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The impact of integrating brand identity on brand loyalty in low cost carrier

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Abstract. The study could provide a valuable analysis between the relation of the integrated brand identity and brand loyalty. In the past study of Hong Kong airline industry, customer satisfaction was mainly focused and the importance of the integrated brand identity was overlooked. As brand identity, perceived value, brand trust and customer satisfaction are affected by each and other, a study of the integrated brand identity would illustrates how customers and brand interact.

1. Introduction

Hong KongThe airline industry is worth to be studied as it is important to the Hong Kong economy. In 2017, a study found that Hong Kong citizens travel 11.4 trips per person, per year (Business insider, 2017). The winning place in such list shows the enthusiasm of travelling of Hong Kong people. Despite going for vocation, business trips contributed to the statistics. The Customs and Excise Department records a growing trend in passenger throughput in the Hong Kong International Airport control point, increased from 43 million to 48 million between 2014 to 2016 (DATA.GOV.HK, 2017).

While serving as one of the busiest airports over the world, airline industry is the first impression of our tourism industry. With number of flights is increased and more passengers are served, and the competition from the budget airline has been going fierce. Service quality cannot be neglected. To improve the service quality, building brand value and trust, to achieve customer satisfaction and established a sense of loyalty could be helpful to such improvement. After brand loyalty is built, a group of regular customers would emerge and provide a more stable base of customers. Hence, the development of the company can be benefitted and pushing the industry to growth

2. Literature review

2.1. Overview

According the existing research, many of them suggested that LCC customers pay a lot more attention towards fares, while full-service carrier customers expect professionalism of staff. Also, low-cost carrier customers are willing to arrange their itineraries in order to using the preferable fares (O'Connell, 2005), delay and cancellation of flights are still arguably the largest concern of the LCC Customers. Brand satisfaction would be damaged regardless the price of the ticket. To recover and retain loyalty, commitment inside the company, from the management board to the staff, is most critical (Bamford and Xytouri, 2005).

In fact, there are numerous articles discussing the antecedent of brand loyalty. Comparing to the model which is go to be adopted to analyze the data, the studies provide different perspectives to discuss brand loyalty. Despite the large amount of articles, generally, it is agreed that customer satisfaction, trust and brand value contribute a positive effect to brand loyalty.

In most of the studies, it has been proved that product and service performance are positively related to the satisfaction of customers. Also, brand reputation plays an important role to the customer satisfaction too (Selnes, 1993). Brand reputation influenced the customer as the purchase is contributing to customers' social identity. Customer satisfaction is improved regardless the changes of product and service quality. Trust, on the other hand, is affected by customer satisfaction and act as a driving force to influence brand loyalty. The stronger the customer satisfaction is, the stronger the trust (Harries and Goode, 2004).

The correlation and effectiveness of the antecedent of brand loyalty was examined within a similar framework. It was suggested that customer satisfaction, brand image, trust is crucial to brand loyalty, added with the commitment of the customer (Garbarino and Johnson, 1999). Brand equity had also been proved its importance while examining brand loyalty. Furthermore, the impact of customer satisfaction was also discussed (Nam et al., 2011). Although the key concept and relationship within the constructs are tested and proved, there is still lack of an empirical support in the low-cost carrier industry in Hong Kong.

Satisfaction is subjected to customers. Product and service quality are vital. However, they are evaluated by customers in a personal perspective. The same product could be able to satisfy one but fail to the other. The brand identification emerges as there is a need to assess the identity of the brand and its perception from the customers. The integrated brand identity model justifies its uniqueness in analyzing brand loyalty of the HK Express.

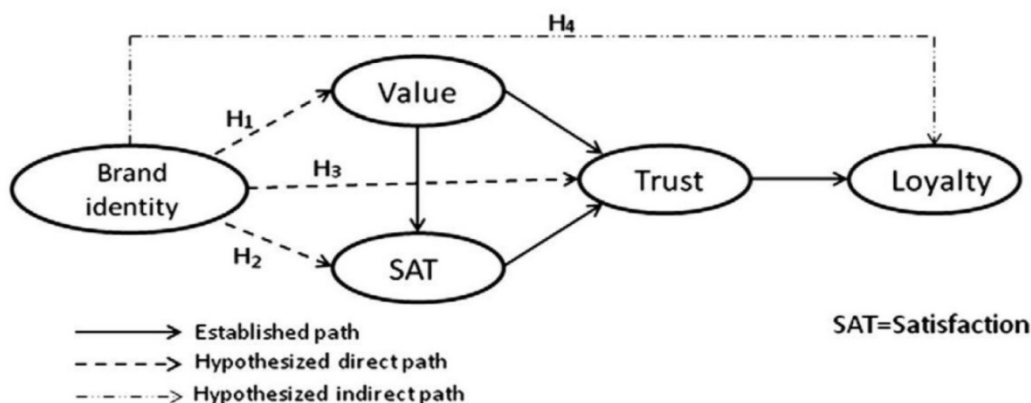### 2.2. The model of integrated brand identity

Figure1. Integrating brand identity (He, Li & Harris, 2012)

In our study, hypotheses were set as following:

H1 - Strong brand identity relates to brand value positively.

H2 - Strong brand identity relates to customer satisfaction positively.

H3 - Strong brand identity relates to brand trust positively.

H4 - Strong brand identity has an indirect effect on brand loyalty via brand value, customer satisfaction, and brand trust. (He et al., 2012)

Brand identity is the distinctive and long-lasting features of a brand. A brand's identity is stronger and more attractive when it is more distinctive and prestigious (Balmer, 2001; Bhattacharya and Sen, 2003; Dutton et al., 1994). Brand loyalty represents a biased behavior response expressed overtime by decision-maker referring to one or more alternative brands out of their options in the market (Jocoby and Chestnut, 1978, pp.80). The integrated brand identity includes brand value, customer satisfaction and brand trust. Brand value is the evaluation of the utility of a product based on the perceptions of what is given and taken (Parasuraman and Grewal, 2000; Zeithaml, 1988). Satisfaction defines as the emotional assessment of a brand's products or services (Anderson et al., 2004). Lastly, brand trust is the confidence between brand and customers generated during the exchange of integrity and reliability (Morgan and Hung, 1994, pp.23).

The topic would be discussed by applying the model of integrating brand identity (He, et al., 2012). The model adopts a social identity perspective to examine the customer-brand relationship. The study concluded that perceived value, satisfaction and trust act as a mediator to the effect of brand identity towards brand loyalty. Perceived value affects satisfaction and trust and satisfaction affects trust too. Trust contributes to affects loyalty. While brand identity is hypothesized to have direct and indirect effects on the perceived value, satisfaction and trust, it affects the brand loyalty at last.

3. Conclusion

Yet, the study has its limitation. The studied model omits the impact of customer commitment, word of mouth, and resistance to negative comment to brand identification and brand loyalty. The relation of the mentioned variables could be measured through quantitative research to give a more accomplished data support during the evaluation of brand loyalty. A further study shall be conducted to provide extra insight to the problem, so that the brand loyalty issue of LCC can be examined more thoroughly.

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