given to these factors remained similar regardless of whether the respondent has flown short- or long-haul flights in the past 24 months. Our data confirms the factors involved in the conceptual framework are relevant to Swedish Generation Yers to varying degrees depending on the level of involvement of the individual. The most prominent factors identified in both our primary data and relevant literature are shown below:
5.2 Flying behavior of Generation Y

When comparing the flying behavior with occupation status, the results show that 82% of our sample population has flown in the past two years. This trend is seen throughout the data across all age-ranges. 18% of the respondents having not flown at all in the past two years, amongst both under 26 and those between 26 and 36 years old. This matches with Benckendorff et al.’s (2010) assertion that Generation Yers are keen travelers. However, when the respondent’s status as being a student or being a full-time member of the workforce is taken into account it was found that there is a contrast between flying behavior, as shown in Figures 26 and 27 below.

<table>
<thead>
<tr>
<th>Top 6 Factors</th>
<th>Questionnaire response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Peer Feedback</td>
</tr>
<tr>
<td>2</td>
<td>Online Presence</td>
</tr>
<tr>
<td>3</td>
<td>Availability of Substitutes</td>
</tr>
<tr>
<td>4</td>
<td>Safety and Trust</td>
</tr>
<tr>
<td>5</td>
<td>Shared Values</td>
</tr>
<tr>
<td>6</td>
<td>Involvement with Brand</td>
</tr>
</tbody>
</table>

**Figure 25 Factors Influencing Airline Loyalty**

**Student flying behavior**

- No flight: 21.8%
- 1 Flight: 23.9%
- 2 – 5 Flights: 39.1%
- 5 – 10 Flights: 12.2%
- 10+ Flights: 2.9%

**Figure 26 Student Flying Behavior**

**Employed Flying Behavior**

- No flight: 13.3%
- 1 Flight: 19.7%
- 2 – 5 Flights: 36.4%
- 5 – 10 Flights: 19.1%
- 10+ Flights: 11.6%

**Figure 27 Employed Flying Behavior**
As shown above, those who are employed are more likely to have flown than full-time students, and are also more likely to have flown in each of the categories related to the number of flights flown. This finding matches with the assertion of Benckendorff et al. (2010) that Generation Yers will fly more once they have entered the workforce. Benckendorff et al. (2010) also anticipated that Generation Yers are more likely to fly with low-cost carriers as students and that those in full-time employment would switching purchasing habits in favor of full-service and more expensive carriers. This assertion is borne out in our research findings as those who are employed are shown to be more likely to fly with airlines such as SAS than students who show more of a tendency towards low-cost airlines such as Ryanair.

In terms of how Generation Yers book flights, this research has shown that 88% of them use online resources, namely airline websites and online travel agents, as their primary means of purchasing airline tickets. The remaining 12% use traditional travel agents and airline ticket offices to make their bookings, although many of those respondents also reported using price comparison websites to compare prices before doing so. This trend was true across all variables, such as occupation or student status. This is in keeping with the common assertion found within our Theoretical Framework which stated that Generation Yers are very likely to conduct their business online (Nielson, 2010; Lester, Forman & Lloyd, 2006).

Another aspect of Generation Y’s consumer behavior towards airline marketing efforts found in the Theoretical Framework is Forgas et al.’s (2012) assertion that loyalty programs have limited potential when it comes to Generation Yers when compared to other generations. The findings suggest a relatively low take-up of such programs amongst respondents, with 18% of respondents being a part of one or more airline loyalty programs. Further light can be shed on these figures by once again breaking them down into students and full-time employed, with just 11.7% of students being members of a loyalty program in contrast to 27.9% of those in employment. These findings further echoes Benckendorff et al.’s (2010) assertion that Generation Y is spending and involvement regarding travel increase as they enter the workforce.

As such, an analysis of the flying behavior of our respondents shows that the Swedish Generation Y shows similar patterns to that found in existing literature with the use of online resources, increased spend after finishing education and a low take-up of loyalty programs being trends which are found in the collected data.

5.3 Generation Y and Brand Loyalty towards Airlines

One way of measuring the level of loyalty found amongst Swedish Generation Yers is to compare their responses with the categories found in Aaker’s (1991) brand loyalty pyramid. To enable such an analysis, the authors compared possible responses to Question 17 to the categorizations of customer purchasing behavior proposed by Aaker (1991) as follows:
Using the above categorizations, the brand loyalty towards airlines found amongst Swedish Generation Yers can be illustrated as follows:

<table>
<thead>
<tr>
<th>Aaker categorization</th>
<th>Questionnaire response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switcher</td>
<td>“Not at all loyal to any airline.”</td>
</tr>
<tr>
<td>Habitual</td>
<td>“Often choose the same airline because it is convenient.”</td>
</tr>
<tr>
<td>Satisfied</td>
<td>“Satisfied with my preferred airline and changing might be inconvenient.”</td>
</tr>
<tr>
<td>Likes</td>
<td>“I like the brand of my preferred airline and think they offer a good service.”</td>
</tr>
<tr>
<td>Committed Buyer</td>
<td>“I am committed to my preferred airline brand and am proud to use them.”</td>
</tr>
</tbody>
</table>

Figure 28 Analysis of Aaker’s brand loyalty pyramid (Aaker, 1991)

The vast majority of respondents (61.1%) fit into the “switcher” category, defined as those who have no loyalty or brand preference whatsoever within a product category and switch brands as easy when they can save money (Aaker, 1991). The second largest category found in our data is the “habitual buyer”, those may buy the same brand out of convenience rather than any real loyalty. In the case of this research satisfied buyers account for just 5.1% of respondents, meaning that the pyramid structure applied by Aaker (1991) does not fit the results as such a concept entails the categories being most common by order. The reason for this discrepancy is not clear from the collected data. “Likes”; those who have a brand preference but might not always act on it, account for 12.9% of the responses and is larger than expected given that it is over double the number of satisfied buyers. This analysis shows clearly that a small minority at just 4.9% of respondents fit into Aaker’s (1991) categorization of committed buyers.

By comparing the responses of respondents to the Aaker pyramid classifications it is clearly illustrated that Swedish Generation Yers are generally not brand loyal. This data correlates with the assertions of McCrindle and Wolfinger (2009) and Evans et al. (2009) who both state that Generation Y is renowned for their lack of brand loyalty. It is also important to consider the prevalence of action loyalty as a customer having a strong preference
for a brand might not necessarily lead to repeat purchases (Evans et al., 2009). Of the 4.9% of respondents who fit into the “committed buyer” category as mentioned previously, 85% have flown with SAS in the past two years and the rest have flown with just one airline. This indicates a high level of action loyalty amongst those who consider themselves to be brand loyal, with SAS being the airline of choice for the majority who are brand loyal and display action loyalty. Ryanair, contrastingly, is the second most used airline yet attract many people who claim not be brand loyal. 81% of those who have flown only with Ryanair in the past two years state they are not brand loyal, indicating a high level of brand inertia of the part of those respondents as per Odin et al. (2001), in this case inertia is most probably caused by the availability of low-cost flight options. To further illustrate this point, it can be noted that of those who have only flown with SAS in the past two years 50.9% state they do not have any loyalty to an airline at all. As such, it is clear that inertia is still present in this population but is less prevalent than in the case of Ryanair. Overall, however, it is clear that inertia does play some part in repeat-purchasing for all airlines and that those who have action loyalty are relatively few.

When viewed with Oliver’s (1999) four stages of brand loyalty in mind, our results also show a similar trend. Those at the first stage, “cognitive loyalty”, are loyal to a product or service based on information rather than brand and thus price and performance are a key consideration for them. This would certainly constitute the largest stage amongst Swedish Generation Yers with 94.6% stating that price is a key factor for them when considering their flight purchases. Whilst these customers do not choose the same airline, the importance they give to price illustrates the cognitive aspect of their loyalty or lack thereof. The second stage, “affective loyalty”, has both a cognitive and affective element, meaning a customer must consciously prefer a certain brand for some reason. This stage of loyalty is also seen in our results as 12.9% of respondents state they have a preferred airline because that airline satisfies their needs effectively, 4.9% saying they are satisfied with the airline they use most and a further 4.9% stating they not only like but are committed to their preferred brand.

Oliver (1999) states those in the fourth stage, “conative loyalty”, are customers who have a preferred brand but cannot always buy according to their preference. This stage is also noted in our findings as 66.6% of respondents either agreed or strongly agreed that they could not always fly their preferred airline brand because price was an obstacle. Finally, “action loyalty”, or what Oliver (1999) refers to as when “intentions are committed into actions”, can be seen in amongst those who say they have a very strong brand loyalty and fit into Aaker’s (1991) category, with 75% of those respondents having flown with SAS in the past 24 months and the majority having flown with just one airline. As such, it is clear they are putting their loyalty cognition into action and therefore fitting into the final stage Oliver offers in his loyalty framework. The analysis of our results using Oliver’s (1997) stage model matches with the analysis beforehand using Aaker’s (1991) model that Swedish Generation Yers are not generally brand loyal towards airlines. A small minority fit into the “action loyalty” stage of the framework and this is the stage that airlines would most like their customers to belong to.

With the vast majority of customers giving prominence to price when they are making their airline choices, backed up by the popularity of low-cost airline Ryanair amongst that group, it becomes clear that the vast majority of Swedish generation Yers belong to the cognitive stage of loyalty where they make their decisions
based on the information at hand, primarily price information. Thus, analyzing the results through the lens of Aaker’s (1991) and Oliver’s (1997) loyalty constructs leads to the firm conclusion brand loyalty towards airlines is very low amongst Generation Yers in Sweden. When our conceptual framework is taken into account, this analysis shows the vast majority of Swedish Generation Yers are “switchers” who have inertia towards airline brands, with a small minority following through the process to action loyalty.

5.4 Price tolerance and acceptance

The primary data clearly shows that price is for most of the respondents the main factor they take into account when purchasing a flight. 94.6% of the respondents even replied when asked to indicate the factors that influence them in their airline choice that price is the most important factor with quality being a second with 42.9%. “When booking flights, price is important...” is answered with “always” by 77.1% of the sample population, which matches the latter question. Herrmann et al. (2004) and Kalyanaram and Little (1994) both claim that it is important to create brand loyalty amongst (potential) customers because loyal customers tend to be more open to changes in price as they favor the benefits the brand has to offer higher than the actual price they have to pay for these benefits.

<table>
<thead>
<tr>
<th>Which of these factor(s) influence your airline choice when booking flights?</th>
<th>Do you use price comparison flights to compare prices before booking a flight?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Always</td>
</tr>
<tr>
<td>94.6%</td>
<td>43.3%</td>
</tr>
</tbody>
</table>

| “I don’t always fly with my preferred airline because the price is sometimes too high in comparison to other airlines” | When booking a flight, price is important... |
| Strongly agree | Always |
| 28.9% | 77.1% |

Figure 30 Price Considerations

When looking at the differences within Generation Y we can see that when it comes to students versus the employed: 58.8% of the students value price against 41.2% of the full-time workers; what is more 56.2% of the students use price comparison websites whereas 43.8% of the full-time workers do the same; 65.3% of the students indicated they do not always fly with their preferred airline because the price is too high against 34.7% of the full-time workers; and finally, 58.7% of the students as opposed to 41.3% of the full-time workers say price is always important when booking a flight. These findings are in keeping with the fact that the disposable income of full-time workers (more than 100,000SEK) is higher than the disposable income of most students (less than 100,000SEK) (Nuair, 2010). Respondents with higher incomes pay more attention to factors such as quality and recommendations as opposed to students whose main factor is price considerations. This confirms Herrmann et al.’s (2004) assertion that the presence of switching barriers such as low disposable income has a negative effect on price tolerance. When looking at the importance of price and loyalty program membership the outcome is
that 80% of the non-members indicate price is always important, whereas 65.3% of the loyalty program member claim price to be important always. Price also seems to be a more important determinant for both members and non-members when it comes to European flights as opposed to International flights. However, price is not as strong for those who are “involved” with an airline through a loyalty program, a finding in keeping with Herrman et al.’s (2004) assertion that more involved customers are less price sensitive.

Most of the respondents who have indicated that price is always important when booking a flight also indicated that they always or sometimes consult price comparison websites. This also allows them to be interested in checking price comparison website this allows for them to make well informed decisions (Nusair, 2010; Nielson, 2010). The fact that the majority of respondents check such price comparison websites indicated they have a widened evoked set size – something identified by Herrmann et al. (2004) as being a factor leading indirectly to high price tolerance. However our findings show those who utilize a wider set size through these price comparison websites generally have a lower price tolerance than those who do not and thus these findings indicate a larger evoked set size for Generation Yers does not equate to a higher price tolerance, as was proposed in our conceptual framework. Herrman et al’s (2004) final factor related to price tolerance was satisfaction, something deemed to lead to a higher price tolerance. Our findings back such a claim as those respondents who claimed to be satisfied with their airline in the Aaker pyramid question were less likely to make price a deciding factor that those who were not loyal or satisfied with any airline. Herrmann et al. (2004), Kalyanaram and Little (1994) and Krishnamurthi and Raj (1991) all agree that the way in which customers respond to changes in pricing is of major importance for marketers. Customers who are loyal to a brand will generally be less sensitive to the brand’s price and potential price changes (Herrmann et al., 2004; Kalyanaram and Little, 1994; Krishnamurthi and Raj, 1991). Therefore we can conclude by saying that customer involvement could lead to a higher price tolerance amongst Swedish Generation Yers. Our analysis therefore shows that all but one (evoked set size) of the factors identified by Herrmann et al. (2004) leading to price tolerance are present amongst Generation Yers.

5.5 Post-Purchase Peer Feedback
The importance of sharing information and garnering peer feedback amongst Generation Yers in noted by Benckendorff et al. (2011) and Evans et al. (2009) amongst others, who state that those in Generation Y are likely to rely upon feedback from others and share feedback about their product or service experiences. Furthermore, Dolnicar et al. (2010) find that peer feedback is one key antecedent to developing brand loyalty towards airlines, as previously mentioned in the analysis. As mentioned previously when discussing factors that develop brand loyalty, 37.1% of Swedish Generation Yers listed recommendations from friends and family as being a factor they consider before making flight purchase decisions. This makes peer feedback a notably important factor considered by Swedish Generation Yers when booking flights. A similar number (36%) have used airline or travel review websites to inform their purchasing decisions, showing that peer feedback in the online community also plays a role in the respondent’s purchasing decisions. However, in order to use feedback there must be peers who are willing to give it and Generation Yers are known to be keen to share their brand experiences (Benckendorff et al., 2011). 10.2% of respondents claimed they have shared their airline experiences with friends.
online in the past and as such have offered post-purchase peer feedback as per our conceptual framework. When the answers received regarding offering post-purchase peer feedback to one’s peers are correlated with the responses to the Aaker loyalty pyramid question, a very clear trend appears as can be seen in Figure 31 (Respondents who replied “yes” to question 14 regarding sharing their experiences with friends and family cross-compared with their responses to question 12):

![Peer feedback and Aaker’s (1991) loyalty pyramid](image)

This correlation shows that whilst 25.5% of those who have offered peer feedback fall into the switcher category of Aaker’s (1991) loyalty pyramid for reasons which are difficult to identify from the data at hand, a trend otherwise appears where the customer is more likely to share their experience as their satisfaction grows. The likes and committed buyer categories especially involve customers who repeatedly and cogitatively purchase the same brand repeatedly, and thus engage in action loyalty. Together, those “action loyal” customers account for a total of 55.8% of those who have engaged in post-purchase peer feedback. This adds further weight to Benckendorff et al.’s (2011) assertion that Generation Yers share their brand experiences with their peers. The analysis shows that such feedback is most likely to come from those who are engaging in some level of action loyalty and are thus satisfied with their preferred airline. This matches with our conceptual framework by showing that peer feedback is an outcome of action loyalty. However, this study’s conceptual framework did not claim that switchers would also offer peer feedback. The fact such respondents account for 25.5% of those who offer peer feedback shows that switchers do indeed offer feedback and it is not just an output of loyal customers as proposed in the conceptual framework.

One notable trend identified throughout this analysis in the usefulness of the Aaker pyramid when comparing responses to different questions. Although there was a discrepancy in the pyramid shape twice throughout the analysis, this pyramid was generally reliable in anticipating a trend amongst respondents. A more detailed analysis could provide further insight into the usefulness of this framework as a means of categorizing customers by loyalty and identifying trends in their behavior.
6
Conclusion

The next chapter gives an overview of the conclusions drawn from analyzing the primary data and relevant literature gathered throughout this thesis. The aim of chapter 6 is to answer the proposed research questions:

- What is the level of loyalty towards airlines amongst the Swedish Generation Y?
- What determining factors influence whether a Generation Yer is brand loyal to airlines or not?

The level of loyalty towards airlines amongst Swedish Generation Yers was found to be very low according to the findings and analysis conducted during this study. Just 4.9% - within the margin of error – can be considered to fit into the top tier of loyal customers according to Aaker’s pyramid, with the majority of respondents (61.1%) falling into the categorization of “switchers” and showing no cogitative or action loyalty towards airlines. As such there is a low level of loyalty towards airlines amongst Swedish Generation Yers. With regard to the second research question, this study has shown that various factors can lead to different levels of loyalty, with price considerations being a key antecedent to any loyalty developing. Peer feedback and shared values were also identified as key factors that determine whether a Generation Yers will become brand loyal. Furthermore, those who work full-time and have a higher disposable income available to them are also more likely to be brand loyal to some degree, illustrating that price acts as a mediator between somebody feeling loyal to an airline and engaging in action loyalty.

The analysis of the findings show that there is a difference between the influence the different factors proposed in the conceptual framework has on brand loyalty, depending on the individual customer and how involved they are with the brand. However, the most important factor when it comes to purchasing airline tickets for Swedish Generation Yers does not have anything to do with loyalty; almost all respondents value the price of a ticket above any other factors. Although students value price more than their employed equals, employed Generation Yers tend to choose an airline based on the benefits they offer rather than the price. Both groups are likely to switch whenever they find a substitute that offer the same deal yet cheaper. Price is confirmed through our analysis to have a moderating effect on Swedish Generation Yers and their brand loyalty towards airlines. With the exception of evoked set size, a similar trend to that of Herrmann et al. (2004) was found amongst respondents confirming such a moderating effect.

One of the most important factors amongst Swedish Generation Yers appeared to be peer feedback, pre-purchase Swedish Generation Yers rely heavily on experiences of their peers, both online review websites are checked and experiences of their peers in the different social media are utilized when making a purchase decision. This research has shown this assertion to be true. When looking at post-purchase peer feedback a trend can be seen in respondents sharing their airline and flight experience with friends and family online. Whilst the conceptual framework for this study proposed peer feedback to be an output of loyal customers, further analysis
of data illustrated that those who are not loyal to any airlines are also keen to share their feedback regarding airline experiences.

*Online presence* is a major determining factor that influences airline loyalty amongst Swedish Generation Yers as they are born digital natives and use the internet for many everyday activities. Our research has shown that these Generation Yers check price comparison websites, book online, check customer reviews. Therefore, the research results suggested that it is of crucial importance to create online involvement with customers by means of, for example, social media practices. Airline practitioners need to utilize online resources as they are the primary means of Swedish Generation Yers of purchasing airline tickets.

The safety, trust and the quality an airline has to offer are other determining factors for airlines when building brand loyalty amongst Generation Yers. Safety is an important underlying factor for customers when they are deciding on an airline, an airlines' reputation is mainly based on word of mouth of other passengers and news and reviews posted on different websites. What is more, a determinant as shared values is another important factor that potentially leads to loyalty amongst Swedish Generation Yers. Issues such as a shared concern for the environment help to build brand congruence. The image different airlines have and their environmental practices play an important role here.

To surmise, when looking at “the level of loyalty towards airlines amongst Swedish Generation Yers” we conclude by saying that our findings have shown that Swedish Generation Yers are generally not very loyal towards airlines. Theory already suggested Generation Y is renowned for their lack of brand loyalty and; despite many of these Swedish Generation Yers tending to have a strong preference for an airline, this preference might not necessarily lead to repeat purchases. However, the respondents that are loyal seem to be more open to changes in price as they favor the benefits the brand has to offer over than the actual price they have to pay for these benefits. This research has matched existing literature in the topic area and found that the antecedents offered in such literature for airline brand loyalty are applicable to Swedish Generation Yers, especially price, peer feedback and brand congruence. However, further research into this area and a more detailed operationalization of the Aaker pyramid measurement of brand loyalty would help to clarify and confirm the findings of this study.
Chapter 7 offers suggestions for both Marketing Practitioners and Researchers that have arisen as a result of this research project.

7.1 Recommendations for Marketing Practitioners

This research brings to light a number of considerations that marketing practitioners in the airline industry, and perhaps in other fields, can take on board as they conduct business with Generation Yers. First of all airline marketing practitioners should take into consideration the huge importance placed by Swedish Generation Yers on price. Promoting low ticket prices as well as enhancing perceived value by bringing attention to service extras are two means of doing so. Airline marketing practitioners should also consider the importance given to peer feedback amongst Swedish Generation Yers when they are making their air travel purchase decisions. Encouraging customers to share their positive experiences through their social networks would help them to take advantage of the fact that much of this peer-feedback is given online.

Another recommendation is for airline marketing practitioners to develop loyalty programs or enticements identified in the factors that encourage brand loyalty in this in order to develop a higher level of loyalty from Generation Yers as our findings showed only a very small minority currently feel very brand loyal to any airline, although many seem to have a strong brand preference.

7.2 Recommendations for Further Research

A more detailed study of Generation Yers and their brand loyalty to airlines which would take a wider focus than just Sweden could provide very useful insight to both practitioners and academics. In addition to that the use of peer feedback amongst Generation Yers was identified in existing literature and also in our analysis as being a key consideration when considering Generation Y’s relationship with brands, yet no research has focused specifically on this topic. Research aimed specifically at understanding the nature and rationale for the use of and value placed on peer feedback by Generation Yers would go some way to answering questions surrounding this topic. In effect, a more detailed study into this topic could prove a useful addition of existing literature.

Further research into the Swedish Generation Y is also needed. The limited amount of research conducted around this topic to date has primarily focused on human resource considerations. Further research into the expectations of and interaction with businesses with regard to Generation Y would not only enhance the Swedish academic field’s understanding of Generation Yers but also offer valuable insight for businesses as they continue to adapt their offerings for a whole new generation of customers. Using the Aaker categories of loyalty proved useful for this study and a more detailed approach to its use could also help further studies gain extra insight into Swedish Generation Yers and their level of brand loyalty.
Bibliography


## APPENDIX 1. QUESTIONNAIRE (ENGLISH)

### 1. What is your gender?
- [X] Male
- [ ] Female

### 2. What is your age?
- [ ] 17 – 20 years
- [ ] 21 – 25 years
- [ ] 26 – 30 years
- [ ] 31 – 35 years
- [ ] 36 – older

### 3. What is your nationality?
- Senegal

### 4. What is the highest level of education you have completed?
- [ ] High School
- [ ] Professional Education
- [ ] Bachelor’s Degree
- [ ] Master’s Degree
- [ ] Doctoral Degree
- [ ] Other, please specify...

### 5. What is your occupation?
- [ ] Administrative
- [ ] Architect
- [ ] Artist/Creative/Performer
- [ ] Banking/Financial
- [ ] Computers
- [ ] Craftsman/Construction
- [ ] Education
- [ ] Engineer
- [ ] Executive Management
- [ ] Food Services
- [ ] Homemaker
- [ ] Legal
- [ ] Medical
- [ ] Military/Government/Politics
- [ ] Professional Trade
- [ ] Real Estate
- [ ] Retail
- [ ] Retired
- [ ] Sales/Marketing
- [ ] Self-Employed
- [ ] Student
- [ ] Travel/Hospitality
- [ ] Unemployed
- [ ] Other, please specify...

### 6. What is your annual income?
- [ ] Less than 50000 SEK
- [ ] 50000 SEK – 100000 SEK
- [ ] 100000 SEK – 200000 SEK
- [ ] 200000 SEK – 300000 SEK
- [ ] 300000 SEK – 400000 SEK
- [ ] 400000 SEK – 500000 SEK
- [ ] More than 500000 SEK
7. How many round-trips (flights) did you make in the past 24 months?
- None
- 1 flight
- 2 – 5 flights
- 5 – 10 flights
- 10 + flights

8. Of those round-trips, how many were outside the European Union?
- None
- 1 flight
- 2 – 5 flights
- 5 – 10 flights
- 10 + flights

9. Which airlines have you flown within the past 24 months?
- Please specify...

10. Which loyalty program are you a member of?
- None
- Please specify...

11. Which outlet do you use most often to book your flight?
- Airline websites
- Online travel agency
- Travel Agency
- Ticket office
- Other

12. Which of these factor(s) influence your airline choice when booking flights?
- Price
- Recommendation from peers and family
- Loyalty program membership
- Safety concerns
- Airline nationality
- Shared values (e.g. environmental considerations)
- Other

13. If possible, do you prefer to fly with your home-country’s national airline?
- Yes
- No
- Not sure

14. Have you shared your experience with an airline on any of your social networks during the past year?
- Yes, please specify...
- No

15. Do you use price comparison flights to compare prices before booking a flight?
- Always
- Sometimes
- Rarely
- Never
16. Have you ever checked consumer reviews of airlines online before purchasing a flight?
- Yes
- No

17. Regarding airlines, which of the following best applies to you?
- Not at all loyal to any airline
- Often choose the same airline because it is convenient
- Satisfied with my preferred airline and changing might be inconvenient
- I like the brand of my preferred airline and think they offer a good service
- I am committed to my preferred airline brand am proud to use them

18. “I don’t always fly with my preferred airline because the price is sometimes too high in comparison to other airlines”

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

19. When booking a flight, price is important...
- Always
- For long-haul flights (International)
- For short-haul flights (Europe)
- Never

20. Have you ever checked consumer reviews of airlines online before purchasing a flight?
- Email address
1. Är du kvinna eller man?
   - Kvinna
   - Man

2. Hur gammal är du?
   - 17 – 20 år
   - 21 – 25 år
   - 26 – 30 år
   - 31 – 35 år
   - 36 – eller äldre

3. Vilken är din nationalitet?
   - Senegal

4. Vilken är den högsta formella utbildning som du har slutfört?
   - Har ej slutfört gymnasieutbildning
   - Gymnasieutbildning
   - Yrkesinriktad påbyggnadsutbildning, annan än universitets- och högskoleutbildning
   - Examen inom grundläggande högskoleutbildning
   - Magisterexamen eller annan högre examen
   - Annat, vänligen specificera...

5. Inom vilken område arbetar du?
   - Administration
   - Arkitekt
   - Artist/Kreativ/Aktör
   - Bank/Finansiell
   - Datorer
   - Hantverkar/Konstruktion
   - Utbildning
   - Ingenjör
   - Chef
   - Food Serviceser
   - Hemmafru/man
   - Juridist
   - Medicinsk/Sjukvård
   - Militär/Regering/Politik
   - Handel
   - Fastigheter
   - Detaljhandeln
   - Pensionerad
   - Försäljning/Marknad
   - Egen företagare
   - Student
   - Resor/Gästfrihet
   - Arbetslös
   - Annat, vänligen specificera...

6. Vad är din årsinkomst?
   - Under 50000 SEK
   - 50000 SEK – 100000 SEK
   - 100000 SEK – 200000 SEK
   - 200000 SEK – 300000 SEK
   - 300000 SEK – 400000 SEK
   - 400000 SEK – 500000 SEK
   - Mer än 500000 SEK
7. Hur många tur och retur resor (flyg) gjorde du under de senaste 24 månaderna?
   - Ingen
   - 1 flygning
   - 2 – 5 flyg
   - 5 – 10 flyg
   - 10 + flyg

8. Av de tur och retur resor, hur många var utanför Europeiska Unionen?
   - Ingen
   - 1 flygning
   - 2 – 5 flyg
   - 5 – 10 flyg
   - 10 + flyg

9. Vilka flygbolag har du flugit under de senaste 24 månaderna?
   - Vänligen specificera...

10. Vilket/vilka flygbolags lojalitetsprogram är du medlem i?
    - Ingen
    - Vänligen specificera...

11. Vilka av dessa använder du oftast för att boka din resa?
    - Flygbolagens hemsidor
    - Online resebyrå
    - Resebyrå
    - Biljettkontor
    - Annat, vänligen specificera...

12. Vilken av dessa faktorer påverkar ditt flygbolag väljer när du bokar flyg?
    - Pris
    - Rekommendation från kollegor och familj
    - Lojalitetsprogram medlemsskapet
    - Säkerhetskraven
    - Flygbolagets landstillhörighet
    - Gemensamma värderingar (t.ex. miljömässiga överväganden)
    - Annat, vänligen specificera...

13. Om det är möjligt, föredrar du att flyga med ditt hemlands nationella flygbolag?
    - Ja
    - Nej
    - Inte säker

14. Har du delat dina erfarenheter med ett flygbolag på någon av dina social networks (t.ex. Twitter, Facebook) under det senaste året?
    - Ja, vänligen specificera...
    - Nej

15. Använder du flyg prisjämförelsesajter att jämföra priser innan du bokar en flygresa
    - Alltid
    - Ibland
    - Sällan
    - Aldrig
16. Har du kollar kundrecensioner olika flygbolag på nätet innan de köper en flygresa?

- Ja
- Nej

17. När det gäller flygbolag, vilket av följande stämmer bäst för dig?

- Inte lojal mot något flygbolag
- Väljer ofta samma flygbolag av bekvämlighet
- Nöjd med mitt föredragna flygbolag och förändra kan vara besvärligt
- Jag gillar märket på mitt föredragna flygbolag och tror att de erbjuder en god service
- Jag är fast besluten att jag föredrar flygbolag varumärke är stolt över att använda dem
- Inte lojal mot något flygbolag

18. "Jag flyger inte alltid med det flygbolag jag föredrar på grund av att priset ibland är högre jämfört med andra flygbolag”

Håller med helt | Håller med till viss del | Osäker | Håller inte med helt | Håller inte med alls

- □
- □
- □
- □
- □

19. När du bokar en flygning, är priset viktigt...

- Alltid
- För långdistansflygningar (Internationell)
- För kortdistansflygningar (Europa)
- Aldrig

20. Ange din e-postadress om du vill delta i en utlottning av två biobiljetter.

- E-postadressen...

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