*Full Length Research Paper*

# Branding satisfaction in the airline industry: A comparative study of Malaysia Airlines and Air Asia

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**Brand is crucial in differentiating the superiority of products or services over others. This is an exploratory study examining the differences in brand satisfaction between Malaysian Airlines (full service airlines) and Air Asia (low cost airlines) in Malaysia. 350 usable questionnaires were obtained from respondents in the two main airlines terminals in Kuala Lumpur. Exploratory factor analysis revealed seven brand satisfaction dimensions which are tangibles, price, core service, reputation, publicity, word-of-mouth, and employee. Generally, respondents were not satisfied with all brand dimensions of both airlines. The level of brand dissatisfaction is also higher for Malaysian Airlines compared with Air Asia. Air Asia was perceived better than Malaysian Airlines in price, publicity, and word-of-mouth. On the other hand, Malaysian Airlines was perceived better in tangibles, core service, reputation, and employee. The paper highlights some of its theoretical, managerial and marketing implications to the development of airline industry.**

**Key words:** Airlines, branding, satisfaction, Malaysia Airlines, Air Asia.

## INTRODUCTION

The world airline industry has gone through a roller-coaster ride for the past few years. Among factors contributing to the situation are, increasing fuel prices, escalating security insurance, rapid deregulation of the industry, as well as natural disaster, ranging from the out-break of diseases to eruptions of volcanoes that hinder the air travel growth. As reported in the recent World Airline Report, the world airline industry has recorded a devastating loss of US$ 16 billion in 2008 and another US$ 9.9 billion in 2009 (Flint, 2010). The tough situation has forced the airlines around the world to revoke their traditional airline strategy and venture into new alliances and new business models in order to keep its competitiveness. One of the main developments in the current aviation industry is the growing popularity of low cost airlines, including the Asia Pacific region. As stated by O'Connell and Williams (2005), low cost airlines have

intensified the direct competition with full service airlines, particularly during the weak economic situation in 2008 and 2009. Within Asia Pacific, airlines industry in Malaysia is expected to make a net profit of about US$ 300 million in 2010, making it the highest in the South-East Asia region.

The aviation industry in Malaysia is dominated by two airlines. These are Malaysia Airlines and Air Asia. According to O'Connell and Williams (2005), Malaysia Airlines has been classified as a full service airline while Air Asia has been classified as a low cost airline. Malaysia Airlines, the national airline of Malaysia is serving both international and domestic routes across 100 destinations worldwide (including code-sharing flights). It has one of the largest fleet sizes in South East Asia and is one of only six airlines to have been awarded a 5-star rating by Skytrax (Skytrax).

On the other hand, Air Asia is the first low cost airline in the region, and it operates scheduled domestic and inter-national flights over 75 destinations in 21 countries. This includes Air Asia X, Thai Air Asia, and Indonesia Air Asia. Air Asia has been reengineered and made a remarkable

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turnaround and turned into a profitable airline in 2002. In 2006, the airline was voted as amongst the top 3 Best Regional airlines in the low cost airline category by Skytrax World Airline Award. For the years 2009 and 2010, the airline has gained the award of the World's Best Low Cost Airlines from the same organization.

The competition between Malaysia Airlines and Air Asia has been fierce in particular as regards the price factor. Air Asia has been aggressively promoting itself with the tagline of "Now Everyone Can Fly". This has challenged the branding position of the long-known Malaysia Airlines. Both airlines serve different customers base and offer different services experience. However, this may not necessarily be true in the cases of domestic flights and some short distant international flights, where the services differentiation is rather minimal. Nevertheless, it is expected that the customer satisfaction level for both airlines is different as the customers' perception on full service airlines and low cost airlines are different (O'Connell and Williams, 2005).

As stated earlier, pricing strategy is the main way to differentiate between the two airlines in Malaysia. However, most airlines are aware that cost cutting may not be the only factor that contributes to an effective strategy. It is also important to differentiate themselves from their competitors by providing quality services that improve customers' satisfaction. Based on previous studies, the airline industry has demonstrated that it is possible to achieve a clear differentiation through service brands (McDonald et al., 2001).

Brands are increasingly seen as valuable assets which play an integral part in the marketing strategy (Lim and O'Cass, 2001; Morling and Strannegard, 2004). Davis (2002) is confident that customers do not have a relationship with a product or service; but they do have relationship with a brand. Brand is suggested to be the purveyor of advantages in economic and symbolic value to the consumer (O'Cass and Grace, 2003).

Previous researchers have developed some theoretical frameworks in identifying consumers' thinking and responses toward brands (De Chernatony, 1993; Keller, 1993), enabling marketers to obtain sustainable differentiation through effective consumer-centered marketing activities. Aaker (1996) and Keller (1993, 1998) have suggested two paramount developments in branding that focused on brand image. However, Turley and Moore (1995) argued that the branding models proposed were concentrated on product branding instead of services branding. There is still limited research carried out in the area of image and positioning of airlines (Wen and Yeh, 2010).

The main objective of this study is to examine the differences in the satisfaction of brand dimensions between Air Asia and Malaysian Airlines. This is achieved by identifying the gap between expectations and perceptions among respondents who have used the services of both

airlines. As stated earlier by O'Connell and Williams (2005), customers' perceptions on Malaysian Airlines and Air Asia are different. Therefore, it could be proposed that the brand satisfactions of Malaysian Airlines and Air Asia are different.

## LITERATURE REVIEW

The aviation industry has been identified as one of the more intangible service industries (Clemes et al., 2008) and plays an important role in the global economy (Tiernan et al., 2008). Flint (2010) has recently summarized that the worldwide aviation industry is expected to generate about US$ 545 billion in 2010; a jump of about 13% from the slump year of 2009.

Over the past decade, the airline industry has gone through some unfortunate incidents. Among them are the terrorist attack on New York's World Trade Centre in 2001, the outbreaks of SARS and foot and mouth diseases and the wars in Afghanistan and Iraq (Air Transport Association, 2002; Clemes et al., 2008). The recent world economic downturn in 2008/2009 has had a great impact on aviation industry, particularly to the market of business travel. As a result, the aviation industry worldwide, experiences an increasing popularity of the low cost airlines. This popularity is magnified with the adoption of deregulation practices in the airline industry by many countries (Clemes et al., 2008; Saha and Theingi, 2009).

The low cost business model is said to have started by Southwest Airlines in the US in the early 1970s (Rhoades, 2006). The success of this business model has then been the inspiration to other low cost airlines around the world, such as Ryan Air and EasyJet in the UK, Air Asia, Jetstar Airways, Cebu Pacific, and Pegasus Airlines in Asia, as well as Virgin Blue, Qantas Jetstar, and Freedom Air in Oceania. The emergence of low cost airlines in South-East Asia began in early 2000s. As earlier mentioned, the development was spurred by the deregulation and liberalization of the aviation industry in the region (Saha and Theingi, 2009). While the traditional full service airlines' business model is based on differentiation strategy (Tiernan et al., 2008), the low cost airlines focused on price leadership (Tiernan et al., 2008; Wen and Yeh, 2010).

Saha and Theingi (2009) pointed out that the emergence of low cost airlines has raised concerns on how satisfied are the customers with the services provided. Studies into customer satisfaction in aviation industry have largely examined the aspect of service quality (Bamford and Xyztouri, 2005; Nejati et al., 2009; O'Connell and Williams, 2005; Pitt and Brown, 2001; Saha and Theingi, 2009; Tiernan et al., 2008; Wan and Hui, 2005) and travellers' satisfaction with airlines' services (Atalik, 2009; Clemes et al., 2008). To the authors'

knowledge, there have been no attempts to examine brand satisfaction in the airlines industry. Further discussions explore the definition and the dimensions of services branding in general.

## Services branding and its dimensions

Bennett (1988) defined brand as a name, term, sign, symbol, design, or any combination of these concepts, used to identify the goods and services of a seller. In the service industry, the brand name is the company's name, unlike having individual branding for tangible products (Berry et al., 1988). Therefore, in the airlines industry, we may sometimes find that the corporate image of the airline company is the airlines brand itself. Bateson (1995) and Cliff (1999) argued that marketers and brand managers may have difficulty in managing the services' intrinsic characteristics.

De Chernatony and Dall'Olmo Riley (1999) initiated an exploratory research to elicit the concept of services branding through experts' view. Their results show that branding principles are generally common between physical goods and services. De Chernatony and Dall'Olmo Riley (1999) suggested that the execution of services branding strategies may need alterations in order to match its specific characteristics. The studies by Berry (2000), de Chernatony and Dall'Olmo Riley (1999), and Keller (1998) have identified three dimensions of services branding; namely the external brand communications, company's presented brand, and experience with the company. However, the findings were looking at the consultants and marketing practitioners' perspective instead of the actual consumers' responses themselves.

O'Cass and Grace (2003) explored dimensions that are most important for consumers when they evaluate a brand. Distinct dimensions such as core service, feelings, servicescape, interpersonal service, publicity, advertising, price and word-of-mouth were found in consumers' minds when evaluating services brands. These dimensions appeared in several branding models, though different expressions were used instead (Bailey and Schechter, 1994; Berry, 2000; de Chernatony, 1993; Grossman, 1994).

Following the literature review, there are nine services branding dimensions that will be considered in this study. These are price, core service, feeling, reputation, employee, word-of-mouth, service cape, publicity, and advertising.

Price is often related to the perceived price (Chen et al., 1994) of a particular brand, which includes monetary as well as non-monetary prices (Zeithaml, 1988). Jetstar Asia Airways (a Singaporean low cost airline) is an example of an airline that has been positioned as a leader in price (Wen and Yeh, 2010). The price is an issue

in branding when the customers found that the money spent and the service received was not compatible (Berry and Yadav, 1996; O'Cass and Grace, 2003) and it is an important factor for customers in their airlines selection. Authors such as O'Connell and Williams (2005) and Saha and Theingi (2009) all argued that passengers are aware that the low fare of the low cost airlines is the results of operation efficiency rather than lower service standards.

LeBlanc and Nguyen (1996) described core service as the main reason for customer to choose a services organization over the others. The choice often relates to the added value of services offered. Therefore, it may be expected that a good service brand should be able to provide excellent core and adjunct services in order to create values to customers. Elements of core service, such as on-time departure (LeBlanc and Nguyen, 1996; Parasuraman et al., 1988; Wen and Yeh, 2010), comfort and spaciousness of seats (Wen and Yeh, 2010) have been used by some researchers in evaluating airline service quality.

Arnould and Price (1993) and Westbrook and Oliver (1991) pointed out that we can better explain customer satisfaction through an understanding of the emotional content of services encountered. Customers could experience positive, negative or both feelings during services delivery process. Price et al. (1995) noted that customer satisfaction and positive feelings can be provided by extra attention given to the customers by the service provider. A service brand which provides extra attention to its customers may be viewed as a superior brand. Following the event of September 11, safety has become a crucial element that must be re-assured in airlines services (Wen and Yeh, 2010).

Doyle and Wong (1998) found that successful companies have a differential advantage in overall company reputation and communicate it as quality to their customers (Solomon, 1985). Often, they are able to command premium prices (Tepeci, 1999). It is found that the most important criterion for customers selecting a bank is reputation (Boyd et al., 1994; Darby, 1999) while Rogerson (1983) stated that good reputation could increase an organization's sales, attract more customers, and reduce customer departures. Wen and Yeh (2010) found that airline's image has obtained a high score in their service attributes ranking study among the full service airlines. Both LeBlanc and Nguyen (1996) and Yoon et al. (1993) suggested that reputation and image are closely linked together as it influences customer's expectations (Nejati et al., 2009). Thus, it may be expected that airline customers would have high expectation especially for full service airlines.

Researchers claimed that employees exert a considerable influence on customers' perceptions of service brands (Gronroos, 1984; Heskett, 1987; Lee et al., 2005; McDonald et al., 2001; O'Cass and Grace, 2003; Zeithaml and Bitner, 2000) and their satisfaction level

(Crosby et al., 1990) through their behaviour and attitudes during the delivery of the service. According to Gronroos (1994), staffs embody the service brand in the consumers' eyes. Furthermore, each member of the services organization represents the firm and defines the product (Shostack, 1977). Employee has been used as a study construct in some of the recent airline studies such as Aksoy et al. (2003), Saha and Theingi (2009), and Wen and Yeh (2010).

Soderlund (1998) defined word-of-mouth as the extent to which customer that obtained a certain level of satisfaction would inform other people about that particular event. Holmes and Lett (1977) suggested that customers that have positive experiences are more willing to communicate their feelings to others than those with negative experiences. The finding contradicts Fisk et al. (1990) and Hart et al. (1990) whom instead, discovered that customers who have had bad and good experiences will inform up to 11 and 6 people respectively. About 60% of sales to new customers are reported to be due to word-of-mouth referrals. Positive word-of-mouth activity on a particular organization will result in it having a good reputation and eventually increases an organization's sales, attracts more customers, and reduces customer departures (Rogerson, 1983). Saha and Theingi (2009) stated that word-of-mouth represents trusted information that obtained externally; enabling customers to evaluate a product or service that has been associated with profitability and market standing of an organisation.

In an attempt to identify the influence of "servicescapes" on customers, Bitner (1992) proposed that the physical environment provided some cues in communicating the organisation's objective and image to customers (Zeithaml, 1988). Service employees' physical appearance, updated physical facilities, and other tangible services are found to have an effect on customers' perceptions on service brands (Berry, 2000; O'Cass and Grace, 2003; Zeithaml et al., 1990). Pitt and Brown (2001) had summarized that low cost airlines would offer a cheaper product design such as no assigned seats and no free food; while full service airlines would use a differentiation product strategy in order to add value to the product such as frequent flyer programmes, entertainment on-board, etc. Thus, it can be expected that the satisfaction level on servicescape for these two airlines would be different as well.

Publicity creates brand awareness, enhances attitudes towards a company and its brands, and possibly influences purchase behaviour. In this, it shares a similar role to advertising (Burnley, 1998). Hennessey (1992) and Nally (1991) suggested that successful publicity depends on how well it has been communicated and how well the various segments of the public understood it. Cameron (1994) pointed out that previous researches have indicated that publicity activities outshined advertising in enhancing people's memory, recall, identification,

and purchase intention. The finding echoes in Kim et al. (1999) who discovered that publicity media exposure is more effective than paid advertising. However, negative publicity can have a major impact on the business success (Henthorne and Henthorne, 1994). Reidenbach and Sherrel (1986) cautioned that while negative publicity may not be entirely preventable, efforts should always be made to avoid it.

Berry (2000) and O'Cass and Grace (2003) stated that advertising is one of the dimensions that customers consider when evaluating service brands, producing a strong impression on the senses (Legg and Baker, 1987). Crosier (1983), May (1983), and O'Donohoe (1994) suggested that consumers do refer advertising as an informative tool, particularly on product. Mortimer (2001) proposed that substantial advertising campaigns and consistent brand identity are essential elements in gaining brand recognition. However, Parasuraman et al. (1985) warned that an organization should not over-promise its customers as it may results in higher expectation, thus, making satisfaction more difficult to achieve. George and Berry (1981) proposed that the main role of services advertising is to tangibilise the service in the consumers' minds of the consumer by highlighting services benefits (Mittal, 1999). Advertising should incorporate a feeling of intimacy with customers (Stern, 1997) and match the brand with consumers' personality (Firestone 1983).

As this study examines the differences of services brandings' satisfactions, literature review on customer satisfaction enabled the authors to determine the proper measuring tools to be adopted.

## Customer satisfaction

The concept of customer satisfaction has been a historical thought of marketing schools. The earlier study of customer effort, expectations, and satisfaction can be traced back to the research done by Cardozo (1965). Soderlund (1998) pointed out that customer satisfaction is getting much attention in many organizations and academic researches. Different researchers have defined satisfaction differently; thus different measuring tools have been proposed accordingly.

Customer satisfaction stimulates repeat purchases and favourable word-of-mouth (Rogerson, 1983). It acts as an exit barrier and therefore, able to help the company in retaining its customers (Anderson and Sullivan, 1993; Cardozo, 1965; Fornell, 1992; Halstead and Page, 1992), securing customer loyalty (Selnes, 1993), and producing supercilious long-term financial performance (Karna, 2004; Kirwin, 1992). Authors such as Cronin and Taylor (1992), Fornell (1992), Jones (1990), and Parasuraman et al. (1991a, b) all agreed that customer satisfaction influences purchase repetition and personal communication
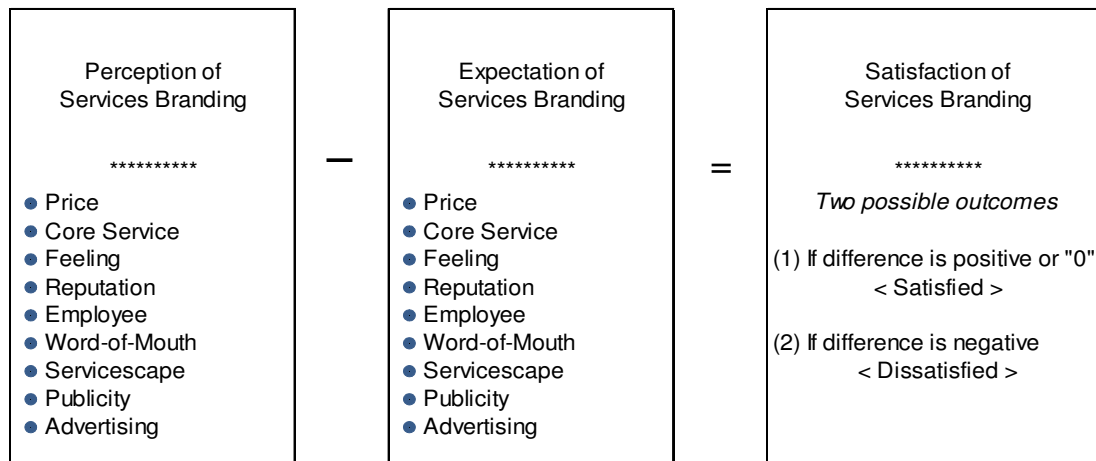
**Figure 1.** Conceptual framework.

communication in regards to the product. Reichheld and Sasser (1990) found that profitability of a company escalates proportionally with the number of loyal customers. Referring to Heskett et al. (1990), getting new customers is more expensive than retaining the existing target groups.

According to Evans and Lindsay (1996), Huang and Lin (2005), and Yi (1990), satisfaction occurs as a process or an outcome itself. The product and the accompanying services remains an important criterion in determining the quality that delivered to customers (Vavra, 1997). Musa et al. (2006) also argued that satisfaction can be examined by looking at the respondents' perception of the service performance. Thus, in their study of scuba divers satisfaction, SERVPERF model has been used; which was originally proposed by Gronroos (1990) and supported by Cronin and Taylor (1992). Even though this is an acceptable approach in studying satisfaction, it lacks the opportunity for researchers to examine the respondents' expectations on the studied dimensions.

Theoretically, customer satisfaction is also being defined as the result of a subjective comparison between expectation and the perceived post-purchase accomplishments (Fecikova, 2004; Liljander and Strandvik, 1992; Oliver, 1997; Tse and Wilton, 1988; Wirtz and Bateson, 1992) or a comparison between rewards and costs (Bolton and Drew, 1991; Churchill and Surprenant, 1982; Yi, 1990). It involves the human's cognitive and affective processes, both psychological and physiological effects (Oh and Park, 1997). Parasuraman et al. (1985) suggested that the satisfaction can be examined through the understanding of service quality gap, where SERVQUAL has been developed to measure service quality based on the gap between consumers' expectations and service perceptions. Musa et al. (2006) had raised concern on the accuracy of SERVQUAL as the expectation may be changed based on previous

perception; thus it may be evolved over time as well. However, as SERVQUAL has been the most widely used and tested service quality survey instrument, the validity is perceived as well-accepted. In this study, it is essential for the authors to study the expectation, perception, and satisfaction of the services branding dimensions independently. Thus, the theoretical underpinning of SERVQUAL has supported the appropriateness of this study on the relevance of branding on customer satisfaction.

## METHODOLOGY

Though there are different methods in measuring customer satisfaction, the conceptual framework of this study is very much inspired by the SERVQUAL model. As this is an exploratory study examining the differences in services branding satisfaction between a full service airline and a low cost airline, it is essential to look into the nine services branding dimensions separately in terms of expectations, perceptions, and satisfaction in order to have a meaningful theoretical contribution in this study.

The conceptual framework as shown in Figure 1 is derived from the definition of satisfaction; that is, the result of the perceived discrepancy between prior expectations and the perceived post-purchase accomplishments (Fecikova, 2004; Liljander and Strandvik, 1992; Oliver, 1997; Tse and Wilton, 1988; Wirtz and Bateson, 1992). If the difference is positive or "0", it is said that the customer is satisfied. If the difference is negative, it shows dissatisfaction of the customer.

The questionnaire for both airlines has been designed to identify the extent of the gap between customers' perceptions and their expectations of services branding. There are three parts of the questionnaire. These are respondents' expectation (Part A), respondents' perception (Part B) and their demographic profile (Part C). A total of 30 statements are presented each in Part A and B. The items for each dimension are selected based on the items used by previous researches carried out on services operations and services branding as summarized in Table 1.

The measuring scale for the variables is interval scale, while nominal scale has been used for the respondent's demographic variables. Items are measured, using a six-point Likert scale that anchored by "strongly disagree (1)" to "strongly agree (6)". Even

**Table 1.** Items of each service branding dimensions.

| Dimension | Item | Source |
|---|---|---|
| 1. Price | (i) Reasonable price | O'Cass and Grace (2003) |
| | (ii) Value for money | O'Cass and Grace (2003) |
| | (iii) Reliable price information | Schindler (1991) |
| 2. Core Service | (i) Pleasant | O'Cass and Grace (2003) |
| | (ii) Reliable | Parasuraman et al. (1988) |
| | (iii) Timely and accurate | LeBlanc and Nguyen (1996), Parasuraman et al. (1988), Wen and Yeh (2010) |
| 3. Feeling | (i) Warmth | Lemmink and Mattsson (2002), Price et al. (1995) |
| | (ii) Fun | Arnould and Price (1993) |
| | (iii) Secure | Wen and Yeh (2010) |
| | (iv) Impressive | O'Cass and Grace (2003) |
| 4. Reputation | (i) Good reputation | Boyd et al. (1994), Darby (1999), Rogerson (1983) |
| | (ii) Well-known | Boyd et al. (1994) |
| | (iii) Positive image | LeBlanc and Nguyen (1996), Wen and Yeh (2010), Yoon et al. (1993) |
| 5. Employee | (i) Competent | LeBlanc and Nguyen (1996), O'Cass and Grace (2003) |
| | (ii) Courteous | LeBlanc and Nguyen (1996), O'Cass and Grace (2003) |
| | (iii) Friendly | LeBlanc and Nguyen (1996), O'Cass and Grace (2003) |
| | (iv) Quick to assist | O'Cass and Grace (2003), Parasuraman et al. (1988) |
| 6. Word-of-mouth | (i) Talked about | Berry (2000), O'Cass and Grace (2003) |
| | (ii) Influenced my evaluation | O'Cass and Grace (2003) |
| | (iii) Influenced my attitude | O'Cass and Grace (2003) |
| 7. Servicescape | (i) Updated facilities | Ziethaml (1990) |
| | (ii) Facilities' visual appeal | Berry (2000), Bitner (1990, 1992), LeBlanc and Nguyen (1996), O'Cass and Grace (2003), Parasuraman et al. (1988), Ziethaml (1988) |
| | (iii) Employees' appearance | Berry (2000), LeBlanc and Nguyen (1996), O'Cass and Grace (2003), Wen and Yeh (2010) |
| | (iv) Other material appeals | LeBlanc and Nguyen (1996), O'Cass and Grace (2003) |
| 8. Publicity | (i) Informative | Burnley (1998), Hennessey (1992), Nally (1991), O'Cass and Grace (2003) |
| | (ii) Influenced my evaluation | Burnley (1998), Kim et al. (1999), Henthorne and Henthorne (1994), O'Cass and Grace (2003) |
| | (iii) Influenced my attitude | Henthorne and Henthorne (1994), O'Cass and Grace (2003) |
| 9. Advertising | (i) Reliable | Mortimer (2001) |
| | (ii) Informative | Crosier (1983), May (1983), Mortimer (2001), O'Cass and Grace (2003), O'Donohoe (1994) |
| | (iii) Impressive | Legg and Baker (1987), O'Cass and Grace (2003) |

scale is preferable for questions measuring customer satisfaction (Coelho and Esteves, 2007) and it is used to avoid any neutral response (Dimofte et al., 2010), which could be less meaningful to the research.

The scores from the Part A and Part B are compared in order to ascertain the differences between perception and expectation. The

differences then determine the level of customer satisfaction.

As proposed by Lin and Jones (1997) on the importance of involving respondents in designing the questionnaire, a pilot test was carried out on 50 respondents in order to test the validity and reliability of the items. The results show that the items measurement achieved the validity and reliability required.

The final version of the questionnaire was distributed on purposive sampling basis to the respondents in Kuala Lumpur International Airport (KLIA), where the Malaysia Airlines base is located and Low Cost Carrier Terminal-KLIA (LCCT-KLIA), where the Air Asia base is located. Each researcher was stationed at each airport separately, from Monday to Friday in the month of June 2008. The survey times were between 8 am and 12 noon in departure areas and between 1 and 5 pm in arrival areas in order to widen the coverage of the samples. Every five passengers who passed through the gate were approached. The target population for this research consists of passengers who had experienced both Malaysia Airlines and Air Asia flight services in the last six months. Respondents could either return the completed questionnaires to the researchers by the postage paid self-addressed envelopes or by email (through scan copies) in order to provide convenience to the respondents. A total of 500 questionnaires with postage paid self-addressed envelopes were distributed by hand in each airport. Thus, the total number of questionnaires sent out was 1,000.

Upon receiving the questionnaires from the respondents, the researchers ascertained that both sections pertaining to the individual airline were completed. If the respondents only filled in for one airline, the questionnaire would not be used for the analysis.

Out of 1,000 questionnaires sent out, 388 of them were returned giving the response rate of 39%. The response rate is considered as acceptable as previous researches on service quality measure-ment in the airline industry that used the similar mail survey questionnaire method have response rates ranging from 20% to 40% (Prayag, 2007). However, only 350 of the returned question-naires could be used due to incompleteness of the information. Data was analyzed using SPSS version 16.

## RESULTS

### Demographic profile

Out of 350 respondents, 61% of them were female and 39% male. Higher response rates from female have been observed on several recent studies in Malaysia such as Ahmad and Juhdi (2008), Sulaiman et al. (2008), and Zailani et al. (2008). The majority of respondents were Chinese (81%) and this was followed by 11% Malay and 5% Indian. The greater percentage of Chinese were expected as they are economically better (based on the mean monthly gross household income by ethnic groups as reported in Thrust 3 of the Mid-Term Review of the Ninth Malaysia Plan, 2008). With stronger economic position, the Malaysian Chinese are more likely to fly with both Malaysian Airlines and Air Asia. 66% of the respondents were between 20 and 29 years, while 27% between 30 and 39 years. A large majority of them achieved tertiary education (97%). In short, travellers in both airlines were young and well educated which duplicates other research findings such as Atalik (2009),

Juwaheer (2004), Saha and Theingi (2009), Tiernan et al. (2008), and Wen and Yeh (2010).

## Services branding dimensions of Malaysia Airlines and Air Asia

Factor analysis using Principle Component Analysis and Varimax Rotation was performed on 30 exploratory items of airlines branding satisfaction. Bartlett test of sphericity was significant and Kaiser-Meyer-Olkin measure of sam-pling adequacy was 0.906, far greater than 0.5 that has been suggested as a minimum level by Kaiser (1974). The minimum suppress absolute values had been set at 0.4 as suggested by Stevens (2002). The initial factor analysis revealed seven factors. It was interesting to find out that few of the items from different dimensions were factored together. Factor 1 comprises of a mixture of publicity, advertising, and servicescape while Factor 3 comprises of a mixture of core service and feeling. The items in Factors 2, 4, 5, 6, and 7 comprise of items load accordingly within their expected dimensions: price, reputation, publicity, word-of-mouth, and employee respectively.

There were a total of 25 items (out of 30 items) that had been grouped in the seven factors. 5 items which have loading factors of less than 0.4 have been dropped in this factoring process. Changes have been made on the initial dimensions name on Factors 1 and 3. The new Factor 1 has been renamed as tangibles as publicity, advertising, and servicescape can be classified as tangibles according to the items used in Parasuraman et al. (1985)'s SERVQUAL model. The new Factor 3 has been renamed as core service as the two items of feeling that were in this factor come from safety and warmth feeling. Airlines researches have shown that flight safety ranks first as the most important factor for passengers in choosing an airline (Atalik, 2009; Clemes et al., 2008; Nejati et al., 2009; Wan and Hui, 2005; Wen and Yeh, 2010). Besides, Lemmink and Mattsson (2002) sug-gested that warmth is a positive outcome of a relationship experience with service employee and it is highly correlated with likeability, perceived quality, and service loyalty. Thus, it is acceptable that both safety and warmth to be categorized in core service group itself.

Based on these final groupings of services branding's dimensions (tangibles, price, core service, reputation, publicity, word-of-mouth, and employee), reliability test was performed in order to verify the reliability of each grouping as shown in Table 2. All the factors demonstra-ted strong internal consistency reliability with Cronbach's α values ranging from 0.846 to 0.957. The values are substantially greater than the lower limit of 0.7 (Hair et al., 1998; Nunnally, 1978).

**Table 2.** Factor analysis and reliability test on services branding's dimensions.

| Questionnaire statement | Rotated Factor Matrix | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | Tangible | Price | Core Service | Reputation | Publicity | WOM | Employee |
| * Airline should have informative publicities. | 0.734 | | | | | | |
| * Airline should have reliable advertisings. | 0.669 | | | | | | |
| * Airline's employees should be well-dressed and appear tidy. | 0.656 | | | | | | |
| The ambience in * Airline's aircraft should be good. | 0.648 | | | | | | |
| * Airline's physical facilities should be visually appealing. | 0.639 | | | | | | |
| * Airline should have impressive advertisings. | 0.578 | | | | | | |
| * Airline should have up-to-date equipment. | 0.528 | | | | | | |
| * Airline should have informative advertisings. | 0.432 | | | | | | |
| * Airline should provide reliable price information. | | 0.775 | | | | | |
| * Airline should always provide value for money services. | | 0.739 | | | | | |
| * Airline should offer reasonable price at all times. | | 0.642 | | | | | |
| * Airline should be able to offer a pleasant air transportation service. | | | 0.687 | | | | |
| * Airline should be able to offer a reliable air transportation service. | | | 0.640 | | | | |
| * Airline should provide a warmth air transportation experience. | | | 0.602 | | | | |
| * Airline should provide a high security air transportation experience. | | | 0.484 | | | | |
| * Airline should be a well-known brand in the aviation industry. | | | | 0.768 | | | |
| * Airline should have a positive brand image. | | | | 0.715 | | | |
| * Airline should have a good reputation in the aviation industry. | | | | 0.693 | | | |
| My evaluations on * Airline could be easily influenced by their publicities. | | | | | 0.942 | | |
| My attitudes toward * Airline could be easily influenced by their publicities. | | | | | 0.875 | | |
| My evaluations about * Airline should be easily influenced by word-of-mouth. | | | | | | 0.925 | |
| My attitudes toward * Airline should be easily influenced by word-of-mouth. | | | | | | 0.883 | |
| * Airline should have courteous employees. | | | | | | | 0.648 |
| * Airline should have friendly employees. | | | | | | | 0.576 |
| * Airline should have competent employees | | | | | | | 0.470 |
| | | | | | | | |
| Reliability test (Cronbach's α) | 0.886 | 0.847 | 0.846 | 0.876 | 0.957 | 0.957 | 0.853 |
| Percentage of variance explained | 29.412 | 6.146 | 8.626 | 5.615 | 5.305 | 5.577 | 5.129 |

Note : (1) WOM - Word-of-Mouth
    (2) * Airline represents either Full Service Airline or Low Cost Airline
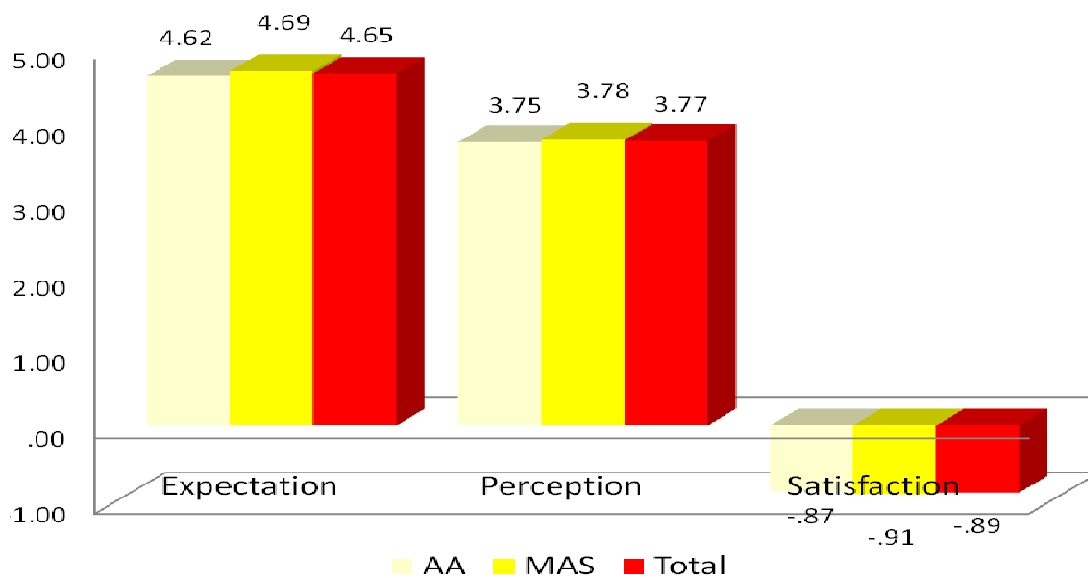
**Figure 2.** Summary of total means comparison between Malaysia Airlines and Air Asia.

## Comparison of expectation, perception, and satisfaction of Malaysia Airlines and Air Asia in each services branding's dimensions

As presented in Figure 2, it was found that respondents have a higher total expectation on the services branding of Malaysia Airlines (Mean = 4.6864) compared with Air Asia (Mean = 4.6170). This is expected as most people do expect less from a low cost airline. Air Asia offers lower airfare than Malaysia Airlines and its brand target is towards lower end customers.

Corresponding to expectation, perception of services branding on Malaysia Airlines (Mean = 3.7809) is slightly higher than Air Asia (Mean = 3.7497). However, the means difference between Malaysia Airlines and Air Asia in total perception is only about 0.0312 compared to the difference in total expectation means of about 0.0694.

Thus, in the overall result, the authors found that the respondents are more dissatisfied with Malaysia Airlines than Air Asia.

As shown in Table 3, it is expected that respondents have a higher expectation means for Air Asia in price (at 5.2267) compared to Malaysia Airlines. Besides that, higher expectation means has been seen for Air Asia on publicity (at 3.7571) and word-of-mouth (at 3.3657). This is understandable as Air Asia has been aggressively promoting itself in the Malaysian aviation industry since its revamped activities in the early 2000s. Higher expectation was expected on Malaysia Airlines on the dimensions of tangibles, core service, reputation, and employee as what has been expected in the classification of full service airline by O'Connell and Williams (2005) and Pitt and Brown (2001). A higher perception means were obtained for Air Asia compared to Malaysia Airlines

on price (at 3.8095), publicity (at 3.5686), and word of mouth (at 3.3257). However, Malaysia Airlines obtained higher perception means for the rest of the dimensions: tangibles, core service, reputation, and employee.

Even though there was a better result on Malaysia Airlines for four out of the seven services branding's dimensions, the final satisfaction means provides us a different perspective. As the perception on Malaysia Airlines for most of the dimensions are lower than the expectation, respondents are rather dissatisfied with Malaysia Airlines compared to Air Asia in all the dimensions, except for core service. This implies that Malaysia Airlines is able to provide better reliable, safe, warmth, and pleasant flight experience to the passengers compared to Air Asia as these are the items in the dimension of core service. It is interesting to find out that respondents are dissatisfied with Air Asia's price though the airline business is based on low cost model.

## DISCUSSION AND CONCLUSIONS

This study is unique theoretically in exploring the dimensions of airline services branding satisfaction. It also compares the satisfaction of one of the world's best full service airlines (Malaysian Airlines) and the world's best low cost airlines (Air Asia) The research revealed seven brand satisfaction dimensions in the airline industry. These are tangibles, price, core service, reputation, publicity, word-of-mouth, and employee. It was found that respondents have a higher total expectation on the services branding of Malaysia Airlines compared with Air Asia, in particularly reputation. The result supports Wen and Yeh (2010), who found that airline's image is closely linked to reputation (LeBlanc

**Table 3.** Summary of expectation, perception, and satisfaction means comparison between MAS and AA.

| Airline | | Tangibles | | | Price | | | Core Service | | | Reputation | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | E | P | S | E | P | S | E | P | S | E | P | S |
| AA | Mean | 4.7964 | 3.9014 | -.8950 | 5.2267 | 3.8095 | -1.4171 | 5.1486 | 3.6043 | -1.5443 | 4.8914 | 4.0419 | -.8495 |
| | N | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| | Std. Dev. | 0.68353 | 0.58746 | 0.85284 | 0.78949 | 0.98483 | 1.27830 | 0.73407 | 0.80152 | 1.07102 | 0.76666 | 0.76281 | 0.94934 |
| MAS | Mean | 4.9236 | 4.0036 | -.9200 | 5.2229 | 3.3790 | -1.8438 | 5.3171 | 4.1786 | -1.1386 | 5.1486 | 4.1886 | -.9600 |
| | N | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| | Std. Dev. | 0.66816 | 0.59819 | 0.80900 | 0.86391 | 0.92666 | 1.31004 | 0.72674 | 0.76792 | 0.94520 | 0.79399 | 0.83696 | 0.90989 |
| Total | Mean | 4.8600 | 3.9525 | -.9075 | 5.2248 | 3.5943 | -1.6305 | 5.2329 | 3.8914 | -1.3414 | 5.0200 | 4.1152 | -.9048 |
| | N | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| | Std. Dev. | 0.67792 | 0.59421 | 0.83011 | 0.82635 | 0.97884 | 1.30995 | 0.73424 | 0.83486 | 1.02888 | 0.78989 | 0.80297 | 0.93013 |

| Airline | | Publicity | | | WOM | | | Employee | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | E | P | S | E | P | S | E | P | S |
| AA | Mean | 3.7571 | 3.5686 | -.1886 | 3.3657 | 3.3257 | -.0400 | 5.1333 | 3.9962 | -1.1371 |
| | N | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| | Std. Dev. | 1.14703 | 1.06182 | 0.91845 | 1.12978 | 1.13824 | 0.76082 | 0.74792 | 0.66666 | 1.00902 |
| MAS | Mean | 3.7314 | 3.4829 | -.2486 | 3.2171 | 3.1743 | -.0429 | 5.2438 | 4.0590 | -1.1848 |
| | N | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| | Std. Dev. | 1.15936 | 1.03237 | 1.02255 | 1.22533 | 1.14705 | 0.93750 | 0.75994 | 0.73653 | 1.00358 |
| Total | Mean | 3.7443 | 3.5257 | -.2186 | 3.2914 | 3.2500 | -.0414 | 5.1886 | 4.0276 | -1.1610 |
| | N | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| | Std. Dev. | 1.15163 | 1.04658 | 0.97097 | 1.17918 | 1.14353 | 0.85252 | 0.75490 | 0.70216 | 1.00514 |

E = Expectation; P = Perception; S = Satisfaction
E = Expectation; P = Perception; S = Satisfaction

and Nguyen, 1996; Yoon et al., 1993), has obtained a high score in their services attributes ranking study among the full service airlines.
It was found that price, core service, and employee are to be the top three expectation dimensions on both Air Asia and Malaysia Airlines. Nevertheless, respondents have a higher expectation means for Air Asia in price compared to Malaysia Airlines. This finding is in line with previous studies on low cost airlines whereby price is seen as the main marketing strategy in capturing market attention (O'Connell and Williams, 2005; Saha and Theingi, 2009; Tiernan et al., 2008; Wen and Yeh, 2010). Studies by Atalik (2009) found that customers have higher expectation on low price system for low cost airline flights in Turkey. Also studies by Pitt and Brown (2001) suggested that low cost airlines are expected to have lower fares compared to full service airlines due to cheaper product design. Higher expectation was expected on Malaysia

Airlines on the dimensions of core service and employee, as these are what have been expected in the classification of full service airline by O'Connell and Williams (2005) and Pitt and Brown (2001).

However, in perception, it was found that Air Asia performed better than Malaysia Airlines in price, publicity, and word-of-mouth. The result on high perception of price is similar to the finding of Wen and Yeh (2010). Jetstar Asia Airways which is a low cost airline has positioned itself as a leader in price and achieved high satisfaction in this dimension. Regarding publicity and word-of-mouth, O'Connell and Williams (2005) suggested that low cost airlines have utilized strong advertising and media to publicize the low fare brand concept. "The wide perception of people in Malaysia, when acknowledging Air Asia, is that it represents low fares" (O'Connell and Williams, 2005).

On the contrary, Malaysia Airlines obtained higher perception means for tangibles, core service, reputation, and employee. Again, this supports the study of Wen and Yeh (2010) which found that the other full service airlines that serve the Taipei-Singapore route such as Eva Airways and Singapore Airlines excels in on-time performance, on-board amenities, flight safety, and corporate image. Tiernan et al. (2008) suggested that full service airlines would provide better core service by providing value-added service as compared to cost leadership strategy used by the low cost airlines. Using fuzzy set theory to evaluate airline service quality, Tsaur et al. (2002) discovered that full service airlines would excel in the attributes of courtesy, safety, and comfort. These are relevant elements to dimensions of tangibles, core service, and employee in this study. However, it is expected that low cost airlines would offer a cheaper product design in order to offer low price to compete with full service airlines (Pitt and Brown, 2001).

Kumar et al. (2009) suggested that airlines should not concentrate on driving costs lower only but also on providing superior customer experience. It is interesting to find out that respondents are dissatisfied with Air Asia's price. This phenomenon can be supported by Oliver (1997), who noted that a lower price does not necessarily result in higher satisfaction as consumers usually used the concept of "equity" to judge price and service quality. Nevertheless, this study found that customers are dissatisfied with both airlines in general. Of the two, Malaysia Airlines obtained a higher score of dissatisfaction compared to Air Asia. Thus, the authors concluded that respondents are generally dissatisfied more with Malaysia Airlines compared with Air Asia.

The results of this study provide some useful management implications. Firstly, full service airlines need to realize that their counterpart, the low cost airline, is giving better satisfaction to customers. As suggested by O'Connell and Williams (2005), low cost airlines offer a strong substitute to full service airlines, especially when both operate on the same route. Particularly in this study,

the authors found that dissatisfaction on Malaysia Airlines is slightly higher than Air Asia. Nevertheless, this finding may not indicate that Malaysia Airlines is no longer the best airline in Malaysia. Instead, the airlines should consider the branding satisfaction dimensions which most affecting passengers' expectations and perceptions that contribute to overall satisfaction. Dimensions that require urgent attention by Malaysia Airlines are price, publicity, and word-of-mouth as the perception on these dimensions is lower than Air Asia.

As both airlines have a strong reputation, Malaysian Airlines would need to consider further enhancing its core service, employee, and tangibles (Nejati et al., 2009; Tsaur et al., 2002) to win over any overlapping target customers from Air Asia. This could be carried out by using a differentiation strategy as proposed by Nejati et al. (2009) and Wan and Hui (2005) as well as airline alliances and frequent flyer programmes (Nejati et al., 2009; Tiernan et al., 2008). On the contrary, Air Asia would need to remain using the cost leadership strategy in order to satisfy customers as their top expectation on low cost airline is price. However, reputation, employee and tangibles should not be ignored as low price itself may not guarantee higher satisfaction (Oliver, 1997). It is essential for the airlines to further enhance their branding strategy in order to further differentiate themselves from their counterpart and ensure higher customer satisfaction at all times.

Both airlines received the highest perception means for reputation. Thus, reputation is the dimension that both airlines should keep at high position at all times. Reputation may be easily tarnished if service failures occur which may result in customers' dissatisfaction. Even though Saha and Theingi (2009) found that dissatisfied passengers of low cost airlines prefer to change airlines without complaining; Fisk et al. (1990) and Hart et al. (1990) warned that the negative experiences could create negative word-of-mouth. Nejati et al. (2009) warned that airlines should consistently avoid negative perceptions of their service quality.

Airline's management needs to understand that the lucrative aviation industry always draws in new competitors, not only locally, but internationally as well. Therefore, to ensure their customer satisfaction it is necessary to stay competitive with a strong loyal customers' base. In realizing this importance, the full service airline's management may need to concentrate on their price structure and employee management when considering their branding strategy. Strategy such as allowing customer to self select on pricing levels as suggested by Kumar et al. (2009) may be an innovative consideration by the airline management. On the other hand, the low cost airline's management may need to concentrate on their tangible, employee management, and provides improved core service. Saha and Theingi (2009) discovered that the dimensions of tangible and

flight attendants have significant influence on satisfaction of the Thai low cost airlines.

Kumar et al. (2009) indicated that sales can be improved through proper marketing strategies or proper marketing resources allocation (Wen and Yeh, 2010). Marketing materials will need to be realistic. Parasuraman et al. (1985) warned that an organization should not over-promise its customers as it may result in higher expectation, thus making satisfaction more difficult to achieve. Both airlines should maintain the elements of their marketing concepts to include the dimensions of reputation, employee, and tangibles as these are the dimensions that received highest perception mean scores. For example, Singapore Airlines has marketed its stewardesses. Singapore Girl has been the airline's icon since 1974 and proven to be successful in enhancing its competitiveness advantage (Chan, 2000). Management innovations such as customers' self selection on pricing levels, dynamic demand scheduling, and wireless servi-ces on air may further enhance airline's competitiveness as highlighted in recent airlines studies by Atalik (2009) and Kumar et al. (2009).

The main limitation of this study lies in sampling method which only covered customers who passed through the departure gates of KLIA and LCCT airports, both of which are situated in Kuala Lumpur. Future study may want to include the passengers who use other peripheral airports in Malaysia including those in Sabah and Sarawak. The higher response rate perhaps could be achieved if data collection was carried out in the boarding lounges as passengers probably would be more willing to comply with the request of the researchers. Researchers also face financial and temporal constraints in completing the research. .

In conclusion, this study has succeeded in exploring the dimensions of airlines branding satisfaction using two of the best airlines in the world (Malaysian Airlines and Air Asia). Future study could usefully further refine the measurement items of these dimensions using other airlines as case studies. Despite overall dissatisfaction recorded by the passengers of both airlines, the information of the detailed brand satisfaction dimension scores could be used by both airlines in their efforts to develop new services, improve management and operation as well as marketing communication.

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