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The influence of frequent flyer programs on the loyalty of low-cost airlines customers

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Master's in Management

Supervisor:

Professor Doutor Vítor Manuel Vidal Santos, Invited professor,
ISCTE Business School

October 2020



BUSINESS
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Department of Marketing, Strategy and Operations

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At last I would like to dedicate this thesis to my grandparents. Both my granddads have passed some time ago and one of my grandmothers passed very recently. I believe this thesis would make them all proud.

Resumo

As companhias low cost revolucionaram o mercado aéreo. Os seus preços competitivos permitiram a milhões de passageiros viajar para destinos fora do seu alcance.

No entanto, as companhias aéreas low cost sempre sofreram de pouca lealdade por parte dos seus consumidores. Dado que o preço é o principal fator na tomada de decisão, os consumidores mudam rapidamente entre companhias aéreas. Consequentemente, as companhias aéreas criaram programas de lealdade que visam inverter esta tendência.

O nosso estudo visa estudar se de facto esta decisão estratégica feita por parte dos gestores das companhias aéreas é a correta e se ajuda a mitigar o risco de fraca lealdade nos passageiros de companhias aéreas low cost.

Começamos o nosso trabalho por estudar minuciosamente a literatura atual e investigando autores que explicam lealdade de marca, lealdade em companhias aéreas, lealdade em companhias low cost e programas de lealdade em companhias aéreas.

Posteriormente, fizemos um questionário e analisamos os resultados em função os nossos objetivos.

Em conclusão, verificámos que existe um ligeiro aumento de lealdade em passageiros que são parte de programas de lealdade de companhias low cost.

Finalmente, sugerimos que os gestores de companhias aéreas low cost repensem a sua estratégia e criem programas de lealdade mais atrativos para os passageiros.

Palavras Chave: *Marca, Lealdade de marca, Companhias aéreas low cost, Programas de lealdade*

Abstract

Low cost airlines have revolutionized the travel industry. Their competitive prices have allowed millions of passengers to travel to destinations that were far off their reach.

Nevertheless, low-cost airlines have always suffered from low loyalty from their customers. Since price is the main driver of their purchase decision, customers switch quickly between airlines. As a response, airlines have created loyalty programs that aim to reverse this trend.

Our research aims to study if in fact this strategic decision made by low-cost airline's managers was the correct one and if it helps to mitigate the risk of low loyalty of low-cost airline's customers.

We started our research by deep diving on the current literature and study authors that explain brand loyalty, brand loyalty on airlines, brand loyalty on low-cost airlines, loyalty programs and loyalty programs on low-cost airlines.

Furthermore, a survey was conducted where we analyzed the results according to our objectives.

We concluded that there is a very low increase of loyalty for passengers that are part of frequent flier programs of low-cost airlines.

As a result, we advise and urge low-cost airline's managers to re-think their strategic decision and to create loyalty programs that are more attractive.

Keywords: *Brand, Brand loyalty, Low cost carriers, Loyalty programs*

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Chapter 1 - Introduction

The objective of this research is to explore the importance of brand loyalty programs on the level of brand loyalty of customers. This study was solely conducted for customers of European low-cost airlines.

1.1. Theme

The introduction of Southwest in 1971 changed drastically the airline business environment. This event marks the birth of the successful low-cost carriers as we know them today. Soon after, this model was exported successfully across the world and in 2017, in a study by L.E.K consulting, it was discovered that three out of ten most profitable airlines in the world were low cost.

Low costs have an extreme importance in today's world. They are a crucial part of globalization and allow for faster business between countries. For consumers, the entrance of low-cost carriers on the market allows for a rise on the number of passengers traveling and a decrease on the price of the fares paid (Mertens & Vowles, 2012). Moreover, on a 2014 report from the World Bank group, it was found out that the development of low-cost carriers has impact on *“employment, GDP, tourism, productivity, among others”*. Due to the many positive consequences of the development of low-cost carriers for the businesses, consumer and society, it is extremely essential this theme is studied.

A focus on delivering an affordable price for customer comes with a cost. On airlines, customers that choose to fly on low cost airlines make their choice based mostly on the price, not on the brand they fly with (Deeppa & Ganapathi, 2018). This situation does not create loyalty among customers, which can be a serious risk for the business. In order to decrease that risk, low cost carriers launched their own frequent flier programs, including EasyJet, and Ryanair, who have already launched their programs previously in 2015 and 2019 respectively. This work aims to study if this was in fact a good option by the low-cost airline companies.

When looking at the literature review, many authors have studied the definition and framework of brand loyalty, the frameworks of brand loyalty for regular/low cost airlines and how do frequent flier programs help increase the loyalty.

However, due to the new decision of making a loyalty program for low cost airlines, not many studies have investigated on the context of low-cost airlines and how loyalty programs affect brand loyalty. Therefore, this study aims to fill in this scientific gap.

The research goal is to verify if the increasing brand loyalty through loyalty programs in low cost airlines is an effective method. The answer could support managers of low-cost airline to decide future strategies on how to increase the brand loyalty of the brands. Moreover, this question has become highly relevant in the pandemic situation that we are currently living. As there is a shift on the consumer preferences, companies need to evaluate and adjust all their marketing efforts accordingly.

1.2. Research problem

Throughout the years, there have been several researches on brand loyalty for airlines. Researchers have not only created multiple frameworks to evaluate brand loyalty but also conducted many investigations on the variables that affect the brand loyalty of airlines customers (Chen & Tseng, 2010; Hapsari et al., 2017).

From the beginning, researchers have acknowledged that for airline companies, we generally have two types of customers: the business travelers and the leisure travelers. The marketing efforts for both groups are different. For example, when targeting business travelers, perceived safety feature should be more advertised. This difference between the two group of travelers makes it challenging for marketers to target the right customers (Ringle et al., 2011).

Meanwhile, for low cost airlines, due to these companies' focus on price, researchers have developed a separated framework to build brand loyalty and studied the variables that influence it. For this group of airlines, price has been defined as the most important variable, which means customers choose their airline mainly based on price (Deeppa & Ganapathi, 2018).

Recently low-cost airlines have started to create their brand loyalty program (or frequent flier programs) in order to increase loyalty among their customers. For companies, in general, results have shown that the loyalty programs leads to an increase not only on the loyalty of customers but also on the sales of the company (Yi & Jeon, 2003). However, the impacts of loyalty programs for low-cost airlines remain unknown.

In our research we aim to see if frequent flier programs on low cost airlines are in fact a good solution to increase customer loyalty. We will study the differences of brand loyalty for customers who are part of frequent flier programs vs customers who are not part of frequent flier programs. Additionally, we will characterize what are the variables that influence their level of brand loyalty and evaluate such loyalty based on the type of customer they are, business or leisure.

On our second part of our research we will try to discuss if the current offer of frequent flier program is adequate for low cost passengers. We will analyze the different type of brand

loyalty, the differences between business and leisure travelers and the different types of frequent flier programs in the market that we can find nowadays.

1.3. Objectives

As identified by some authors (Yi & Jeon, 2003), the main objective of the current study is to evaluate if frequent flier programs on low cost carriers influenced the brand loyalty of customers.

Moreover, the specific objectives of this thesis are to study:

- Variables that have influence on the type of brand loyalty of passengers of low-cost airlines.
- Access the type brand loyalty of frequent flier programs (FFP) passengers vs non frequent flier program passengers.
- Evaluate if FFP have influence on the type of brand loyalty of customers by the type of passengers (business vs leisure).
- Evaluate the type of brand loyalty that you can find on the customer loyalty programs of low-cost carriers.

Chapter 2 - Literature review

2.1. Brand

In Cambridge dictionary (n.d), “Brand” is defined the “a type of product made by a particular company” or “the act of giving a company a particular design or symbol in order to advertise its products and services:”. For some authors, brand is the “name, term, in, symbol or design, or combination of them”, which can help identify and differentiate the goods as well as services of one seller (or group of sellers) from those of the competitors. Meanwhile, in business, the value of a brand can be used to create value for the company, and that is known as branding (Kotler, 2000).

As Todor (2014) pointed out, the term branding has three main dimensions associated with it: a marketing dimension when the customer recognizes the brand; a management dimension in how the company uses the brand to create value; a legal dimension associated with the trademarks and patents of the brand.

After the economic crisis of 2007, customers are now giving more importance on brands. According to McKinsey, the value of top ten brands in the world have increased more than 50% between 2010 and 2014, from 433 billion dollars to 650 billion dollars. Additionally, in 2014, globally strong brands also outperformed the market by 73% (McKinsey, 2015).

Branding is not only crucial for customer-based markets companies but also for Business-to-Business (B2B) companies. Davis et al. (2008) suggested that B2B companies should put effort into enhancing the company reputation and establishing brand identity due to the undoubtedly benefits that branding on B2B markets brings to the companies.

To understand these benefits and how branding can help companies to influence the customers’ purchase decision, we also need to understand the concept of brand equity. Farquhar (1989) described “Brand equity” as the measurement of the increase of a product/service’s value, given by the power of the brand. Other authors considered brand equity as the value that the customer links to the usage and consumption of a certain brand (Vázquez et al., 2002).

According to Baalbaki (2012), brand equity can be evaluated in three different dimensions: a financial perspective, a customer perspective and an employee perspective. On a financial perspective brand equity is defined as the evaluation of the brand as an asset for the company. If we look at an employee perspective, the employees of the company evaluate the value of their own brand. At last, a customer perspective aims to evaluate the value of the brand on the mind of the customer (Baalbaki, 2012; Farjam et al., 2015) .

In order to evaluate the value of the brand equity on the consumer’s mind, researchers have constructed models. One of those models is the one presented by (Keller, 2003). This model aims to evaluate the experience, opinion and perceptions that the customers have about your brand (Keller, 2003).

The model is constructed in a pyramid. In order to build a successful brand companies should start from the bottom of the pyramid, “brand salience”. They should develop their own brand identity (Keller, 2003). After that, companies should develop “brand performance” and brand “imagery”. Some authors believe that on this level of the pyramid, companies should focus on developing the associations of the brand with tangible and intangible assets (K.-A. L. Kuhn et al., 2008). The third level of pyramid is linked to the “brand feelings” and “brand judgments”. On this third level, firms should put effort in evaluating the emotional response that customers have regarding their brand. There are six important feelings from customers towards the brands: warmth, fun, excitement, security, social approval and self-respect (Keller, 2003). The final step of the pyramid is related to evaluating the relationship between the customer and the brand. In the brand resonance, companies need to measure the intensity and the activity of the relationship they established with the customer (Keller, 2003). It is only possible to achieve this last step if the levels below are completed. Below, in figure 1 we can find the framework of this model.

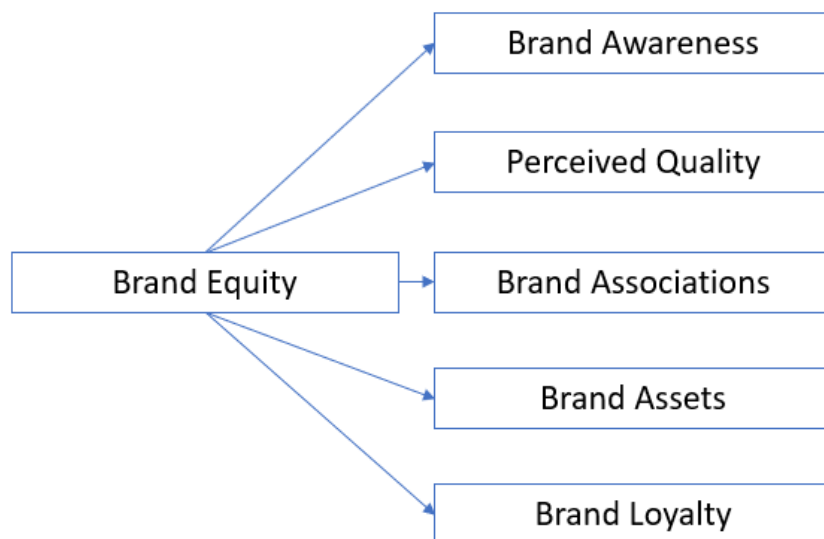
Figure 2-1: Customer-based brand equity pyramid (source: Keller, 2003)



Although the customer-based brand model created by Keller is used many times, it does present some limitations. One of those limitations is the fact that the model lacks to cover some of the markets, including B2B market (K. A. L. Kuhn et al., 2008). As we have pointed out previously, some might argue that in a B2B environment, an effort to develop the brand should be made by the firms (Davis et al., 2008). In fact, the author himself recognizes this might be a limitation of his own model (Keller, 2003).

Researches have also presented some frameworks to assess brand loyalty. One of those was presented by Aaker. According to Aaker (1996), to research and correctly measure brand equity, we need to consider five types of components, as can be seen below in figure 2.

Figure 2-2: Aaker's Customer-based brand equity framework (source: Aaker, 1996).



In order to increase the brand equity of a firm, companies should work all these five components (Aaker, 1996):

- *Brand Awareness* – In this module, researchers want to evaluate what is the perception and attitudes that are behind your brand. According to Aaker (1996), we can find six levels of brand awareness. From lowest to highest are recognition, recall, top-of-mind, brand dominance, brand knowledge and brand opinion (Aaker, 1996).

- *Perceived quality* – Perceived quality aims to assess the quality of the product/service provided by the company on the consumer mind. In this field, researchers explores the reasons why a customer intended to buy a certain product, or the price/quality ratio of the service/product provided (Aaker, 1996).

- *Brand Assets* – On the category of brand assets, are patents and trademarks that can be used to create competitive advantage against their competitors. Patents and trademarks prevent other companies from copying products/services (Aaker, 1996).

- *Brand associations* – In this component, the framework evaluates what are the image that customers associate with a brand (Aaker, 1996).

- *Brand loyalty* – Brand loyalty is a crucial stone of the Aaker (1996) model and aims to evaluate how loyal and devoted customers are towards the brand. A strong loyal customer based, may drive possible competitors from entering a certain market (Aaker, 1996).

2.2. Brand loyalty

As we have presented above, Aaker (1996) is one of the authors who considered brand loyalty as a crucial element to estimate the level of brand equity of a firm.

Several authors have discussed the meaning of brand loyalty and no consensus has been reached so far. Wilkie (1994) defined brand loyalty as an attitude of consistent purchase of the same brand. Meanwhile, for Aaker (1996), brand loyalty shows the probability of a consumer to change the preferences if there is a change on the price or the type of service/product provided. Authors have for a long time discussed what is the best approach to evaluate the level of brand loyalty of a company. According to some researchers, brand loyalty should be linked to the market share of a firm. A higher brand loyalty level should be shown in a higher market share (Brown, 1953; Chillakuri & Mogili, 2018). One of the early models of brand loyalty were developed by Brown (1953) and placed a significant importance on the market share when evaluating brand loyalty. However, more recent authors claim that companies can have a high level of loyalty, but that does not necessarily mean that they have high level of market share. In fact, the opposite can happen as well. Companies can have a high level of market share but a low level of brand loyalty. As a consequence, authors have tried not to make a straight link between brand loyalty and market share (DuWors & Haines, 1990).

Nevertheless, there is one thing that all authors agree on which is having brand loyalty in a business can be an important asset for the company. Aaker (1996) pointed out that brand loyalty could be a barrier to entry from possible future competitors and a reason to have a price premium on the products. From a financial point of view, studies have shown that retaining an existing customer, costs five times less than attracting a new one (Kotler et al., 2001) .

A company can have brand loyalty but that does not necessarily mean it is going to take advantage of all the rewards presented above by Aaker (1996) and Kotler et al (2001). It is important to understand that there are four types of brand loyalty (Berkowitz et al., 1978).

1. *True focal brand loyalty* – This happens when there is a high level of loyalty from the customer to the brand we are studying.

2. *True multi-brand loyalty* – In this category, the brand of our study is one of the ones that the consumer prefers.
3. *Non loyal repeat purchasing of focal brand* – The consumer will select the brand but that does not mean he will repeat his choice in the future.
4. *Happenstance purchasing of focal brand* – If the consumer favorite brand is not an option, the consumer will choose the brand we are studying

Other researchers have categorized the types of loyalty into affective loyalty and conative loyalty. On the path for a customer to become loyalty to a certain brand, first he needs to have affective loyalty where there is a predisposition from the customer to choose a certain brand loyalty. Eventually, he might develop conative loyalty where his purchase decision is constantly influenced to choose a certain brand (Oliver, 1997).

Later authors also classified that loyalty could be divided into two types (Cheng, 2011). Attitudinal loyalty is when a customer is aware of that brand and Behavioral loyalty happens when the brand affects the behavior of the customer leading him to repurchase the brand.

Meanwhile, more recent studies, including the one presented by CUSTOMER LOYALTY THEORETICAL ASPECTS (2016) suggests that brand loyalty should be divided into 2 types of loyalty:

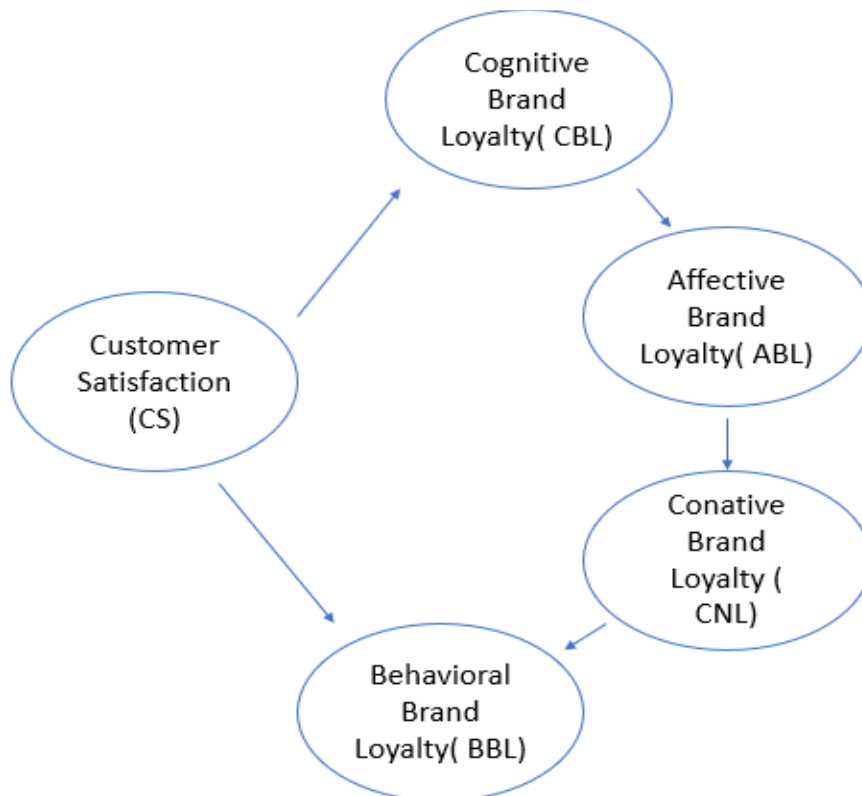
- Rational loyalty. Customers buy the brand due to the existence of promotions or loyalty programs. When this marketing strategies finish, the customers is likely to switch their consumer preference.
- Emotional loyalty. Clients have a deep connection with the firm and form a positive experience with it.

Due to the new outbreak of a viral virus called COVID-19 marketers now have a perfect opportunity to clarify more about what are the different types of brand loyalty in consumer markets. According to new literature, nowadays brands can discover if in fact their customers are loyal or not. Since there will be a reduction on the demand of customers due to the financial crisis caused by this pandemic, customers now must prioritize their brands. If their sales don't suffer a big change the customers of that brand can be called loyal. Due to this unprecedented global crisis, marketeers can now differentiate better between true loyalty customers or customers who have a habitual purchasing of their brand. (Knowles et al., 2020).

To develop a high level of brand loyalty, it is important to explore what factors influence brand loyalty in the first place. Researchers have longed studied this topic and have proposed models on brand loyalty.

Back, Ki-Joon and Parks (2003) have built a framework to explain brand loyalty. Under their model, companies should target to build behavior brand loyalty, that is linked to the intention of repurchase and can be measured on sales, market share or others (Soedarto et al., 2019). In their perspective, behavior brand loyalty can be achieved through customer satisfaction and conative brand loyalty. Their model can be found below:

Figure 2-3: Conceptual model showing relationships between customer satisfaction, conative brand loyalty and behavioral brand loyalty (source: Back, Ki-Joon; Parks, 2003).

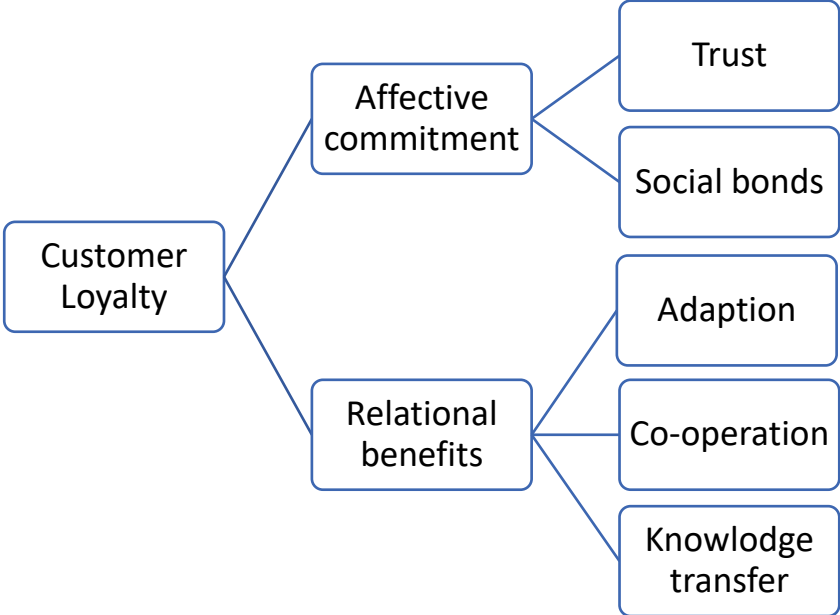


However, some critics have been raised regarding this model considering that the goal of a company should not be only to achieve behavioral loyalty, since this is a poor indicator of the level of brand loyalty of a company. Some researchers have defended that behavioral loyalty can be a consequence of other mechanisms, not only by variables linked to the product/service provided. Other factors such as situational factors (e.g stock of a product) or social-cultural factors (e.g social bonding) also play a role on the repurchase intention (Bandyopadhyay & Martell, 2007). Therefore, researchers felt the need to build other frameworks.

In 2009, new research was made and some authors proposed a model to study what factors influence brand loyalty (Čater & Čater, 2009). In their study they proposed brand loyalty is affected by two variables: affective commitment and relational benefits. Affective commitment can be defined as the willingness of customers to develop a relationship with the brand. In other

hand, relational benefits are the benefits that the customer has for being loyal to a certain brand. The framework of their study is presented in the following figure 4.

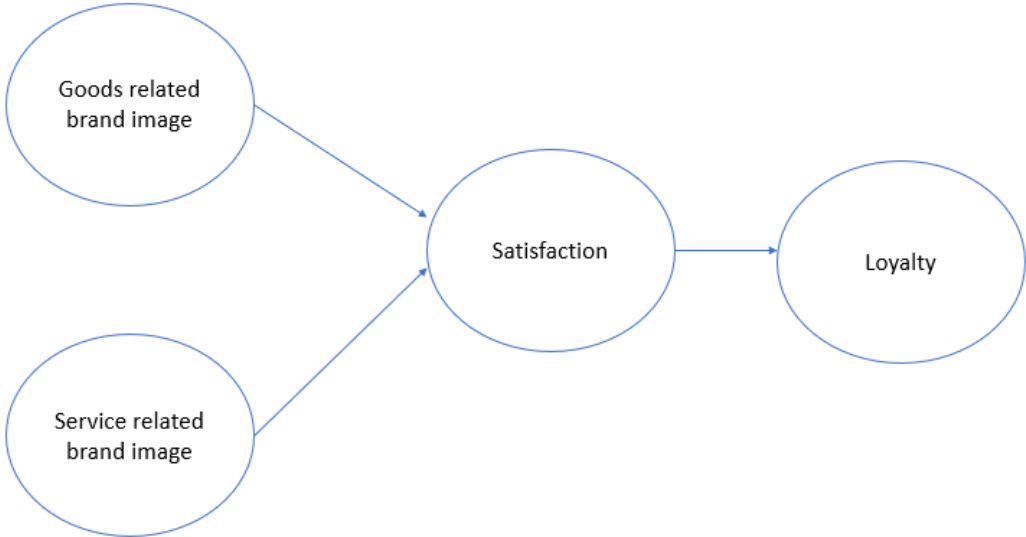
Figure 2-4: Customer loyalty model (source: Čater & Čater, 2009)



In their study they concluded that both variables affected customer loyalty, but affective commitment had a higher impact.

Another model was created by Cassia et al. (2017). In their model they claim that brand loyalty for business to business (B2B) companies is the result of three variables – The goods related

Figure 2-5: Brand Loyalty model for B2B companies (source: Cassia et al., 2017)



image, service brand image and satisfaction. In the service-related image, they want to evaluate the emotional relationship that the customer developed with the brand in terms of the service

provided. In other hand, when we are mentioning goods related image, the authors wanted to assess that emotional relationship of the customers in terms of the goods they bought. The satisfaction is the measure of the effects of good/service-related image.

As presented below, service/good related image influence the brand loyalty and the level of satisfaction of customers. Satisfaction is the result of service/good related image and has a deep influence on loyalty. According to their study, it was discovered that service-related image had the highest impact on the overall loyalty of the customer. Second most important is the satisfaction.

2.3. Brand loyalty for airline companies

As we were discussing before some models were presented to evaluate generically the level of brand loyalty of any company. However, researchers have felt the need to construct specific models for the airline industry, due to their unique specifications.

If we look at the brand loyalty model of (Čater & Čater, 2009) and apply it to the airline industry, we will see that specific airline variables that are important for travelers, such as punctuality of the plane, location of the airport, schedule, catering, reservations and aircraft comfort, are not taking into consideration when we are discussing relational benefits (Soomro et al., 2012).

In the model presented by Cassia et al. (2017), the author, himself, indicated that since the model was created for B2B businesses, it is one of the limitations (Cassia et al., 2017).

As a result, models to evaluate brand loyalty for airline industries were built. Chen & Tseng (2010) defined that brand loyalty in airlines was the result of only two variables perceived:

Figure 2-6: Brand Loyalty model for airline companies (source: Chen & Tseng, 2010).



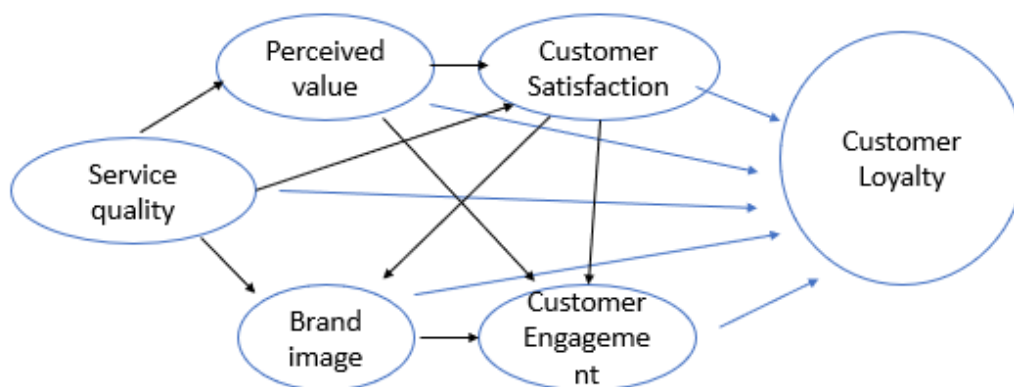
quality and brand image. Perceived quality can be defined as the consumer opinion about the product/service he is purchasing (Chen & Tseng, 2010). In other hand, brand image, are the set of associations that the customer associates with a brand (Aaker, 1996). In their study, Chen &

Tseng (2010) concluded that brand image had the highest impact on brand loyalty.

Due to the big amount of variables that can influence brand loyalty of airline customers, Hapsari et al. (2017) and Soomro et al. (2012) felt the need to build a more complex model to define the level of brand loyalty for airline companies. In their model, they have considered that 5 variables were responsible to influence the brand loyalty level of airlines: service quality, perceived value, brand image, customer satisfaction and customer engagement. Some of these variables were already considered in the Chen and Tseng's study (2010) presented above. Under this model, all the five variables have influence on the customer loyalty. Some of the variables also present relationships between themselves.

The results of this study shown that the customer engagement is the strongest driver of customer loyalty towards the airlines. In their study they also state that perceived value, service quality and customer satisfaction affect brand loyalty indirectly.

Figure 2-7: Customer Loyalty model for airline companies (source: Hapsari et al, 2017).



2.4. Brand loyalty in airlines by type of customers

Another specification of the airline business is the segmentation of passengers that we can find. One of the segmentations we can find is: first class versus low-cost travelers.

First class travelers are willing to pay more for their ticket, in exchange for a more unique and upgraded flight experience. On the other hand, economic travelers are usually less interested in extra features of the flight and more focused on the price.

As a result, the variables that influence the loyalty of both groups are different. In the low-cost traveler segment, the loyalty level is influenced by price and service quality (Deeppa & Ganapathi, 2018).

However, for the first-class travelers, loyalty is influenced by other variables, not mostly by price. Two separate studies have concluded that uniqueness and luxury value are variables that

influence the loyalty of first-class travelers (Hwang & Hyun, 2017; Hwang & Lyu, 2018). The uniqueness of a certain flight creates status value and increase the loyalty of first-class travelers (Hwang & Hyun, 2017). On the other hand, luxury values (functional, individual and social values) also increase the repurchase intention of customers to fly with a certain airline, by increasing customer engagement (Hwang & Lyu, 2018).

Some authors have categorized airline customers into two different types, based on the type of airline they chose to fly with, low cost carriers' passengers or regular carriers' passengers. Furthermore, they studied the variables that affect the loyalty of this two group of passengers (Forgas et al., 2010; Mikulić & Prebežac, 2011).

They have found out that customers of regular carriers placed a significance importance on the frequency of the flights, punctuality and safety (Mikulić & Prebežac, 2011). Additionally, the in-flight experience plays a big role on the level of loyalty of customers, especially the professionalism of the personnel (Forgas et al., 2010).

In low-cost carriers, customers do not place much importance on the frequency of the flights, or on the food and beverages served during the flight. However, they place a high importance on the ticket price and the value/price perception (Mikulić & Prebežac, 2011). According to some authors, customers tend to associate low price to low quality of service, hence trust seems to be a very important aspect for LCC carriers' passengers. In fact, it is one of the factors that can influence their type of loyalty the most. On this study, trust could directly change the customer loyalty between affective and conative loyalty. Furthermore, the authors suggested that a bonus of trust or security service should be provided for LCC passengers (Forgas et al., 2010).

Alternatively, passengers can be segmented for the frequency of flights passengers take. There are two main segments: frequent and non-frequent passengers. There is no consensus regarding how many annual trips make a frequent and a non-frequent passenger, considered that frequent fliers make on average more than 10 trips (including round trips) per year (Toh et al., 1996).

2.5. Brand loyalty in low cost carriers

Even though the studies above identified the brand loyalty of airlines, they were still not specific enough for the low-cost carriers (referred to as LCC- Low cost carries) airlines. Some of the results found by Hapsari *et al* (2016) were not verified when we are studying customer loyalty on low cost carriers.

Song *et al* (2019) have found that when it comes to low cost airline passengers, there is not a significant relationship between service quality and perceived value with brand loyalty. In fact,

LCC passengers purchase tickets not based on a good service quality or a high perceived value but based whether their expectations are met (Song et al., 2019).

Based on these results, it was important that a new model for brand loyalty for low cost carrier was created. The model created by Yang *et al* (2017) stated that the customer loyalty was the product of customer satisfaction and service quality. As shown below, customer satisfaction was influenced by customer expectation, perceived valued, reliability and subjective norms. On the other hand, service quality was influenced by assurance, responsiveness, tangible and empathy

The study of Yang et al (2017) showed that the variable that customers valued the most was customer satisfaction. Inside customer satisfaction, perceived value had the highest impact. In this case, the variable of perceived value evaluates the relationship between price and the service offered.

Figure 2-8: Customer loyalty model for low cost airline companies (source: Yang et al, 2017).

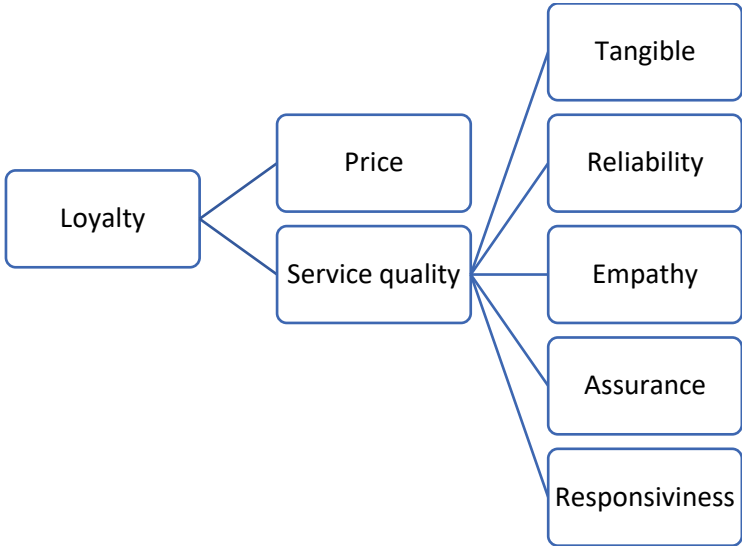


As presented above, the variable of perceived value has a strong relationship with price and drives the level of customer loyalty. In this model, the authors wanted price to be an independent variable due to its importance found on previous studies (Yang et al., 2017).

Meanwhile, Deeppa and Ganapathi (2018), in their model, indicates that brand loyalty of the LCCs is only affected by service quality and price, as shown in Figure 7. They found that price was negatively correlated with the loyalty and service quality positively correlated. When price

increased the loyalty of customers towards LCC would decrease. On other hand, a service quality improvement would bring higher loyalty.

Figure 2-9: Brand loyalty model for low cost airline companies
(source: Deepa & Ganapathi, 2018).



2.6. Brand loyalty programs

After evaluating the brand loyalty models for LCC and discovering what influences the brand loyalty of customers, airlines have started to work towards increasing the loyalty of their current customers.

To reach their goal, one of the strategies they adopted were loyalty programs. Loyalty programs are marketing programs where companies offer incentives to profitable customers. In a loyalty program, customer want to get more involved with a brand and therefore, part of the customers tends to become more loyal towards the brand (Yi & Jeon, 2003).

Brand loyalty programs were first created in 1896 by an American stamp company S&H Green Stamps. The first loyalty program created for airlines was created by American Airlines (Lacey & Sneath, 2006).

In fact, brand loyalty programs have been a very popular marketing strategy. According to Boston Consulting Group (BCG, 2014), between 2010 and 2012 the number of rewards programs in the US has increased by 27%. The same source claims that in 2012, on average, every household is part of 22 loyalty programs and uses constantly only 10.

In 2020, with the epidemiologic pandemic of COVID-19, a new focus has been made on the last few months on the benefits of loyalty programs. For instance, new literature suggests that in fact, loyalty programs should be a strategic decision that tourism businesses should make in

order to attract more income. This suggestion was made because loyalty programs can be used to rebuild customer trust after a difficult period that we are facing in 2020 (Sigala, 2020).

Other authors have also reflected on the new importance that loyalty programs can have on this new era of post COVID-19. It has been pointed out that loyalty programs can help to reduce volatility of future cash flows, which is essential, especially for the airline industry since it is one of the industries that was most affected by the pandemic (Kang et al., 2020).

Studies have shown that brand loyalty can be increased by brand loyalty programs (Uncles et al., 2003). Additionally, brand loyalty programs is linked to an increase sales of the company (Uncles et al., 2003) and are an effective strategy to differentiate companies from each other (Yi & Jeon, 2003). According to BCG (2014), some companies can create 60% of their revenues through loyalty program members.

It is important to point out that not all authors agree on the premise that loyalty programs can in fact increase sales of a company (Uncles et al., 2003). In fact, some loyalty programs produce liabilities instead of assets by constantly shift costs into the future (Shugan, 2005).

Moreover, even though authors have proved that loyalty programs can increase brand loyalty (Uncles et al., 2003), loyalty programs can be a weak link to support loyalty (Cedrola & Memmo, 2010). In their paper, Cedrola & Memmo (2010) have concluded that only if there is a continues investment on the differentiation of the program and continuous discounts for the customers, loyalty programs can leverage loyalty among consumers.

When implementing a loyalty program, authors have found that it is necessary to have a good balance between rewards and type of users. According to some studies, managers believe it is crucial to target heavy users with high level of rewards, since in their perception, those are the ones that will be most profitable to the company. However, research suggest that in reality, low reward programs targeting light users might be more economical viable (Wansink, 2003).

Even though loyalty programs have been around since the 19th century, a significant shift on the loyalty programs might be appearing soon. Due to the significance importance of Millennials as customers, marketers are being challenged on how to better target these new customers.

For loyalty programs, this can be a challenge. Researchers have found that the current type of loyalty programs do not fit with the millennial's mindset (Bowen & Chen McCain, 2015). When it comes to loyalty, studies suggest that the millennial segment is notoriously disloyal. (Lazarevic, 2012). According to BCG (2014), the key to establish a relationship with millennials and consequently improve the loyalty of this group is through digitally capable loyalty programs. The same report also indicated that millennials engage with brands through

social media. In fact, more than 50% of millennials report that they go to social media to “like” a certain brand.

2.7. Types of brand loyalty programs and implementation

Authors have discussed the several types of brand loyalty that can exist. Two main types of loyalty programs were identified multi-vendor loyalty programs, and stand-alone programs. On a standalone program, companies set up their stand-alone program (SAP), whereas on multi-vendor loyalty programs (MVLP), they join forces with other companies to create a loyalty program. (Rese et al, 2013).

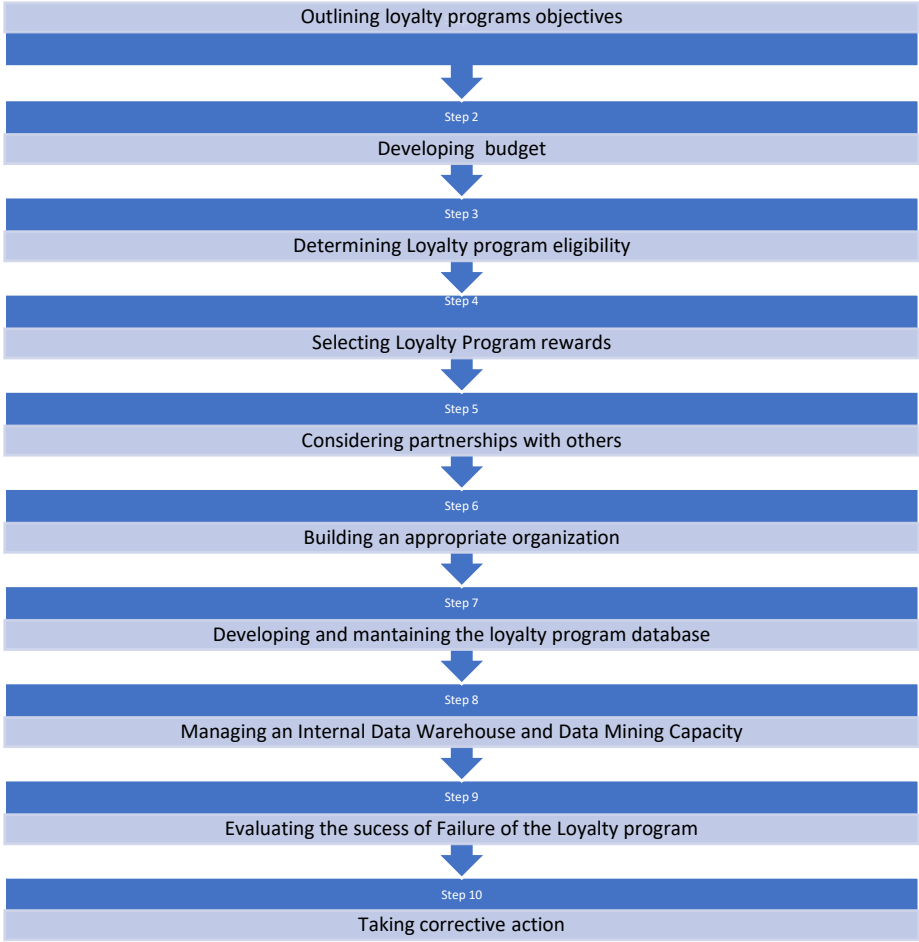
In order to choose from a SAP or a MVLP, one must think about the marketing outcomes objectives he wants for his company. According to the research, if the company is interested in creating a retention among customers and increase the purchase volume, a SAP loyalty program should be chosen. However, if the goal is to promote the acquisition of new potential customers, a MVLP program is the right choice. Additionally, researchers suggest that financial implications should also be considered when choosing one of these options (Rese et al., 2013). Other authors have identified different types of brand loyalty programs. There can exist type 1, type 2, type 3 and type 4, loyalty programs (Berman, 2006; Ho et al., 2009).

According to this study, in loyalty programs of type 1, membership is open to everyone. There is not a database of purchase history of each client, and all members receive the same benefits. The loyalty program type 1 is mostly used in supermarkets. On a loyalty program type 2, the membership is still available to everyone, there is not a database with previous purchases but the loyalty card of the customer, receives stamps after each purchase to allow for future benefits. This type of loyalty program can be found on small or local convenient stores. A type 3 loyalty program is mostly used by airline companies and will allow members to have benefits after they have spent a certain amount. At last, a type 4 loyalty program is used by big retail stores. On this type of programs, customers are segmented based on their purchase history and targeted differently by the companies (Berman, 2006; Ho et al., 2009).

According to Berman (2006), a 10-step framework must be adopted to develop, implement and control a loyalty program. The first step is to understand the objectives of the loyalty program. The following steps to implement a loyalty program are related to financial aspects, “Developing a budget”, “Determine Loyalty program eligibility”, “Selecting loyalty program rewards”. The 5th step of the framework explores the difference between MLVP and SAP programs and the selection between these two choices. The 6th, 7th and 8th steps of the framework, concentrate on the IT ability of the company to adopt a loyalty program. The 9th step is related to the KPIs to evaluate the program performance. The 10th and ongoing process

is to “take corrective actions” to the loyalty program, so it becomes competitive in the market (Berman, 2006). The figure 8 represents this 10-step framework.

Figure 2-10: Steps in developing, implementing and controlling an effective loyalty program (source: Berman, 2006).



2.8. Brand loyalty programs on the airlines

For the airline industry, frequent flier programs were created as a brand loyalty program strategy. Airline companies have made the development frequent flier programs a priority when compared to other industries. For instance, when compared to hotel programs, researchers have found that frequent flyer programs had greater awareness than hotel loyalty programs, even though they both operated in the tourism industry (Dekay et al., 2009).

Although loyalty programs on airlines have been reviewed and developed over the years, other industries have built airline programs that customers find more appealing. An article from Massachusetts Institute of Technology (MIT) Sloan Management Review, compares the loyalty score index across 6 different industries. The loyalty score index aims to evaluate how satisfied are customers with the loyalty programs they have. For the six industries that they studied, it

showed that Airline Companies had a score of 65 just outperforming grocery companies (63). The best performers were Restaurant and Retail companies, they had the highest scores on this index, with 71 and 70.

According to the literature, over the years airlines have developed three main types of airline programs that differ on the program scheme. The first type of airline program has a standard scheme. In this type of airline program, the customer gets one free round trip for a certain number of flying miles to a certain destination. The second type of airline program has a non-mileage scheme. This program allows customers to have free tips if they reach a certain number of trips completed with the airline. At last the third airline program is based on a discount scheme. Customers accumulate miles that they can use on any type of trips to any destination. The number of miles needed to book a trip is lower for shorter trips and higher for longer ones (Suzuki, 2003).

According to McKinsey (2018), this third type of airline program is one of the main reasons why customers join airlines loyalty program. Other companies, such as credit card companies, have realized this and have started to buy miles from airline companies. McKinsey (2018) reports that American Airlines in 2015 sold 58% of their miles to third party companies. Even more surprisingly, Bloomberg has suggested this new revenue flow might be more profitable for some airlines.

It is a fact that the airline industry has had some developments on loyalty programs, but that does not necessarily mean this marketing strategy can reach all its customers. Although some authors have confirmed that on airline market, loyalty programs play a big role on the customer choice (Prousaloglou & Koppelman, 1995) these findings have been challenged.

In fact, some recent studies offer a new perspective into this subject. The effectiveness of this marketing tool should be looked by the type of customers of the airlines. Research has been made about the influence that loyalty programs have on the loyalty of business and leisure passengers. The results clearly show that business travelers are heavily influenced by loyalty programs on airlines. However, leisure passengers' choice of airline company is influenced by several variables (Dolnicar et al., 2011).

Nowadays it is more important than ever for airlines too re-think all their strategic decisions. Due to the COVID-19 situation in Europe, most European airlines went into *retrenchment* mode, by reducing costs and minimizing spending money. However, several airlines have announced they plan to take longer term *retrenchment actions* (Albers & Rundshagen, 2020). In the light of this long-term *retrenchment actions*, a study of the efficiency of miles programs on low cost carriers gains special relevance. Although some authors (Sigala, 2020) have

defended the importance of loyalty programs for tourism businesses, scientific evidence if this is the best strategic option is lacking.

As we have shown before, some authors have established that brand loyalty programs increase brand loyalty in airline companies. Recently, LCC have launched their own loyalty programs in order to increase loyalty to increase the loyalty of their own customers and to attract possible customers from normal carriers (Mikulić & Prebežac, 2011). However, when it comes to low cost carriers, little research has been made regarding the fact if LCC loyalty programs do make customers more loyal towards the brand.

This literature gap is, nowadays, more crucial than ever due to the COVID-19. According to McKinsey (2020) article, the airline sector was one of the most affected sectors from this pandemic situation. As a result, they advise airline companies to carefully consider all their marketing efforts to make sure they produce the desired results.

Due to the gap of evidence that loyalty programs work for low-cost airlines, it is essential that this question is answered especially in a pandemic situation like we are living at this time. With the presentation of this paper, we hope to complement the study of this topic.

In this paper, we will start by identifying the variables that influence the loyalty of low-cost airlines by using the model of Deeppa & Ganapathi (2018) and Yang *et al* (2017). Afterwards, we will access the current brand level of loyalty of frequent/non frequent program fliers of LCC to see if there are significance differences between the two groups. Then, we will use the framework of Oliver (1997) to identify the type of loyalty, because his framework has been used previously on other studies, including the one made by Forgas *et al* (2010).

We will also explore the extent to which low cost airline programs influence the type of brand loyalty of customers. Additionally, we will study to see for the customers that are part of program, there is a difference on the between business and leisure travelers or not.

At last, we will explore the type of brand loyalty by the type of loyalty program. As identified by (Suzuki, 2003), there are 3 types of customer airline programs that we can find. We aim at identifying the type of loyalty that the users of each one of these programs have.

2.9. Table with the main theoretical concepts

After analyzing the main authors that have discussed the topics related to brand, brand loyalty, loyalty program, loyalty program in airlines, loyalty program in low-cost airlines, we felt it was crucial to build a table with the main theoretical concepts covered in our literature review. This table aims to provide an overall view of the main topics covered during our

literature review and present the several developments that these topics have received over time.

Authors	Topic	Concepts covered	Meaning	Gaps
(Kotler et al., 2001)	Brand	Brand definition	<i>“Name, term, symbol or design or combination of them, that is intended to identify a certain service/product to a group of sellers.</i>	
(Todor, 2014)	Branding	Branding definition	<i>“Three dimensions of branding. Marketing, Management and Legal”</i>	
(Farquhar, 1989)	Brand equity	Brand equity definition	<i>“Increase of the value of a product/service given by a brand”</i>	
(Vázquez et al., 2002)	Brand equity	Brand equity definition	<i>“Value that the customer links to the usage and consumption of a brand”</i>	
(Baalbaki, 2012)	Brand equity dimensions	Brand equity dimensions	<i>“There are three dimensions of brand equity, financial, customer and employee”.</i>	

(Keller, 2003)	Brand equity framework	Brand equity framework	<i>“All companies should aim to achieve brand salience”.</i> <i>“Brand equity can be measured on a pyramid”</i>	<i>Model has not worked in a B2B environment (Davis et al, 2008)</i>
(Aaker, 1996)	Brand equity framework	Brand equity framework	<i>“Brand equity can be measured in 6 dimensions, brand awareness, perceived quality, brand associations, brand assets and brand loyalty.”</i>	
(Wilkie, 1994)	Brand loyalty	Brand loyalty definition	<i>“Consistent purchase of the same brand”</i>	
(Aaker, 1996)	Brand equity and Brand loyalty Advantages of brand loyalty	Brand loyalty definition Advantages of brand loyalty	<i>“Probability of a customer to change preferences”</i> <i>“Reason for price premium and a entry barrier”</i>	
(Kotler et al., 2001)	Advantages of brand loyalty	Advantages of brand loyalty	<i>“Retaining a customer is far less expensive than attracting new ones”.</i>	
(Berkowitz et al., 1978)	Types of brand loyalty	Types of brand loyalty	<i>“Four types of brand loyalty:</i>	

			<i>True focal brand loyalty, True multi-brand loyalty, Non Loyal repeat purchasing purchasing of focal brand, Happenstance purchasing of focal brand”.</i>	
(Oliver, 1997)	Types of brand loyalty	Types of brand loyalty	<i>“Affective and conative loyalty are the two types of brand loyalty”</i>	
(Cheng, 2011)	Types of brand loyalty	Types of brand loyalty	<i>“Two types of brand loyalty: attitudinal loyalty and behavioral loyalty”</i>	
(“CUSTOMER LOYALTY THEORETICAL ASPECTS,” 2016)	Types of brand loyalty	Types of brand loyalty	<i>“Two types of brand loyalty: Rational loyalty; Emotional loyalty”</i>	
(Back, Ki-Joon; Parks, 2003)	Generic framework to explain brand loyalty	Variables that influence brand loyalty	<i>“Companies should target to build behavior brand loyalty” ”Brand loyalty can be achieved through customer satisfaction and conative brand loyalty”</i>	<i>“Behavior brand loyalty can be a consequence of other mechanisms” (Bandyopadhyay, 2007).</i>

(Čater & Čater, 2009)	Generic framework to explain brand loyalty	Variables that influence brand loyalty	<p><i>“Affective commitment and relational benefits were the variables that affected brand loyalty”</i></p> <p><i>“Affective commitment had an higher impact on the customer loyalty”</i></p>	<p><i>“Too generic model that did not take into account the specific characteristics of the airline industry”. (Yasier et al, 2012)</i></p>
(Cassia et al., 2017)	Framework to explain loyalty on B2B business	Variables that influence brand loyalty	<p><i>“Loyalty depends only on customer satisfaction”.</i></p> <p><i>“Customer satisfaction is the product of goods related brand image and service related brand image”.</i></p>	<p><i>“Built for B2B businesses” (Cassia et al,2016)</i></p>
(Chen & Tseng, 2010)	Framework to explain brand loyalty on airlines	Model with specific variables for airlines	<p><i>“Perceived quality and brand image are the variables that affect brand loyalty for airline customers”</i></p> <p><i>“Brand image has the most impact”</i></p>	<p><i>“More variables should have been taken into account”(Yasier et al, 2012</i></p>
(Hapsari et al., 2017)	Framework to explain brand	Model with specific	<p><i>“Five variables were considered:</i></p>	<p><i>“When it comes to Low-cost</i></p>

	loyalty on airlines	variables for airlines	<i>service quality, perceived value, brand image, customer satisfaction and customer engagement”</i> <i>“Customer engagement is the strongest loyalty driver”</i>	<i>carriers some of the findings were not verified”</i> <i>“ In LCC there is not a significant relationship between service quality and perceived value with brand loyalty of LCC”</i> <i>(Wong et al, 2018)</i>
(Mikulić & Prebežac, 2011)	Type of customers on airlines	Type of customers on airlines	<i>“Two groups of passengers on airlines: low-cost carriers and regular carriers”</i>	
(Forgas et al., 2010)	Types of customers on airlines	Types of customers on airlines	<i>“Regular carriers play more importance on punctuality and safety”. “Low cost airline customers play more importance on the price”</i>	
(Yang et al., 2017)	Framework to explain brand	Model with specific variables for	<i>“Main variables to affect customer loyalty are customer</i>	

	loyalty on low cost airlines	low cost airlines	<i>satisfaction and service quality</i> ".	
(Deeppa & Ganapathi, 2018)	Framework to explain brand loyalty on low cost airlines	Model with specific variables for low cost airlines	<i>"Service quality and price are the only variables that affect brand loyalty"</i>	
(Yi & Jeon, 2003)	Advantages of loyalty program	Advantages of loyalty program	<i>"Loyalty programs increase brand loyalty"</i>	
(Uncles et al., 2003)	Advantages of loyalty program	Advantages of loyalty program	<i>"Increase of sales due to brand loyalty programs"</i>	<i>"Loyalty programs can turn into a liability"</i> (Shugan, 2005)
(Yi & Jeon, 2003)	Advantages of loyalty program	Advantages of loyalty program	<i>"Loyalty programs differentiate companies"</i>	<i>"Loyalty programs are a weak link to support loyalty"</i> (Cedrola and Memeno, 2001)
(Rese et al., 2013)	Types of loyalty program	Types of loyalty program	<i>"Two types of loyalty programs: SAP and MVLP"</i>	
(Berman, 2006)	Types of brand loyalty program	Types of brand loyalty program	<i>"Four types of brand loyalty programs: Type1, Type2, Type3, Type4"</i>	
(Berman, 2006)	Brand loyalty framework implementation	Brand loyalty framework implementation	<i>"There are 10 steps towards building a successful loyalty program"</i>	

			<p><i>“The first step is outlining loyalty program”</i></p> <p><i>” The last step is talking corrective action”</i></p>	
(Suzuki, 2003)	Types of brand loyalty program on airlines	Types of brand loyalty program on airlines	<p><i>“Three main types of airline programs that differ on the program scheme”.</i></p>	

After analyzing and exploring the table above, it can be seen that throughout the literature, we can find topics where scholars have reached an agreement. One of these examples is the case of the discussion around the type of customers we can find on airlines. Both Mikulić & Prebežac (2011) and Forgas *et al* (2010), have agreed that on airlines we can find mostly two types of airline passengers: low-cost and regular carrier.

In the table we can also identify evidence that in some topics, authors have started to adjust the previous definitions made before them. For instance, the discussion around the definition of brand equity. Vasquez *et al* (2002) constructs is definition of brand equity basing himself on the work made by Farquhar (1989) some years before.

Nevertheless, in many of the definitions and topics, no consensus has been reached among scholars. There is an intense debate if in fact loyalty programs do bring value for the airlines or if they are a financial liability for companies. Another topic that has been far from consensus is the framework to explain brand loyalty in low-cost airlines. Even though both authors mention the importance of service quality, one author claims the loyalty of customers comes from the price and the other says that customer loyalty is created from customer satisfaction. At last, another subject that scholars have not reached a consensus is the definition around the different types of loyalty.

Chapter 3 - Methodology

3.1. Research context

As several authors have mentioned, on the low-cost airlines, price is the key driver of the loyalty of customers, so customers will make their choices based on price (Deeppa & Ganapathi, 2018). Meanwhile, low cost airlines have launched their own loyalty program in order to increase the loyalty of its own customers. In February 2019, Ryanair - the biggest low-cost airline in Europe, launched its own loyalty program. Prior to that, EasyJet, a competitor of Ryanair, has already launched their program in 2015.

Our study aims to see if the strategy of creating loyalty programs for low cost carriers is suitable for this type of market. Similar to several authors that have studied this topic, such as Deeppa & Ganapathi (2018); Forgas et al. (2010) and Mikulić & Prebežac (2011), this study used survey to gather the data.

Due to the COVID-19 pandemic we decided to launch an online survey in order to avoid the risk of contamination for the respondents of our research. Besides, online survey present several advantages, including the fact that they tend to be completed in less time and the data is received by researchers much sooner when in comparison with conventional surveys (Griffis et al., 2003). Other authors have pointed out that online surveys made it easier for researchers to reach a specific target group of people with specific characteristics (Wright, 2005). Since in our research we also want to reach people that are part of loyalty programs of low-cost airlines this is a solid reason to choose online surveys.

Nevertheless, online survey also has some disadvantages such as the fact that respondents might feel less likely to participate if the survey is not anonymous (Al-Omiri, 2007). In order to avoid this constraint, we made our survey anonymous.

Following the methods of authors Deeppa and Ganapathi (2018), who published studies related to this topic, we used descriptive analysis to evaluate the brand loyalty of passengers. Descriptive analysis has the advantage of identifying particular antecedents or consequences (Sloman, 2010). This advantage is essential on our study because we want to identify the drivers that lead to a certain type of brand loyalty.

3.2. Research design

Regarding the research design, we have followed some authors research. Similar to Yi & Jeon (2003), the first step was to evaluate the objectives of our study and how can this objective be measured on a questionnaire.

Secondly, we built a questionnaire that aimed to provide answers to our objectives.

Thirdly, following authors Dekay et al (2009) and Mikulić and Prebežac (2011) we did a pre-test on our survey to evaluate its quality. The pre-test had 30 answers. It is important to note, that the respondents that belong to this pre-test were not part of the final sample of our population.

Pre-testing is essential to identify errors that only the target population of our survey might notice and will help assure the correct gathering of data from the desired population (Reynolds et al., 1993).

On the fourth stage and after making some changes to our survey based on our pre-test, we distributed our survey online. As we discussed, before there are several benefits and disadvantages regarding this type of survey (Al-Omiri, 2007; Griffis et al., 2003; Wright, 2005). However due to the pandemic situation and in order to mitigate the risk of contamination, we could only use this type of survey.

We shared our survey online only on the social media platform Facebook. We choose Facebook since in this platform you can find groups of people that share an interest for low-cost airline traveling. The survey was shared on the 10 biggest groups (in number of members) of European low-cost airline traveling. We felt that with this strategy, we could target the population we wanted.

The fifth stage of our research was the evaluation of the results obtained using IBM SPSS and Excel and drawing some conclusions to address our objectives.

3.3. Data collection

As we mentioned, the data was collected through a survey online shared with passengers of low-cost airlines. The survey targeted frequent and non-frequent low-cost airline passengers as well as loyalty low cost airline program subscribers and non-loyalty low cost airline program subscribers. We focused on European passengers, so the survey was done in English.

In order to meet our objectives, we divided our survey in five parts.

On the first part, we evaluated and characterized the customer by the type of trip he last took on an airline and how frequent flier he is. Following on the research of Toh et al (1996), we

considered that frequent fliers are passengers who took more than 10 trips (including roundtrips) in a year.

On the second part of our survey, we characterized the type of loyalty that the sample of this survey has towards the last airline company they flew-in. Based on the study of Forgas et al (2010), we divided the level of loyalty into two: affective loyalty and conative loyalty. A Likert scale was used to evaluate the level of loyalty since some authors have used this scale as well on studies related to this field (Mikulić & Prebežac, 2011).

On the third part of our survey, we explored the variables that influence the decision of the low-cost customer. Based on the variables presented by Deeppa and Ganapathi (2018) and Mikulić and Prebežac (2011) we evaluated on a Likert scale the importance of the variables.

On the fourth part, we focused on the relationship between the customer and the frequent flier program. We explored the level of awareness they have about this program, if the customer was part of an LCC loyalty program, and the type of loyalty program they were part of. We classified the loyalty programs based on the framework presented by Suzuki (2003).

At last, we investigated the characteristics of our population. We used some of the variables used by Deeppa and Ganapathi (2018). Those variables were the gender, type of travel and airline company. The survey can be found on Appendix A.

It is essential to point out that following in the study of Dekay et al (2009), we also used a random sampling method. With this type of sampling, each element of the population has the same probability of being selected. Random sampling provides several benefits. For example, since the author has not attempted to select the audience, through a random sampling method, a representative sample is more likely to appear (Brecht, 1983).

Moreover, we will gather primary data. Following the steps of several authors (Deeppa & Ganapathi, 2018; Dekay et al., 2009; Forgas et al., 2010; Mikulić & Prebežac, 2011) the use of primary data has been recurrently used on studies related to this topic. Additionally, secondary data should only be used if the information gathered by others can be useful for the analysis of our study (Rabianski, 2003). Due to the limited research in this field, this condition is not met.

Chapter 4 - Analysis of results

4.1. Demographic analysis

A total of 307 questionnaires were completed. After several adjustments, we considered that our sample was composed of 201 individuals. We excluded 106 questionnaires that were incomplete and did not answer all the questions on our survey. Due to a technical error with the tool that we used to share the survey, unfortunately, a significant number of respondents were able to submit the questionnaire without answering all the questions. In order to not compromise the quality of our study, we excluded the 106 answers that were incomplete.

To analyze the results of our questionnaire, we used the program IBM SPSS Statistics and Microsoft Excel. We believed these programs could be useful to draw conclusions for our study and provide answers to our research questions.

When it comes to demographic analysis, we only used two variables to characterize our sample: gender and age segment.

As you can see on Appendix B, our sample is constituted by 105 women and 96 men. We can find that more women answered the survey than men.

Regarding our age group, we have divided the sample into 5 age groups: 10-25, 26-40, 41-55, 56-70 and 71-85. As pointed out in our Appendix C, the age group most represented is the 41-55 (77) followed by the 10-25 (61) and 26-40 (42). The older age groups 56-70 (16) and 71-85 (5) have low representation.

At last our sample, based on the last trip the respondents took, was constituted by 24 business travelers, 168 leisure travelers and 9 business/travel travelers as shown in Appendix D.

4.2. Exploration of the data

4.2.1. Age and conative and affective loyalty behaviors

We started our exploration of data by looking at the sample on an age perspective.

On Appendix K, we aim to explore the mean values of the different group ages on the two types of loyalty behaviors, conative and affective loyalty. We can find that on the segment of 26-40, conative loyalty behaviors have higher mean values ($M=3.81$) ($M=3.559$) than affective loyalty behaviors ($M=3.48$) ($M=3.24$). The same situation can be found on the segment 56-70. This section of individuals has a lower mean value on affective loyalty behaviors ($M=2.88$) ($M=2.88$) than on conative loyalty behaviors ($M=3.31$) ($M=3.13$).

4.2.2. Variables that affect conative loyalty behaviors and affective loyalty behavior

Regarding the variables that affect the level of loyalty of passengers during our literature review we identified 21 variables that could affect the low-cost airline passengers. A Likert scale was used to assert how strong the respondents identified with certain sentences of the low-cost company they last flew in. These sentences mentioned the variables that affect loyalty on low-cost airline passengers.

As seen on Appendix F and Appendix G, for passengers that identified themselves with attitudes associated with affective loyalty (“I like this company” and “I believe it is a good company”), they showed a moderate correlation with only one variable. That variable is related to the flight attendants (“During the flight there was professionalism from the flight attendants”) ($r=0.542$).

Additionally, as presented on Appendix H and Appendix I, for passengers that have behaviors related to conative loyalty (“I will continue to recommend this company” and “I will continue to travel with this company”), they showed low or weak association with all the behaviors, hence, it is not worth mentioning.

On Appendix L, we expanded our research and studied the mean values of the variables that influence brand loyalty on the age segments that we previously defined. Some insights are worth mentioning includes the fact that in compare to passengers of younger age group (10-25) (26-40), passengers of higher age groups (41-55, 56-70, 71-85) find the loyalty program discounts/rewards less competitive (as they rate a lower mean value for the competitiveness of loyalty program discounts/rewards). Moreover, we would like to point out that the same trend seems to be happening with the price vs quality relationship. Younger generations (10-25) (26-40) have a higher mean value for perception of the price vs quality relationship, when comparing with that of the more senior age groups (41-55, 56-70, 71-85).

4.2.3. Leisure vs Business travelers

On the Appendix D, we can see that leisure travels represent most of our sample (168 answers). We started to explore the different types of loyalty that we can find between business and leisure travelers. We focused our analysis on these two groups since they are important to meet the objectives of our study. A Likert scale (1=strongly disagree/ 5=strongly agree) was used to match how the respondents acknowledged themselves with behaviors that are identified with conative and affective loyalty.

By comparing means, we can find that leisure travelers have an higher mean score towards attitudes that are more identified with conative loyalty, “continue to travel” ($M=3.67/ SD=1.08$)

and “recommend the company” ($M=3.37/SD=1.08$). In affective loyalty behaviors, leisure travelers score lower on these attitudes, “like the airline” ($M=3.36/SD=1.02$), “Good company” ($M=3.28/SD=1.06$). This result may underline that leisure travelers seem to have a higher engagement on affective loyalty.

The same trend does not seem to be noticeable on business travelers.

4.2.4. Frequent vs non frequent fliers

Continuing with the exploration of the data, we have done the same analysis of loyalty type on the frequent/non frequent fliers. As we seen in our literature review, we considered frequent fliers passengers that flew more than 10 trips per year including round trips (Toh et al., 1996). As we can see on the Appendix E, when comparing means across frequent/non frequent, we cannot find a pattern that justifies that frequent/non frequent fliers identify more with a type of loyalty.

4.2.5. Frequent flier program passengers vs Non frequent program passengers

Subsequently, we started exploring the relationship that the members of the sample had between belonging to the loyalty program of the low-cost airline they last flew-in and the type of brand loyalty the individuals had towards that airline. The results show you that passengers that belong to the airline’s loyalty program had higher mean both on conative ($M=3.80$)($M=3.49$) and affective ($M=3.54$) ($M=3.43$) loyalty behaviors when compared to passengers that do not belong, affective loyalty behavior ($M=3.30$) ($M=3.20$) and conative loyalty behavior ($M=3.61$) ($M=3.28$). Appendix J shows this evidence.

However, it is crucial to research further into this issue and explore how statically different is this difference of means, so we can complete our objective of “access the type brand loyalty of frequent flier programs (FFP) passengers vs non frequent flier program passengers”.

As a result, we tested if “*frequent Flyer programs Passengers have a statistically significant higher mean value level of conative affective brand loyalty*”. A conative affective brand loyalty is developed when the customer is constantly influenced to choose a certain brand (Oliver, 1997). This underlines a higher level of engagement than on affective loyalty. Moreover, it is important to test if frequent flyer program passengers have reached this type of brand loyalty. An independent samples t-test was done to test the hypothesis that frequent flyer program passengers have a statistically difference mean value for conative brand loyalty. As shown in Appendix N, for the two conative loyalty behaviors we could find a p-value higher than 0.05.

For the behavior “continue to travel” the p-value was 0.353 and for the behavior “recommend the company” the p-value was 0.298. Following up this result, there is not a significant mean value between the two groups. As a result, we need to reject the hypothesis that there is a significant higher mean value level of conative affective brand for frequent flyer program passengers.

Although it was not hypothesized, the same conclusion can be drawn on affective loyalty behaviors. In the two behaviors associated with this type of loyalty, the p-value was also above 0.05. This means there is not a significant level of statistical difference between the affective loyalty behaviors of the two groups.

4.2.6. Type of loyalty according to the type of frequent fliers

At last, on Appendix M, we explore the mean value of the different types of loyalty programs on affective and conative loyalty behaviors. When looking at the table on Appendix M, we find that both frequent flying programs have higher mean values of conative and affective brand loyalty when in comparison to passengers who are not part of these programs. Between the two types of programs there is not a significant difference of means that might justify being mentioned.

In order to meet our objective of exploring which type of frequent flyer programs has more impact on passengers, we will perform this test to see if there is a significant difference between the types of loyalty programs.

In our sample we only have two types of frequent flyer programs: miles/points you can use to discount to buy trips and point you can use to fast track and priority boarding. Both types of programs were identified on our literature review by (Suzuki, 2003).

As a result, an independent t-test was done to compare the mean values of both these samples as shown on Appendix O. We tested if “*Frequent Flyer programs with miles you can use to buy trips have a statistically significant higher mean value level on conative and affective brand loyalty behaviors*”.

For conative brand loyalty behaviors, such as “continue to travel” and “recommend the company”, the p-value was 0.433 and 0.919 respectively. As a result, since this value of p-value are higher than 0.05, we reject the hypothesis. Therefore, there is not a significant mean difference between values for conative brand loyalty behaviors, between frequent flyer programs that allow fast track and priority boarding and programs that are used miles/points to buy trips.

Furthermore, for affective brand loyalty behaviors the same conclusion was drawn. For attributes such related to “I like the airline” or the “the company is good”, the p-value was 0.705 and 0.647, respectively. Once again since the p-values of this behaviors is higher than 0.05, we reject the hypothesis and conclude that there is not a significant mean difference between the two groups, when it comes to affective brand loyalty behaviors.

4.2.7. Business and leisure loyalty program members vs business and leisure non-loyalty program members

To reach our third objective of this study, “*Evaluate if FFP have influence on the type of brand loyalty of customers by the type of passengers (business vs leisure)*”, we created this chapter to evaluate the difference between this two sub-groups.

On Appendix P, for leisure travelers, we can find a higher value of mean value for conative and affective loyalty for travelers that belong to loyalty programs. Leisure travelers that belong to airline loyalty program score a higher affective loyalty (M=3.939) (M=3.788) versus leisure travelers that do not belong (M=3.222) (M=3.156). For conative loyalty behaviors, we find the same conclusion. Leisure travelers that belong to the program score higher (M=.4.091) (M=3.756) versus non leisure travelers that do not belong to the program (M=3.570) (M=3.281).

For business travelers, we found that for affective loyalty behaviors are stronger within travelers that do not belong to any airline company. Business travelers who do not belong to the program have mean value of affective loyalty behaviors of (M=3.111) (M=2.944) versus (M=2.833) (M=2.333) for business loyalty affective behaviors of travelers who belong to loyalty customers. However, when we perform the same analysis for conative loyalty behaviors, we conclude there is not a trend that we can define.

In this section, as shown in Appendix P, a t-test was performed to see the mean difference on affective level of conative and affective brand loyalty for business and leisure, considering if the respondents were part of the loyalty program. The hypothesis we used for this test was “*Business and leisure loyalty program members have a statistically significant higher mean value level of conative and affective brand loyalty behaviors when comparing to business and leisure non-loyalty program members*”.

For leisure travelers, regarding all conative and affective brand loyalty behaviors, the p-values are all lower than 0.05. Given these circumstances, we do not reject the null hypothesis and conclude there are significant mean differences between leisure loyalty program members and non-leisure loyalty members, both for affective and conative brand loyalty behaviors.

Moving on to analyzing results of business travelers, we can see that both members of FFP and not members of FFP, the p-value is always below 0.05. Once again, we do not reject the null hypothesis, and conclude there are significant mean differences for business passengers on conative and affective brand loyalty behaviors.

Chapter 5 - Conclusions and contributors

This study aimed at understanding how frequent flying programs influenced the brand loyalty level of low-cost airline customers.

We started our research by characterizing the concept of brand loyalty. Several authors have discussed about what is brand loyalty, but no consensus has been reached.

For Aaker (1996), “brand loyalty was the probability of a customer to change preferences”. Other authors such as Wilkie (1994) brand loyalty could be defined as the “consistent purchase of the same brand”.

Nevertheless, on the scientific community, there is a growing consensus about the advantages of brand loyalty. Kotler et al (2012) alleged that from a financial point of view “retaining a customer costs less than attracting new ones”.

Furthermore, research has been conducted regarding the types of brand loyalty we can find. Several frameworks were presented on this paper about the types of brand loyalty (Berkowitz et al., 1978; Cheng, 2011; “CUSTOMER LOYALTY THEORETICAL ASPECTS,” 2016). However, following the research done by Forgas et al (2010) on the topic of loyalty on low-cost airlines, we decided to characterized brand loyalty on two streams: conative loyalty and affective loyalty (Oliver, 1997).

Moreover, on our literature review, we discussed how can brand loyalty be measured and what are the variables that have influence on it. We presented the researches done on this subject (Back, Ki-Joon; Parks, 2003; Čater & Čater, 2009). Their research showed that loyalty is the result of the interaction of complex variables and became evident the importance that each industry to have their own brand loyalty models. As a result, models to explain brand loyalty on airlines were created. Some of these frameworks were presented on this paper such as Chen and Tseng (2010) and Hapsari et al (2016).

Keeping in mind that our research goal was to explore how loyalty programs affect the brand loyalty of customer on low-cost airlines, our literature review also focused to search authors who have discussed the advantages and disadvantage of this type of programs. Several authors such as Yi and Jeon (2003) and Uncles *et al* (2003) have explained that brand loyalty can increase sales and help companies differentiate from each other. Nevertheless, other authors have pointed out that loyalty programs have the risk of becoming a liability for the company and they are also a weak link to support loyalty. (Cedrola & Memmo, 2010; Shugan, 2005)

After exploring the concepts of brand loyalty and loyalty programs and in order to meet the objectives of our research we designed a questionnaire. This method has been used by several

authors that studied this field (Deeppa & Ganapathi, 2018; Forgas et al., 2010; Mikulić & Prebežac, 2011).

5.1. Conclusions based on the results obtained

Our research had four main objectives that we wanted to achieve.

The first objective of our study is to “identify the variables that have influence on the type of brand loyalty of passengers of low-cost airlines”.

As we explored the analysis of our results, we identified two type of brand loyalty, conative and affective loyalty. Conative loyalty underlines a higher level of engagement when compared to affective loyalty. Based on the results we had, for conative loyalty, we could not identify a variable that had a strong relationship with this type of loyalty. Nevertheless, for affective loyalty, we have found a positive correlation. A positive experience of the customer with flight attendants leads to an increase on the level of affective loyalty. This conclusion supports the framework of service Deeppa and Ganapathi (2018) and Yang et al (2017) that found a high correlation between service quality and loyalty.

For low-cost airline’s managers, this evidence is crucial. In order to increase affective loyalty of their customers, they should invest on increasing the quality of their service crew during the flight. It could be a differentiation factor between low-cost airline companies.

Secondly, our researched aimed to access “the type of brand loyalty of FFP passengers vs non frequent flier programs”.

During the analysis of the results of this survey we have concluded that there was a higher mean value of brand loyalty on conative and affective loyalty in FFP passengers vs non-frequent flier passengers. However, when performing a SPSS test, we have concluded the mean difference between the two groups is not significantly different.

Consequently, we can say that FFP passengers tend to be more loyal than non FFP passengers. This insight follows the study of Yi and Jeon (2003). Nevertheless, there is not a significant difference between FFP passengers’ loyalty and non FFP passengers. In our point of view, we advise low-cost airline’s managers to re-think about FFP since it does not create a big difference in terms of loyalty for customers.

Our third objective was to “evaluate if FFP have influence on the type of brand loyalty of customers by the type of passengers (business vs leisure)”.

On the chapter 4.2.7 we explored this objective. We conclude that for leisure travelers we can find that both affective and conative loyalty behaviors are stronger amongst leisure travelers who belong to loyalty programs. However, for business travelers we concluded that for

affective loyalty behaviors, travelers who did not belong to an FFP showed a higher mean value. Nevertheless, we would like to point out that one of the limitations of our study was the difficulty to find business travelers. This limitation is explained by how companies' have been freezing business travel and cutting traveling costs since the outbreak of the pandemic started. According to a 2020 McKinsey report, when the pandemic hit, business travelers had to quickly change from in persons meeting to virtual platforms. Therefore, for our study, due to the low amount of business travelers it became a challenge to find business travelers during this period. Due to the low amount of business traveler answers in our sample, there's a high variance on the data which means the results here presented might not expand to bigger samples.

Keeping this limitation in mind, in terms of management implications, this means that we could find evidence that FFP works for leisure travelers both for affective and conative loyalty behaviors. Nonetheless, for business travelers, loyalty programs have the opposite effect on affective loyalty behaviors. Business travelers do not seem to show more loyalty because they are part of a loyalty program. In fact, they show less loyalty.

At last, our fourth objective was to "evaluate the type of brand loyalty that you can find on the customer loyalty on low-cost carriers".

Throughout the analysis of our survey, we have identified two types of FFP programs previously mentioned by Suzuki (2003) on our literature review. By the statistical tests we have done, we have identified that the two types of programs do not have significant difference of means. In practical terms it means that low-cost airline's managers have failed to create an FFP that is better at creating loyalty when comparing to others. According to Cedrola & Memmo (2010) one of the key pillars to create a competitive loyalty program is to keep investing on the program to make it competitive and different from your competition. Our research suggests this condition has not been met.

In conclusion, we advise low-cost airline's managers to rethink the concept of FFP on airlines. They have failed to create an FFP that creates more loyalty and additionally, there is not a big difference of loyalty between non FFP and FFP.

Our research also helped to validate some of the findings that previous authors have reached in their research. For example, our research has showed that positive experience of the customer with flight attendants leads to an increase on the level of affective loyalty. The framework of brand loyalty designed by Deeppa and Ganapathi (2018) and Yang et al (2017) highlights the importance that service quality has on the brand loyalty of loyalty customers. With our findings, we support the framework designed by these two studies.

5.2. Theoretical implications

During our literature review we have identified several authors who have wrote about loyalty, loyalty programs, the variables that affect loyalty and several frameworks that aim to identify how loyalty works on the airline industry more specifically on the low-cost airline industry.

As we identified during our research in the literature review not a lot of research has been made about the result that loyalty programs have on low cost airline customers loyalty. In fact, not a lot of research has been made to validate if in fact this marketing strategy is the most appropriate for the low-cost airline market.

With this research, we have helped to close this gap by concluding that overall loyalty programs in the low-cost airline market increases slightly the affective and conative loyalty. However, there is not a significant statistical difference between FFP passengers of low-cost airlines and non FFP passengers of low-cost airlines. This non-significant statistical difference between the two groups has led to a question if FFP a good marketing strategy.

Moreover, our study provided a deeper understanding of this theme, by identifying that for leisure travels, FFP increase affective and conative loyalty behaviors. However, as we discussed, for business travelers, the same trend does not happen. Even though the number of business travelers in our survey is small which might affect the results, business travelers who do not belong to loyalty programs have a higher affective loyalty compared to the ones who belong. Hence, this conclusion challenges previous studies done on this subject such as the one published by Dolnicar et al (2011). In this study, the authors have concluded that business travelers were heavily influenced by loyalty programs on airlines. To clarify this finding we advise further research should be made. Throughout our research, we did not find any evidence of that.

5.3. Managerial implications

As we pointed out before, our research puts into question how efficient loyalty programs are for low-cost airline customers.

Even though the data proves customers that are part of loyalty programs have higher conative and affective loyalty behaviors, there is not a significant difference between customers who are part of loyalty programs and customers who are not. Hence, this research is essential because it puts into question if loyalty programs in low-cost airline companies work and if in fact, they bring value to their organizations.

Furthermore, another key take-away from this study is the importance that on-boarding service has on the type of loyalty of customers. A good service by fly attendants shows a high correlation with affective loyalty behaviors. This study proves that an investment on the training process of fly attendants so they can have a good performance during the flights can help low cost airlines to differentiate themselves from their competition.

If low-cost airlines prefer to keep low-cost airline loyalty programs, our research shows that the type of loyalty program should change. There is not a significant difference between the two programs. We feel that is necessary a review of loyalty programs that low-cost airlines are currently offering to passengers. As identified by the literature loyalty programs should be updated and continuous invested to become a asset for the company (Cedrola & Memmo, 2010). At last, we would like to point out that unlike leisure travelers, business travelers do not react well to loyalty programs. In fact, when it comes to affective loyalty behaviors, our research has proved that business travelers that belong to loyalty programs show less affective loyalty compared to the ones that belong. Keeping this in mind our study shows leisure travelers should be only targeted exclusively since loyalty programs work for this segment. In the meanwhile, managers should put less effort on capturing business travelers for their low-cost airline loyalty programs. If managers feel it is important for their business to have business travelers, we advise that they re-think the structure of loyalty programs they offer and build a more attractive for business travelers.

Chapter 6 - Limitations and future research

We have identified five important limitations in our study.

The first notable limitation is the timing when the research was conducted. Since this research was limited to a specific time frame and a specific epidemiologic condition, COVID-19, the conclusions reached with our research might be a result of this unique situation. With airports closed and flights canceled, the loyalty that customers have towards low-cost airline might have also changed. We advise this research to be carried out after this epidemiologic condition passes and assess if there are significant differences.

The second important limitation is within our survey. Our survey was first answered by 307 individuals but after some adjustments only 201 answers were considered. Unfortunately, 106 individuals were excluded from our survey because they did not answer all the answers on our questionnaire. As we explained during the analysis of our results, this situation happened because we had a technical problem on the platform that we created the survey and allowed people that did not answer all the questions to submit their results. In order to maintain the integrity and quality of our project, we excluded cases where respondents did not answer all the questions.

The third limitation is the fact that we were not able to collect the survey information on the airport like we had planned. Once again, due to the COVID-19, we were not able to collect the survey on the airport which would allow us to have a higher amount of answers.

The fourth limitation is the low amount of business traveler answers we got from our sample. Due to the COVID-19 pandemic, most companies have implemented a travel ban for their own staff as explained in a McKinney report (2020). Unfortunately, this travel ban affected our likelihood to collect data from business travelers.

The last limitation is the fact that due to the epidemiologic situation we are currently facing, not many people are traveling. The travel industry has been negatively affected by COVID-19 as due to the risk of contaminating this disease, people have avoided traveling. It was very challenging for us to gather answers since many people have claimed they do not travel recently, and do not think they should be part of our study.

6.1. Future research

Following our conclusion of re-thinking the concept of FFP and how to make it competitive, we believed further research should be done on what constitutes an attractive frequent flyer program for business travelers. As we discussed, business travelers have responded negatively

to the current frequent flier programs offer and we feel more effort should be done into designing a program that meets the needs of business travelers.

Additionally, we recommend that this research should be done on other geographic locations to evaluate if the conclusions of this investigation are still valid. This research was only aimed to be made in the European markets. We feel it would be interesting to explore if the same results of this research could be found on other markets.

At last, we would recommend this research to be remade after the epidemiologic situation of Covid-19 passes. Due to the low amount of traveling that people are currently doing, this research should be remade after COVID-19 and test if the same conclusions we have reached on this topic still stand.

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Appendix

Appendix A

Survey

DISCLAIMER: THE INFORMATION CONTAINED ON THIS QUESTIONNAIRE WILL ONLY BE USED FOR ACADEMIC PURPOSES AND IT'S STRICTLY CONFIDENTIAL.

This survey aims to help on my master's degree thesis "The influence of frequent flyer programs on the loyalty of low-cost airlines customers". I appreciate if you can take 10 minutes to answer the following questions.

- 1. What was the purpose of your trip the last time you traveled with a low-cost airline?**

Business

Leisure

Both

- 2. How many trips (including round-trip) do you usually take on low-cost airlines per year?**

<10

>=10

Please now remember the last time you traveled with a low-cost airline.

- 3. Which low-cost airline company did you last fly with?**

Ryanair

EasyJet

WizzAir

Transavia

Vueling

Norwegian

Other

- 4. On a scale 1 to 5 (1 is strongly disagree and 5 is strongly agree), how do you identify with the following attitudes regarding the last low-cost airline you flew with?**

Attitudes	1(strongly disagree)	2	3	4	5 (strongly agree)
I like flying with this company					
I believe it's a good company					

I will continue to travel with this company					
I will continue to recommend this company					

5. On a scale of 1 to 5 (1 is highly disagree and 5 is highly agree), please rate how much do you agree with the sentences regarding the flight on the last low-cost airline you took?

	1(highly disagree)	2	3	4	5(highly agree)
The airline has a significant choice of airport destinations.					
The airline has a significant choice of attractive destinations.					
The airline has weekly flight frequencies to the destinations I want.					
The airline provides convenient departure/arrival timetables.					

The airline is convenient on the reservation.					
The airline is flexible on the reservations.					
The airline offers convenient payment.					
The airline offers efficient check-in.					
The airline provides good information.					
The airport lounges are comfortable.					
The airline provided an efficient boarding/deplaning.					
The airline provided an efficient baggage pick-up.					
During the flight there was a vast selection of food and beverages.					
During the flight there was professionalism from the flight attendants					

During the flight the seats were comfortable.					
During the flight there were good sanitary facilities.					
The flight was safe.					
The airline was punctual on the departure/landing.					
There was a good ratio of price the ticket vs quality of the flight.					
The inflight shop prices were fair.					
The airline loyalty program discounts/rewards were competitive.					

6. Are you a familiar with the concept of airline loyalty programs?

Yes_____ No_____

7. Are you part of any loyalty program from a low-cost airline?

Yes_____ No_____

8. If you answered yes on the last question, which low-cost loyalty program(s) are you part of

Ryanair EasyJet WizzAir Transavia Vueling Norwegian Other

9. If you answered yes on question 7, what type of benefits does the loyalty program of your low-cost airline provides?

Miles/points you can use discount to buy trips	Points you can use to have fast track and priority boarding	Miles/points that once you reach a certain level you automatically have a free trip	Miles/points one free round trip for a certain number of flying miles to a certain destination	I don't know
--	---	---	--	--------------

10. Were you part of the loyalty program of the low-cost airline you last flied with?

Yes_____ No_____

11. Gender

Male ___Female___ Others___ Prefer not to disclose___

12. Age Segment:

10-25 26-40 41-55 56-70 71-85 86+

Thank you very much for your answers!

Appendix B

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	105	52.2	52.2	52.2
	Male	96	47.8	47.8	100.0
	Total	201	100.0	100.0	

Appendix C

Age Segment:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10-25	61	30.3	30.3	30.3
	26-40	42	20.9	20.9	51.2
	41-55	77	38.3	38.3	89.6
	56-70	16	8.0	8.0	97.5
	71-85	5	2.5	2.5	100.0
	Total	201	100.0	100.0	

Appendix D

Report

Leisure/Business/Both		Like the airline	Good company	Continue to travel	Reccomend the company
Both	Mean	3.67	3.67	4.11	3.56
	N	9	9	9	9
	Std. Deviation	1.000	1.323	.601	1.130
Business	Mean	3.04	2.79	3.29	2.79
	N	24	24	24	24
	Std. Deviation	.999	.833	1.042	.884
Leisure	Mean	3.36	3.28	3.67	3.37
	N	168	168	168	168
	Std. Deviation	1.023	1.061	1.086	1.082
Total	Mean	3.34	3.24	3.65	3.31
	N	201	201	201	201
	Std. Deviation	1.022	1.060	1.072	1.075

Appendix E

Report

Frequency		Like the airline	Good company	Continue to travel	Reccomend the company
<10	Mean	3.30	3.21	3.61	3.29
	N	173	173	173	173
	Std. Deviation	1.035	1.070	1.097	1.078
≥10	Mean	3.57	3.39	3.86	3.43
	N	28	28	28	28
	Std. Deviation	.920	.994	.891	1.069
Total	Mean	3.34	3.24	3.65	3.31
	N	201	201	201	201
	Std. Deviation	1.022	1.060	1.072	1.075

Appendix F

Correlations

Variable	Pearson Correlation	Sig. (2-tailed)	N	Like the airline	Frequency of flights	Attractive destinations	Departure/arrival time	Reservations	Flexible on reservations	Payment	Check-in	Info	Lounge comfortable	Efficient boarding/deplaning	Baggage pick-up	Food and Beverages	Flight attendants	Comfortable seats	Airports destination	In-flight three sanitary facilities	Sale light	Punctuality	Prices Quality	Inflight shop prices	Lowly program discounts/competitiveness
Like the airline	1		354		370	348	334	354	319	472	413	263	384	434	327	54	349	345	429	441	436	367	215	235	
Frequency of flights		0.000	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Attractive destinations		0.436	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Departure/arrival time		0.485	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Reservations		0.352	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Flexible on reservations		0.320	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Payment		0.458	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Check-in		0.438	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Info		0.413	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Lounge comfortable		0.263	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Efficient boarding/deplaning		0.384	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Baggage pick-up		0.434	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Food and Beverages		0.327	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Flight attendants		0.300	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Comfortable seats		0.340	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Airports destination		0.345	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
In-flight three sanitary facilities		0.420	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Sale light		0.441	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Punctuality		0.426	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Prices Quality		0.367	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Inflight shop prices		0.215	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Lowly program discounts/competitiveness		0.235	201	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

*. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Appendix G

Correlations

Steward's job	Like the airline	Frequency of flights	Attraction destinations	Departure time	Reservations	Flexible reservations	Payment	Check-in	In-flight entertainment	Refreshments	Food and beverage	Baggage price	Flight attendants	Comfortable seats	Aircraft destination	In-flight entertainment	State flight	Punctuality	Price vs. Quality	In-flight prices	Loyalty discounts and other perks
Frequency of flights	1.000	0.333*	0.363*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Attraction destinations	0.333*	1.000	0.430*	0.465*	0.395*	0.397*	0.419*	0.406*	0.393*	0.381*	0.395*	0.397*	0.411*	0.400*	0.387*	0.411*	0.397*	0.387*	0.404*	0.387*	0.411*
Departure time	0.465*	0.430*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reservations	0.395*	0.397*	0.395*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Flexible on reservations	0.397*	0.395*	0.395*	0.397*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Payment	0.419*	0.406*	0.406*	0.419*	0.406*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Check-in	0.406*	0.393*	0.393*	0.397*	0.395*	0.406*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
In-flight entertainment	0.393*	0.381*	0.381*	0.395*	0.397*	0.395*	0.397*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Refreshments	0.397*	0.395*	0.395*	0.397*	0.395*	0.397*	0.395*	0.397*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Food and beverage	0.395*	0.397*	0.395*	0.397*	0.395*	0.397*	0.395*	0.397*	0.395*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Baggage price	0.411*	0.400*	0.400*	0.411*	0.400*	0.411*	0.400*	0.411*	0.400*	0.411*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Flight attendants	0.411*	0.400*	0.400*	0.411*	0.400*	0.411*	0.400*	0.411*	0.400*	0.411*	0.400*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Comfortable seats	0.400*	0.387*	0.387*	0.411*	0.400*	0.411*	0.400*	0.411*	0.400*	0.411*	0.400*	0.400*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Aircraft destination	0.387*	0.411*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
In-flight prices	0.404*	0.387*	0.387*	0.404*	0.387*	0.404*	0.387*	0.404*	0.387*	0.404*	0.387*	0.404*	0.387*	0.404*	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Loyalty program discounts and other perks	0.387*	0.411*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	0.387*	0.411*	1.000	0.000	0.000	0.000	0.000	0.000

* Correlation is significant at the 0.01 level (2-tailed).
 ** Correlation is significant at the 0.05 level (2-tailed).

Appendix H

Correlations

Stairman's info	Good company	Frequency of flights	Attractive destinations	Departure/arrival time	Revisions	Flexible on reservations	Payment	Check-in	Info	Lounge comfortable	Efficient boarding/deplaning	Baggage pickup	Food and beverages	Flight attendants	Comfortable seats	Airports destination	In-flight bare sanitary facilities	Safe flight	Punctuality	Pricing/Quality	Inflight press	Loalty program discounts/competitiveness
	1.000	.298**	.372**	.412**	.415**	.245**	.263**	.329**	.335**	.304**	.377**	.369**	.329**	.428**	.332**	.306**	.420**	.378**	.414**	.378**	.243**	.275**
Frequency of flights	.298**	1.000	.430**	.465**	.356**	.307**	.419**	.420**	.333**	.173**	.381**	.385**	.183**	.301**	.260**	.411**	.225**	.314**	.281**	.201**	.084**	.167**
Attractive destinations	.372**	.430**	1.000	.460**	.477**	.279**	.361**	.402**	.352**	.133**	.305**	.346**	.224**	.324**	.233**	.425**	.223**	.327**	.352**	.247**	.138**	.177**
Departure/arrival time	.412**	.465**	.460**	1.000	.558**	.521**	.294**	.387**	.381**	.415**	.411**	.400**	.398**	.287**	.402**	.484**	.214**	.246**	.288**	.260**	.274**	.268**
Revisions	.245**	.356**	.477**	.558**	1.000	.444**	.296**	.359**	.398**	.318**	.355**	.435**	.390**	.288**	.322**	.465**	.289**	.341**	.318**	.222**	.208**	.153**
Flexible on reservations	.307**	.419**	.420**	.333**	.444**	1.000	.313**	.301**	.387**	.432**	.346**	.429**	.433**	.291**	.364**	.319**	.233**	.156**	.215**	.346**	.400**	.408**
Payment	.419**	.420**	.352**	.381**	.352**	.313**	1.000	.478**	.339**	.133**	.305**	.444**	.214**	.347**	.143**	.362**	.565**	.366**	.303**	.000**	.000**	.000**
Check-in	.329**	.372**	.402**	.387**	.381**	.391**	.478**	1.000	.355**	.209**	.433**	.441**	.277**	.441**	.320**	.407**	.288**	.435**	.319**	.374**	.162**	.238**
Info	.335**	.393**	.292**	.381**	.386**	.382**	.339**	.355**	1.000	.320**	.335**	.467**	.370**	.408**	.337**	.372**	.331**	.349**	.420**	.250**	.269**	.209**
Lounge comfortable	.304**	.415**	.415**	.415**	.318**	.432**	.123**	.200**	.320**	1.000	.416**	.403**	.430**	.338**	.384**	.292**	.242**	.201**	.266**	.292**	.406**	.308**
Efficient boarding/deplaning	.377**	.381**	.381**	.381**	.395**	.349**	.300**	.433**	.335**	.416**	1.000	.533**	.476**	.424**	.568**	.301**	.275**	.346**	.338**	.420**	.364**	.283**
Baggage pickup	.369**	.395**	.346**	.400**	.435**	.429**	.441**	.447**	.467**	.463**	.533**	1.000	.523**	.488**	.449**	.407**	.319**	.343**	.431**	.375**	.391**	.273**
Food and beverages	.329**	.428**	.428**	.428**	.390**	.433**	.214**	.277**	.370**	.430**	.476**	.523**	1.000	.530**	.454**	.269**	.344**	.263**	.333**	.260**	.431**	.336**
Flight attendants	.428**	.387**	.387**	.387**	.288**	.291**	.347**	.441**	.408**	.339**	.424**	.488**	.530**	1.000	.414**	.262**	.466**	.433**	.437**	.356**	.367**	.307**
Comfortable seats	.332**	.266**	.233**	.402**	.322**	.364**	.143**	.320**	.337**	.384**	.558**	.449**	.464**	.414**	1.000	.233**	.388**	.143**	.302**	.274**	.404**	.300**
Airports destination	.306**	.411**	.575**	.484**	.455**	.319**	.352**	.407**	.372**	.292**	.301**	.407**	.269**	.262**	.232**	1.000	.134**	.225**	.260**	.237**	.176**	.227**
In-flight bare sanitary facilities	.400**	.224**	.223**	.214**	.289**	.233**	.356**	.298**	.331**	.242**	.275**	.318**	.344**	.466**	.368**	.308**	1.000	.498**	.437**	.377**	.241**	.286**
Safe flight	.378**	.314**	.327**	.346**	.341**	.156**	.366**	.435**	.346**	.201**	.346**	.343**	.263**	.433**	.143**	.265**	.465**	1.000	.462**	.455**	.235**	.270**
Punctuality	.414**	.281**	.392**	.386**	.338**	.215**	.353**	.319**	.420**	.266**	.338**	.451**	.333**	.487**	.302**	.290**	.427**	.462**	1.000	.352**	.365**	.281**
Pricing/Quality	.287**	.247**	.267**	.267**	.222**	.349**	.335**	.374**	.250**	.392**	.420**	.375**	.260**	.356**	.274**	.237**	.377**	.435**	.352**	1.000	.372**	.387**
Inflight press	.243**	.064**	.159**	.274**	.208**	.400**	.162**	.259**	.406**	.384**	.391**	.431**	.367**	.404**	.178**	.188**	.241**	.235**	.385**	.372**	1.000	.502**
Loalty program discounts/competitiveness	.275**	.167**	.177**	.268**	.153**	.408**	.175**	.239**	.209**	.398**	.285**	.273**	.338**	.307**	.300**	.227**	.286**	.270**	.281**	.387**	.502**	1.000

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Appendix I

Correlations

Steward's job	Recommend the company	Frequency of flights	Attractive destinations	Duplicate/omit w/ time	Reservations	Flexible on reservations	Payment	Check-in	Info	Lounge comfortable	Efficient boarding/strip	Baggage pick-up	Food and Beverages	Flight attendants	Comfortable seats	Airports destination	In-flight/life sanitary facilities	Safe flight	Punctuality	Price vs Quality	Inflight shop prices	Loyalty program discounts/completeness
	1.000	.327**	.332**	.338**	.387**	.268**	.326**	.340**	.405**	.262**	.377**	.388**	.396**	.463**	.280**	.314**	.347**	.347**	.432**	.337**	.255**	.194**
Frequency of flights	.327**	1.000	.430**	.445**	.356**	.307**	.419**	.420**	.393**	.179**	.381**	.395**	.193**	.301**	.260**	.411**	.225**	.314**	.281**	.201**	.084**	.167**
Attractive destinations	.332**	.430**	1.000	.460**	.477**	.279**	.361**	.402**	.392**	.133**	.395**	.346**	.224**	.324**	.233**	.525**	.223**	.327**	.352**	.247**	.139**	.177**
Duplicate/omit	.338**	.445**	.460**	1.000	.558**	.521**	.294**	.383**	.381**	.415**	.411**	.400**	.396**	.397**	.402**	.484**	.314**	.246**	.286**	.260**	.274**	.268**
Reservations	.387**	.356**	.477**	.558**	1.000	.444**	.286**	.391**	.396**	.318**	.365**	.435**	.350**	.298**	.322**	.465**	.299**	.341**	.378**	.222**	.209**	.153**
Flexible on reservations	.268**	.307**	.279**	.444**	.356**	1.000	.313**	.391**	.382**	.432**	.349**	.429**	.433**	.291**	.201**	.201**	.213**	.159**	.215**	.349**	.400**	.406**
Payment	.304**	.419**	.361**	.383**	.294**	.391**	1.000	.425**	.335**	.123**	.300**	.441**	.214**	.347**	.143**	.362**	.368**	.435**	.319**	.374**	.162**	.239**
Check-in	.402**	.429**	.402**	.381**	.397**	.307**	.419**	1.000	.355**	.200**	.433**	.447**	.277**	.441**	.333**	.407**	.298**	.435**	.319**	.374**	.162**	.239**
Info	.405**	.387**	.292**	.381**	.396**	.382**	.339**	.355**	1.000	.320**	.325**	.467**	.370**	.408**	.337**	.372**	.331**	.349**	.420**	.250**	.299**	.209**
Lounge comfortable	.262**	.179**	.133**	.415**	.318**	.432**	.123**	.200**	.320**	1.000	.416**	.403**	.430**	.339**	.384**	.292**	.542**	.201**	.285**	.292**	.406**	.308**
Efficient boarding/strip	.377**	.381**	.305**	.411**	.365**	.349**	.300**	.433**	.335**	.416**	1.000	.533**	.476**	.424**	.556**	.301**	.275**	.346**	.338**	.420**	.384**	.283**
Baggage pick-up	.388**	.395**	.346**	.400**	.435**	.429**	.441**	.447**	.467**	.403**	.533**	1.000	.523**	.468**	.448**	.407**	.318**	.343**	.431**	.373**	.391**	.273**
Food and Beverages	.396**	.193**	.224**	.396**	.390**	.433**	.214**	.277**	.370**	.430**	.476**	.523**	1.000	.530**	.454**	.269**	.344**	.263**	.333**	.260**	.431**	.336**
Flight attendants	.463**	.301**	.324**	.297**	.288**	.291**	.347**	.441**	.408**	.339**	.424**	.498**	.530**	1.000	.414**	.262**	.466**	.433**	.437**	.365**	.367**	.307**
Comfortable seats	.290**	.260**	.233**	.402**	.322**	.384**	.143**	.320**	.337**	.384**	.558**	.448**	.454**	.414**	1.000	.233**	.368**	.143**	.302**	.274**	.404**	.300**
Airports destination	.314**	.411**	.525**	.484**	.465**	.319**	.362**	.407**	.372**	.292**	.301**	.407**	.299**	.292**	.233**	1.000	.134	.255**	.260**	.237**	.176**	.227**
In-flight/life sanitary facilities	.314**	.325**	.223**	.214**	.269**	.269**	.333**	.356**	.298**	.242**	.275**	.315**	.344**	.466**	.368**	.134	1.000	.495**	.437**	.977**	.241**	.296**
Safe flight	.347**	.314**	.323**	.246**	.341**	.156**	.366**	.452**	.349**	.201**	.346**	.343**	.263**	.433**	.143**	.225**	.465**	1.000	.492**	.425**	.235**	.270**
Punctuality	.422**	.381**	.362**	.286**	.328**	.215**	.332**	.313**	.420**	.268**	.338**	.431**	.333**	.437**	.362**	.250**	.427**	.492**	1.000	.352**	.385**	.281**
Price vs Quality	.337**	.287**	.247**	.260**	.222**	.348**	.335**	.374**	.250**	.292**	.420**	.375**	.260**	.356**	.274**	.237**	.377**	.425**	.352**	1.000	.372**	.387**
Inflight shop prices	.265**	.064**	.139**	.274**	.208**	.400**	.094**	.162**	.299**	.406**	.384**	.391**	.431**	.387**	.404**	.178**	.241**	.235**	.385**	.372**	1.000	.502**
Loyalty program discounts/completeness	.194**	.167**	.177**	.208**	.153**	.408**	.175**	.239**	.209**	.308**	.383**	.273**	.336**	.307**	.300**	.227**	.386**	.270**	.281**	.387**	.502**	1.000
	.006	.018	.012	.000	.030	.000	.013	.001	.003	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201	.201

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Appendix J

		Report			
Were you part of the loyalty program of the low-cost airline you last flied with		Like the airline	Good company	Continue to travel	Reccomend the company
No	Mean	3.30	3.20	3.61	3.28
	N	166	166	166	166
	Std. Deviation	.993	1.040	1.088	1.048
Yes	Mean	3.54	3.43	3.80	3.49
	N	35	35	35	35
	Std. Deviation	1.146	1.145	.994	1.197
Total	Mean	3.34	3.24	3.65	3.31
	N	201	201	201	201
	Std. Deviation	1.022	1.060	1.072	1.075

Appendix K

		Report			
Age Segment:		Like the airline	Good company	Continue to travel	Reccomend the company
10-25	Mean	3.39	3.43	3.80	3.39
	N	61	61	61	61
	Std. Deviation	1.005	1.024	1.046	1.100
26-40	Mean	3.48	3.24	3.81	3.55
	N	42	42	42	42
	Std. Deviation	.969	1.031	1.018	.942
41-55	Mean	3.30	3.16	3.48	3.18
	N	77	77	77	77
	Std. Deviation	1.052	1.040	1.108	1.097
56-70	Mean	2.88	2.88	3.31	3.13
	N	16	16	16	16
	Std. Deviation	.957	1.147	.946	.885
71-85	Mean	3.60	3.40	4.00	3.00
	N	5	5	5	5
	Std. Deviation	1.342	1.673	1.414	1.871
Total	Mean	3.34	3.24	3.65	3.31
	N	201	201	201	201
	Std. Deviation	1.022	1.060	1.072	1.075

Appendix L

Report

Age Segment	Airports destination	Attractive destinations	Frequency of flights	Departure/arrival vs time	Reservations	Flexible on reservations	Payment	Check-in	Info	Lounge comfortable	Efficient boarding/deplaning	Baggage pickup	Food and Beverages	Flight attendants	Comfortable seats	In-flight/there sanitary facilities	Safe flight	Punctuality	Price vs Quality	Inflight shop prices	Loyalty program discounts/airline competitive ss
10-25	Mean	3.62	3.95	3.70	3.33	3.56	3.82	3.90	3.59	2.98	3.46	3.49	3.07	3.85	3.28	3.74	4.10	3.48	3.79	3.28	3.07
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
	Std. Deviation	1.157	.980	1.070	.995	1.103	1.008	.870	1.116	1.204	.886	.960	1.093	1.030	1.067	1.063	.907	1.010	1.018	1.002	1.195
26-40	Mean	3.52	3.60	3.71	3.02	3.76	3.88	4.02	3.86	2.83	3.40	3.52	2.86	3.67	2.74	3.76	4.43	3.81	4.00	3.29	2.83
	N	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
	Std. Deviation	1.087	.989	1.019	1.047	1.031	1.197	.975	.889	1.124	.939	.917	1.221	.816	1.127	.958	.770	1.065	1.059	1.043	1.124
41-55	Mean	3.47	3.58	3.38	3.27	3.42	3.12	3.58	3.69	2.88	3.34	3.01	2.82	3.65	3.03	3.55	3.84	3.43	3.69	3.23	3.06
	N	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77
	Std. Deviation	1.059	1.092	1.026	.982	1.088	1.088	.937	1.055	1.066	.973	1.082	.996	1.023	1.063	.940	.974	1.031	.963	1.025	.922
56-70	Mean	2.81	3.06	3.19	2.75	2.88	2.37	3.13	2.75	2.62	2.31	2.56	2.13	2.88	2.31	3.00	3.38	2.88	3.19	2.56	2.38
	N	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Std. Deviation	1.276	1.063	1.047	1.183	1.025	.885	1.360	.856	.806	.892	.885	1.155	1.258	1.195	1.317	1.310	1.408	1.377	1.263	1.380
71-85	Mean	4.60	4.00	4.40	3.60	3.20	2.60	4.40	4.20	2.20	2.80	3.20	2.60	3.40	3.20	3.20	3.40	3.40	3.40	2.40	2.60
	N	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
	Std. Deviation	.894	1.414	1.342	1.673	1.789	1.140	.894	1.095	1.789	1.304	1.643	1.140	1.140	1.789	1.483	1.673	1.673	1.140	1.140	1.517
Total	Mean	3.50	3.64	3.56	3.20	3.48	3.00	3.72	3.44	2.84	3.31	3.20	2.83	3.65	2.99	3.60	4.00	3.48	3.74	3.18	2.95
	N	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201	201
	Std. Deviation	1.132	1.055	1.062	1.041	1.100	1.125	1.026	1.099	1.093	.962	1.077	1.114	1.029	1.131	1.040	1.002	1.096	1.051	1.059	1.112

Appendix M

		Report			
Type of benefits loyalty program		Like the airline	Good company	Continue to travel	Recommen the company
	Mean	3.22	3.15	3.55	3.25
	N	155	155	155	155
	Std. Deviation	.962	1.014	1.088	1.028
Miles/points you can use discount to buy trips	Mean	3.64	3.64	3.79	3.57
	N	14	14	14	14
	Std. Deviation	1.216	1.008	1.051	1.089
Points you can use to have fast track and priority boarding	Mean	3.78	3.47	4.03	3.53
	N	32	32	32	32
	Std. Deviation	1.099	1.244	.933	1.270
Total	Mean	3.34	3.24	3.65	3.31
	N	201	201	201	201
	Std. Deviation	1.022	1.060	1.072	1.075

Appendix N

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Like the airline	Equal variances assumed	1.035	.310	-1.305	199	.193	-.248	.190	-.622	.127
	Equal variances not assumed			-1.188	45.362	.241	-.248	.209	-.668	.172
Good company	Equal variances assumed	.373	.542	-1.167	199	.245	-.230	.197	-.618	.159
	Equal variances not assumed			-1.096	46.566	.279	-.230	.210	-.652	.192
Continue to travel	Equal variances assumed	1.728	.190	-.930	199	.353	-.186	.199	-.579	.208
	Equal variances not assumed			-.987	52.651	.328	-.186	.188	-.563	.192
Recommen the company	Equal variances assumed	1.412	.236	-1.043	199	.298	-.209	.200	-.603	.186
	Equal variances not assumed			-.956	45.628	.344	-.209	.218	-.648	.231

Appendix O

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Like the airline	Equal variances assumed	.658	.422	-.381	44	.705	-.138	.364	-.871	.595
	Equal variances not assumed			-.366	22.745	.718	-.138	.379	-.922	.645
Good company	Equal variances assumed	.578	.451	.461	44	.647	.174	.378	-.587	.936
	Equal variances not assumed			.501	30.423	.620	.174	.348	-.536	.884
Continue to travel	Equal variances assumed	1.962	.168	-.791	44	.433	-.246	.311	-.871	.380
	Equal variances not assumed			-.754	22.389	.459	-.246	.326	-.920	.429
Recommen the company	Equal variances assumed	.696	.408	.103	44	.919	.040	.391	-.747	.827
	Equal variances not assumed			.109	28.778	.914	.040	.368	-.712	.792

Appendix P

Leisure/business	Part of loyalty program	Attitude	Mean value
Leisure	No	Like the airline	3.222
	No	Good company	3.156
	No	Continue to travel	3.570
	No	Recommend the company	3.281
	Yes	Like the airline	3.939
	Yes	Good company	3.788
	Yes	Continue to travel	4.091
	Yes	Recommend the company	3.756
Business	No	Like the airline	3.111
	No	Good company	2.944
	No	Continue to travel	3.333
	No	Recommend the company	2.778
	Yes	Like the airline	2.833
	Yes	Good company	2.333
	Yes	Continue to travel	3.166
	Yes	Recommend the company	2.833

Appendix Q

One-Sample Test^a

Leisure/Business/Both	Were you part of the loyalty program of the low-cost airline you last filed with	t	df	Sig. (2-tailed)	Test Value = 0		95% Confidence Interval of the Difference	
					Mean Difference	Lower	Upper	
Leisure	No	39.363	144	.000	3.290	3.12	3.45	
	Good company	37.117	144	.000	3.200	3.03	3.37	
	Continue to travel	39.524	144	.000	3.628	3.45	3.81	
	Recommmend the company	37.695	144	.000	3.310	3.14	3.48	
	Yes	17.828	22	.000	3.826	3.38	4.27	
	Good company	16.715	22	.000	3.783	3.31	4.25	
Business	Continue to travel	20.441	22	.000	3.957	3.56	4.36	
	Recommmend the company	15.557	22	.000	3.783	3.28	4.29	
	No	17.095	17	.000	3.167	2.78	3.56	
	Good company	14.725	17	.000	2.889	2.47	3.30	
	Continue to travel	15.584	17	.000	3.333	2.88	3.78	
	Recommmend the company	16.098	17	.000	2.778	2.41	3.14	
Both	Yes	4.339	5	.007	2.667	1.09	4.25	
	Good company	7.319	5	.001	2.500	1.62	3.38	
	Continue to travel	5.270	5	.003	3.167	1.62	4.71	
	Recommmend the company	5.222	5	.003	2.833	1.44	4.23	
	No	6.500	2	.023	4.333	1.46	7.20	
	Continue to travel	14.000	2	.005	4.667	3.23	6.10	
Both	Recommmend the company	14.000	2	.005	4.667	3.23	6.10	
	Yes	10.000	5	.000	3.333	2.48	4.19	
	Good company	6.708	5	.001	3.000	1.85	4.15	
	Continue to travel	23.000	5	.000	3.833	3.40	4.26	
	Recommmend the company	8.216	5	.000	3.000	2.06	3.94	

a. No statistics are computed for one or more split files