A Study On The Effects Of New Media Marketing Strategies On Airlines Industry
Working Paper

George J. Gannage Jr., ggannage@kennesaw.edu
Tyra Mitchell Burton, tburto13@kennesaw.edu

Abstract

This quantitative descriptive non-experimental study examined how airline marketing is more effective in regional markets than the entire U.S. The scope of the research included some comparisons between legacy and LCC airline carriers in the U.S. Southeast and Midwest regions and their use of new media and social media to market their services to both leisure and business travelers. A sample of 384 frequent airline travelers completed an online survey instrument to determine the different levels of communications and advocacy in the industry with a focus on regional markets. The results of the normative, factor analysis, and inferential statistics emerged four unique consumer classifications; brand evangelist, brand loyalist (active), brand loyalists (passive), and non-loyalists . The literature included new media integration such as mobile media, phone apps, social media, and blogs and the roles they play in attracting, communicating and retaining customers.

Key words: *LCC, integrators, service quality model, customer retention, B-to-C collaborators, social media, mobile media, brand evangelists.*

Introduction

This research attempts to reveal the effects of social media and it various new media applications that are used in the airlines industry. According to van Dijnk (2006), "new media are defined by three characteristics: (1) they integrate telecommunications, data communications and mass communications into a single platform, (2) their content is interactive and (3) they are available in digital form" (van Dijk, 2006). Technically speaking, social media has been a part of American lifestyle for over 13 years with the launch of Facebook back in FY 2003. However, Facebook is not the only new media application used by the airlines industry, other applications include; Twitter, YouTube, LinkedIn, Blogs, instant messaging and of course, mobile apps. According to Grančy (2014) "the emergence of new media has changed the way airlines interact with the public (Grančay, 2014).

Although there are several articles that have covered the topics of new media and its effects on legacy airlines, none of them have comprehensively covered the effects on smaller LCC carriers. LCC which stands for "low cost carrier" which during the last decade was a fast growing business model in the airlines industry. These included many entrants such as Southwest airlines, Spirit airlines, Midway airlines, Hooters airlines and Independence airlines to name a few. The International Civil Aviation Organization (ICA0) states:

> Low Cost Carriers have played a major role in this extraordinary expansion of aviation over the past quarter century, and there is every expectation that they will continue to do so. For example, in the United States—the birthplace of the LCC phenomenon—Low Cost Carriers already accounted 10 years ago for 20% of the seat capacity on scheduled domestic services (ICAO, 2016).

The airlines industry is one of the most interdependent industries in the world economy and there are many supporting vendors that are a part of the value chain that cooperatively make the airlines operate seamlessly (Grančay, 2014). Co-creation, and value-in use are just some of the reasons why the consumer plays a role in the airlines industry. In the blogosphere and social media virtual communities the consumer plays a role of a brand evangelists and helps to create buzz and viral marketing opportunities. Since the airlines industry is service-dominant, it captures effective communications from adequate participation of consumers.

Effective communications through social media is classified in three ways:

- Bi-directional social media – this is two communications between airlines, customers and the public-at-large.

- Airline-to-public social media - this is one way communications originating from the airlines and directed to the public.
- Public-to-public social media – this is also one way communications but usually administered by some else, not the airlines (Grančay, 2014).

Obviously, a well-planned social and new media strategy can benefit the airlines through increased awareness, branding opportunities, revenue generation, and enhancing goodwill. It is worth noting that social and new media not only provides marketing, public relations and advertising support but since the early 1990's have transformed into an effective distributions channel. There was a time when most airlines reservations were made through brick-and-mortar sales contacts known as travel agents. Those days are long gone, the emergence of LCC's of the likes of Southwest airlines and Europe's' famous Ryanair, an amazing 100% of their reservations and ticketing is done through their dedicated websites and mobile ticketing or booking apps. In this study CFA, confirmatory factor analysis is utilized to explain the consumer behavior of users of social and new media.

There are four factors that classify the type of users in this study. First, there are brand evangelists. Doss (2014) defines the term, brand evangelist, as a consumer that freely communicates positive information, ideas and feelings on a particular brand. A brand evangelist frequently exhibits a strong desire to influence consumption behavior. The second classification are brand loyalists – active. According to (Christopher et.al. 1991; Peck et.al, 1999) brand advocacy is a key component of the loyalty ladder framework and is used as a guideline to define and distinguish between levels of online brand advocacy across the spectrum from: disinterested non-loyalists through to active advocates. The third classification factor is brand loyalists –passive, and the last factor classification are disinterested non-loyalists.

Research Questions and Methodology

Research Questions/Hypotheses

The study uses four research questions that are tested through four hypotheses. Each question was tested for validity and credibility thus eliminating measurement error and framing error. According to Agee (2009), "good questions do not necessarily produce good research, but poorly conceived or constructed questions will likely create problems that affect all subsequent stages of a study" (Agee, 2009). R_1 what influence do social and new media have on creating new customers for LCC airlines? R_2 Do brand evangelists have a greater effect on the communications than non-loyalists? R_3 Does mobile

media have a positive impact of airline ticketing? R4 Does social and new media contribute to stronger customer engagement and retention of new and existing airline travelers? Each hypothesis will be statically tested to determine if they are accepted or rejected. With numerous latent variables emerging from the research survey questionnaire and a lack of a potential normal distribution of data, a non-parametric model is used. Non-parametric statistics does not depend on the population fitting any parameterised distributions. Order statistics, which are based on the ranks of observations, are one example of such statistics and these play a central role in many non-parametric approaches.

References

Christopher, M. , Payne, A. and Ballantyne, D. (1991), *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together* , Butterworth-Heinemann, Oxford.

Doss, S. K. (2013). Spreading the good word: toward an understanding of brand evangelism. Journal of Management and Marketing Research, 14, 1-15.

Peck, H., Payne, A., Christopher M. and Clark, M. (1999), *Relationship Marketing: Strategy and Implementation*, Butterworth-Heinemann, Oxford

Agee L. (2009) Developing qualitative research questions: a reflective process, International Journal of Qualitative Studies in Education, 22:4, 431-447, DOI: 10.1080/09518390902736512