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THROUGH THE EYE OF THE CUSTOMER

- A STUDY OF HOW CORPORATE BRAND IMAGE IMPACT CUSTOMER
LOYALTY AND CUSTOMER SATISFACTION IN THE TRAVEL INDUSTRY

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ABSTRACT

An important question in today's research on marketing is in what way a company can influence how customers perceive their brand and in what way they can facilitate customer retention. The aim with this paper is to research the impact the corporate brand image has on customer satisfaction and customer loyalty within the travel industry to further the understanding of how branding activities influence customer preferences.

By using a survey with an experimental design, where corporate brand image is manipulated through a PR-article, the results indicate that a company can influence the loyalty a customer feels toward their brand by trying to influence the corporate brand image. The results also support the idea that corporate brand image does have its own effect on customer loyalty and is not merely indirectly influencing it through customer satisfaction.

Furthermore, these results are of interest to the travel industry since it indicates that PR campaigns can aid the travel agency in differentiating itself from its competitors. In an industry with intangible and homogeneous services and a highly competitive market differentiating the brand is likely to have a positive competitive effect.

Keywords: Corporate Brand Image, Public Relations, Customer Satisfaction, Customer Loyalty, Travel Industry, Service Branding

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CHAPTER 1

"The history of PR is... a history of a battle for what is reality and how people will see and understand reality."

-Stuart Ewen

1. INTRODUCTION

Companies are trying to influence the way their brands are perceived by customers and in extension what type of relationship these customers form with these brands. This is a complicated undertaking since it is difficult to know in what way customers will be influenced and what effects it will have. A recent example of this is when KFC (Kentucky Fried Chicken), a well-known fast-food restaurant, tried to improve their brand image by using PR promoting a healthier grilled chicken option on their menu. Not only did their customers not respond to this new selection, the enormous amount of focus on healthy chicken versus the extremely unhealthy fried chicken caused consumers to become adverse towards fried chicken as well. Predicting that this new alternative would generate some mixed reviews KFC teamed up with TV-icon Oprah. Customers were given an opportunity to download coupons consisting of free grilled chicken meals from the Oprah website. KFC could then not meet the exceeding demands for the free food and customers were denied their free meals. This resulted in more bad publicity for the brand with the end result being, even though well intended from the company's perspective, that many loyal customers became unsatisfied and unfavourable towards the brand. (Hoffman, 2010; Bryson York, 2009.)

When it comes to marketing it is clearly essential to understand in what way a company can influence the consumer's perception of the brand, create a positive image and in extension create customer loyalty. Loyalty to a specific brand is generally understood as the tendency of customers to prefer that particular brand over others. Because of this, loyalty is believed to work as a competitive advantage, adding value to the company's products or services (Grace & O'Cass, 2002, p.96).

The so called corporate brand image is something shaped in the mind of the consumer based on the consumers' feelings, beliefs and impressions in combination with the information provided by the company (e.g. advertisements and PR) (Richard & Zhang, 2012, p.572). It is thus stated that when it comes to corporate brand image it is not reality itself that is of the essence but rather the *perception of reality* in the mind of the consumer because that is where the actual image is created (Dobni & Zinkhan, 1990, p.111). The construct of corporate brand image still provides an opportunity for companies to, with their marketing actions, influence how customers view their brands. How the corporate brand image is perceived by the customers and

the relevance of the level of satisfaction with the brand experience are two key variables when trying to manage the brand, as can be seen in the presented example above.

Even though the perception of the brand is formed in the mind of the consumer certain researchers throughout history have maintained that it is in fact still the company itself that has the possibility of creating and managing a desired image and create customer loyalty to a brand. That is that the consumer is only assuming a passive role in the image creating process. (e.g. Scammon & Semenik, 1983.) Others state the opposite that the image is dependent on the customer's experiences and level of satisfaction with the brand. Meaning that it cannot be formed solely by the company itself but rather consideration to the customer has to be made (e.g. Bullmore, 1984). Essential in both cases is the role of the company and its activities (e.g. advertisements and PR) and how it influences how the consumer sees and feels about the brand. Public relations have, for example, been proven to influence customer loyalty through the mediating variable of corporate brand image (e.g. Hung, 2008; Hsieh & Li, 2008).

The possibility of a company to increase customer loyalty by influencing the corporate brand image in a positive way, and in extension add value to products and services, is an activity of critical importance in modern economy (e.g. Fournier & Yao, 1997). As will be discussed, how and to what extent corporate brand image lends itself as an instrument for a company to increase customer loyalty is a complex and debated area within current marketing research.

1.1 PROBLEM FORMULATION

Several researchers have concluded on the importance of corporate brand image when understanding why customers become loyal towards a specific brand (see e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998; Nguyen & LeBlanc, 1998; Hong & Goo, 2004). The models presented by these researchers share a mutual foundation in three variables; *corporate brand image*, *customer satisfaction* and *customer loyalty* (see figure 2.7, p.19). The general perception is that both corporate brand image and customer satisfaction play a significant part in creating customer loyalty.

Previous research (for a more extensive review see chapter 2. Theory) have also tried to clarify the exact causal relationship between the three variables. The results have been mixed and as will be demonstrated, it has been especially difficult to determine the antecedent(s) among these variables (which of the variables that affect the other). One stream of researchers has highlighted the importance of focusing on influencing the corporate brand image, through for example positive PR and advertisements, to generate loyal customers (Srivastava & Sharma, 2013; Richard & Zhang, 2012). While others have emphasized that the main determinant for managing loyal customers are the level of customer satisfaction (Aydin & Özer, 2005; Hong &

Goo, 2004). Thus, the importance of company actions (e.g. PR and advertisements) versus customers' experiences with the brand is still debated today.

Additionally, the problem with determining causality might in part be due to differences between different industries (Richard & Zhang, 2012, p.582), possibly because different variables are of different importance in different industries. To eliminate this problem this paper focuses explicitly on the travel industry. The choice to focus on this industry was due to easy access to a large number of customers (a necessity when conducting this research), as well as it being a highly competitive and interesting industry to research and further the understandings regarding the development of strong brands.

The purpose with this paper is thus to test the causal relationship of corporate brand image (operationalized through a company's own PR actions) on customer loyalty and customer satisfaction, in the travel industry. That is, through an empirical investigation, in the form of an experiment, we aim to partially test the causal relationships between these variables. By partially we mean that we are testing for the effect of corporate brand image on the other two variables and not the model (see figure 2.7, p.19) in its entirety as this would require several entirely different tests (see chapter 3. Method).

The contribution with this research is to generate a deeper understanding of how customer loyalty towards a corporate brand can be managed and the variables affecting it within the travel industry. We will provide new empirical data to be used in the discussion regarding the importance and impact of corporate brand image on customer loyalty and the possibility of it influencing customer satisfaction. This will also give a hint as to what extent a company's own actions (since this is what helps shape the corporate brand image), in the form of PR, seems to influence the perception of their brand, and in extension their ability to influence customer loyalty.

1.2 RESEARCH QUESTION

To what extent does corporate brand image, in the form of PR, affect customer loyalty and customer satisfaction, in the travel industry?

1.3 DISPOSITION

This paper will proceed in the following way; chapter 1 concludes with the definitions of some key concepts in this paper. The beginning of chapter 2 presents a review of branding and the role the consumer plays in creating strong brands as well as branding in the travel industry. The relevance of corporate brand image and its relationship with public relations are then further defined, as well as a review of research on customer satisfaction and customer loyalty. Loyalty as a dimension of having a strong brand is then further discussed and the creation of customer

loyalty as an integration of how customers evaluate the interaction with the brand and the corporate brand image is reviewed, concluding in a conceptual model with two hypotheses that will be tested through an experimental design.

Following the theoretical framework, in chapter 3 an explanation of how the variables are measured is found in addition to further explanations as to how the research was conducted. Chapter 4 presents the results of the regression analysis and an evaluation of the hypotheses. Chapter 5 provides a discussion of the findings as well as a conclusion of the thesis with limitations and future research suggestions. In appendix A; a summary of the structure of the questionnaire can be seen and in appendix B; the final questionnaire is found, both in an English and a Swedish version. Finally an alternative regression analysis was made on the calculated mean of answers on all questions for every latent variable (i.e. customer satisfaction, corporate brand image, and loyalty) instead of every question separately. These results are presented in appendix C.

1.4 DEFINITIONS

1.4.1 DIFFERENT TYPES OF BRAND IMAGE

The definition of corporate brand image is worthy of a closer discussion. Throughout history there has been a lack of a common name for this construct, resulting in researchers investigating the same phenomenon but labelling it in different ways, for example; with emphasis on symbolism, emphasis on personification or emphasis on psychological elements (Dobni & Zinkhan, 1990, p.111). For an extensive list over the different definitions see Dohni and Zinkhan (1990) page 112.

The interest when it comes to *corporate brand image* is in the actual brand image of the company, as opposed to focusing simply on *brand image*. Essentially corporate brand image and brand image is the same, where brand image is a broader definition which can be applied to different aspects of the industry (e.g. the product or the organisation), while corporate brand image is restricted to the actual image of the company brand (Cian, 2011, p.166).

In this thesis we will use the term corporate brand image, to specify that we are interested in the brand of the company, not their individual services. Some researchers presented in the next chapter will have focused on brand image as a whole and the reader should be aware of the distinction made between these two definitions, as it may have implications for what theoretical assumptions that can be made (e.g. research concerning corporate brand image may not translate to other aspects of brand image).

1.4.2 AN IMAGE

Another important but somewhat abstract concept in this paper is the idea of an *image*. When discussing this construct we will refer to the idea of a subjective view moulded by experiences, beliefs and values. In this way we are not simply interested in the physical attributes of a company brand, but rather the image created in the mind of the consumer. An image thus consists of both functional and emotional elements, and is formed by how the consumer perceives the different elements. (Dobni & Zinkhan, 1990; Palacio, Meneses & Perez., 2002). Even though the image is dependent on the consumer, it is influenced by actions presented by the company. In this paper we will try to influence this image, through a PR-article, but the interest still lies within how the consumer perceives this.

1.4.3 TRAVEL AGENCY

The research presented in this paper is conducted within the travel industry. When using the term travel agency we here refer to a travel agency which acts as an intermediate between actual tour operators and the customers, not an actual tour operator itself.

1.4.4 DEFINING PUBLIC RELATIONS

Another key concept in this paper is public relations. A commonly used definition of public relations as stated by the American Marketing Association is that it is “*one way of communicating with stakeholders and influence their feelings and opinions about the brand or the company, through the use of publicity and other nonpaid forms of promotion*”(American Marketing Association, 2014). The activities communicated may often be of the supporting character, for example in the form of support to charity, sporting events and arts etcetera (Business Dictionary, 2014).

In previous research a common way of defining public relations is most often taken from Cultip, Center & Broom (1985) as can be seen in Hung (2008, p.238) and Hsieh & Li (2008, p.27). They define it as “the management function that identifies establishes, and maintains mutually beneficial relationships between an organization and the various public on whom its success or failure depends”. This is in line with our use of the concept, where the definition previously stated is somewhat more explicitly defined.

In this paper when we refer to the public relations (PR activities) performed by the travel agency we mean the travel agency’s own PR-articles (those that have been published in newspapers) about this travel agency’s support to charity and work against sex tourism. Since this is what is presented to the customers in the questionnaire during the experiment.

CHAPTER 2

"If this business were split up, I would give you the land and bricks and mortar, and I would keep the brands and trademarks, and I would fare better than you"

John Stewart, co-founder of Quaker Oats

2. THEORY

2.1 BRANDING; THE IMPORTANCE OF THE CONSUMER

Even though sometimes debated among researchers branding continues to be seen as an important way of communicating with consumers. The benefits of possessing a strong brand are among others that it will generate competitive advantages, create a bond between the consumer and the company and thereby lay a foundation for customer loyalty (Grace & O'Casey, 2002, p.96). Research has also indicated that customer loyalty towards a brand in service industries are inclined to be more profitable compared to customer loyalty towards a product (Edvardsson, Johnson, Gustafsson & Strandvik, 2000). In general, branding has been suggested to play a more important part in service companies since it provides consumers with trust of the invisible purchase (Berry, 2000, p.128). For example, when you buy a dress or a pair of shoes you can touch and try the actual product before. In comparison to when you stay at a hotel or purchase a vacation trip, then the brand of the actual service provider is your main point of reference before purchase.

Initially researchers focused on developing an understanding for branding physical goods. However, several authors have emphasized the important differences between branding a good versus branding a service (see e.g. Berry, 2000; Kimpakorn & Tocquer, 2010). In general the prevailing view of branding is still validated, but authors such as Grönroos, (2007) state that two important factors must be included for it to be applicable to service branding; (1) the service provided must be seen as a process and (2) the customer must be seen as an important actor in creating the brand.

By realizing the importance customers play in the creation of strong brands a new dimension was added to the existing literature; customer satisfaction with the brand. Berry (2000) was the first in defining a new model, which included the above mentioned key aspects of service branding. In doing this a new understanding for the variables behind the creation of a strong brand was beginning to draw the attention of researchers. Also practitioners have used the concepts in Berry's service branding-model to measure the strength of their brands. The general idea is that a strong brand can be seen as a combination of (1) knowledge about the brand; including the customer's perception of the marketing of the brand, and (2) the brand meaning; formed by a customer's experience with the brand (Berry, 2000, p.130). These two variables

together are the foundation for a strong brand. The outcome of having a strong and attractive brand is that it separates the company from its competitors and in extension also makes it easier to create customer loyalty towards that specific brand. Measuring loyalty is one way in which this model can provide value to the firm (Aaker, 1992, p.32).

By having a brand customers feel loyalty towards, the company will benefit from positive word-of-mouth and repurchase intention (Selnes, 1993, p.47). All of them important aspects when trying to be successful in today's business world. Therefore, in previous as well as recent literature focus has been towards further developing the understanding of customer loyalty and the variables influencing it. Different models have been presented (see e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998; Nguyen & LeBlanc, 1998) all trying to determine the construct of customer loyalty. These models, although different in certain aspects all present the same foundation, similarly as the model presented by Berry, consisting of corporate brand image, customer satisfaction and customer loyalty.

2.1.1 BRANDING IN THE TRAVEL INDUSTRY

As service industries in general the travel industry is known for highly intangible products, it is therefore essential for companies active in this industry to manage their brands properly to generate trust and loyalty among their customers (Sun & Gui, 2011). Despite that, recent research has concluded that travel agencies tend to focus too much on their products. Pricing has generally been seen as the way of attracting customers within this industry. In their research Sun & Gui (2011) conclude that travel agencies should rather put their efforts into developing their brand image and publicity activities.

Research on the effect corporate brand image has when it comes to creating strong brands and making customers loyal within the travel industry, have so far generated inconsistent results. Andreassen & Lindestad (1998) concludes in their research on charter operators that corporate brand image is a main predictor for customer loyalty, more so than the level of satisfaction the customer feels with the brand. While Richard & Zhang (2012) in their more recent research concluded that it is in fact customer satisfaction that affects the loyalty of the customer. Corporate brand image, according to them, are not related to loyalty but only impacts how satisfied the customer is.

This research, presented by Andreassen & Lindestad (1998) and Richard & Zhang (2012) concerns different types of companies; travel agencies versus tour operators. Their contradicting results could be an indication that the model of corporate brand image – customer satisfaction – customer loyalty, might be more complex. It could also be affected by type of service or product the company is selling. (Richard & Zhang, 2012, p. 582.)

When it comes to the services sold by travel agencies they are defined as either high- or low-involvement purchases. Meaning that travel such as visiting family and friends or short weekend trips might engender less involvement from the customer. While, other more complex travel decisions as for example month long trips with several different components generate higher involvement from the customer. (Richard & Zhang, 2012, p.570.) These different types of purchases have been suggested to influence how satisfied the customer will be (Gordon, McKeage & Fox, 1998) and how much loyalty they will feel towards the brand (Skogland & Siguaw, 2004).

2.2 CORPORATE BRAND IMAGE

The idea of brand image, whether it is in regards to a company, product or person, is not new. Already in the 1950's did researchers start to emphasize the importance of developing a deeper understanding of what creates purchase intention. They realized that there is more to purchase intention than merely physical attributes. Companies need to understand the social nature surrounding their brand. (Dobni & Zinkhan, 1990, p.110.)

As previously mentioned, even though it is an old concept, utilized by a vast amount of researchers, finding a common way of defining it has not been easy. Kotler (1988, p.197) started out by explaining it as "the set of beliefs held about a particular brand". Also, Keller (1993) emphasized that it is inside the mind of the consumer brand image is formed through their brand associations. However, more profound explanations have later on been developed.

In recent literature there has been a more consistent way of explaining brand image. In Nandan (2005, p.265) brand image is explained as the way consumer's perceive and evaluate branding strategies and advertising messages presented by the company. The concept is thus a result of the consumer's subjective view and will thereby be influenced by an individual's own reality. Consumers will consequently respond in different ways to a brand.

Similarly, Richard & Zhang (2012, p.572), when looking specifically at *corporate* brand image explain it as "something dependent upon a person's beliefs, feelings, ideas and impressions, and is aided by the information provided by the company". Factors influencing the image are thus both subjective to the consumer but also determined by the company itself, such as PR-activities and other marketing strategies. This leads us back to the complexity of how much the company itself can influence the consumer by strategically managing the brand and how much is up to the consumer's own perception.

Even though the term has been used with somewhat different meanings one can see a common theme in that brand image, and the more narrowly defined corporate brand image, is something

that exists in the mind of the consumer. Formed by the perception of how consumers interpret the brand and the marketing activities surrounding it. It is thus not the way a company perceives its own brand that is of relevance in this paper, but rather how actions presented by the company (in form of PR activities) are perceived by the consumer and in extension how that influences the loyalty they feel towards the brand.

2.2.1 PUBLIC RELATIONS

One factor influencing corporate brand image is public relations (from now called PR). It has been argued that PR is important today, in part because there has been a shift towards businesses focusing more on societal orientation instead of traditional product and marketing (Kitchen, 1996). Research has also indicated that when it comes to activities presented by the company publicity generates greater credibility compared to advertising (Loda & Coleman, 2005). Publicity being a part of PR (KPS3, 2014) shows that in this world where customers are growing increasingly immune and sceptical towards general marketing (Obermiller, Spangenberg & MacLachlan, 2005), PR might be a way to retrieve credibility.

Therefore the variable of interest in this paper, as a factor influencing corporate brand image, is PR. Other variables of marketing could have been chosen to do this research (in the form of for example advertisement), but based on the relevance of understanding the effect PR has on a company's image and customer loyalty today this variable is deemed more appropriate and also more easily manipulated for the experiment. Because corporate brand image is a complex and abstract concept which is hard to approach in an enough comprehensive manner for a questionnaire with experimental design, it is also necessary to make some kind of operationalization. Thus the use of PR and our assumptions about how PR is related to corporate brand image deserves some more thorough explanation.

Previous research has shown that PR as part of corporate brand image influence customer loyalty. Hung (2008, p.243) researched consumer's perception of PR in the insurance industry, through a survey with 367 customers. The conclusion was that PR has a positive influence on brand image and that positive brand image in turn enhances customer loyalty. The research suggests that managing PR activities is essential because it will provide the company with competitive advantages. The results show that a brand image has a fully mediating effect between PR and loyalty (ibid. p.244).

Also Hsieh & Li (2008, p. 35) conclude that the perception customers have of a company's PR activities is a determinant of loyalty. However, they also emphasize the importance of understanding that PR activities will generate loyalty in the case of the customer having a

positive brand image. If brand image is negative, the influence of PR actions is insignificant. The brand image is therefore seen as a moderator between PR and loyalty (ibid. p.33). Their data was based on a survey with 367 customers in the insurance industry (ibid. p.30).

Based on the above presented research and the actual definition of corporate brand image; our assumptions in this thesis are that we can manipulate corporate brand image by providing positive PR. As there is no reason to believe that respondents in general have a negative picture of the brand we are investigating, we also assume that the problem of a negative brand image is neglectable.

2.3 CUSTOMER LOYALTY

As discussed previously in this paper, by generating loyal customers the company will profit from more sales and positive word-of-mouth. In addition to already made sales, customer loyalty benefits the company in all the possible future sales generated by customers who remain with the brand and recommend it to others (Kotler, Armstrong, Wong & Saunders, 2008, p. 28). At the same time, loyalty is a complex concept and over the years researchers have had a difficult time in agreeing on its operationalization (Bandyopadhyay, 2007, p. 35). One stream of researchers has measured loyalty in the form of customer behaviour, i.e. the continuance to purchase the same products or services from the same supplier (see e.g. Cunningham, 1966; Ehrenberg, 2000).

This notion was early on challenged by other researchers which emphasized the importance of not simply focusing on repeat purchase behaviour but rather understand the underlying preferences presented by the customers (e.g. Newman, 1966 cited in Bandyopadhyay & Martell, 2007, p.37; Dick & Basu, 1994). Repurchase intention might be a result of the brand being the only available brand to the customer, not because the customer is loyal and prefers that brand (Dick & Basu, 1994, p. 100). It could also under certain circumstances be a result of inertia of the consumer (Fournier, 1998, p.343) or simply due to high switching costs (Andreassen & Lindestad, 1998, p.12). Without an understanding of the actual attitude towards the brand, one cannot understand the true intention of the customer. Attitudinal loyalty measures the feelings of the customers and how they shape a customer's connection with the product, service or the management as a whole (Hallowell, 1996, p.28).

Furthermore, attitudinal loyalty has been subject to different types of operationalization. Previous research has seen it both as a personality trait (Raju, 1980) as well as being brand-specific (Martin, 1998). Attitudinal loyalty as a personality trait presents the idea that it is dependent upon the customer and his/hers traits if the customer tends to form loyalty towards a

brand. Different customer personalities have different tendencies to form loyal relationships with brands (Bennett & Rundle-Thiele, 2002, p. 195). On the other hand, when being brand-specific it is the features of the brand that determines loyalty (ibid, p.196).

When operationalizing attitudinal loyalty through brand-specific features there are two ways of measuring it; (1) through purchase intention and (2) through brand commitment (Bennett & Rundle-Thiele, 2002, p.196). When it comes to previous research specifically investigating the relation between customer loyalty, corporate brand image and satisfaction this is how customer loyalty has been operationalized (see e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998; Aydin & Özer, 2005; Selnes, 1993; Nguyen & LeBlanc, 1998).

Criticism towards measuring this type of purchase intention and whether this in fact measures actual future purchases have been presented (Bennett & Rundle-Thiele, 2002, p.196) but a meta-study on attitude-behaviour has showed that attitudes significantly predicted future behaviour (Kraus, 1995). Bennett & Rundle-Thiele (2002, p. 194) further argue that a customer's attitude towards the act of purchasing a brand both explains and predicts future purchasing behaviour and that personality trait and brand-specific should be seen as two different ways of operationalizing attitudinal loyalty and should not be used as a combined measurement.

It is not always possible to measure both the actual behaviour of the customer as well as their attitude towards the brand. As previous research has indicated, this is not always necessary. In this paper, as well as in previous studies specifically on customer loyalty, corporate brand image and customer satisfaction, loyalty is viewed as an attitude presented by the customer (see e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998; Selnes, 1993) . Where the intention of repurchase actions as well as committing to the brand in the form of recommending it to others are utilized to measure customer loyalty; that is attitudinal loyalty operationalized through brand-specific features.

2.4 CUSTOMER SATISFACTION

Customer satisfaction is generated through “the extent to which a product's perceived performance matches a buyer's expectations” (Kotler et al., 2008, p. 26). The key to manage customer satisfaction is to not promise more than is possible to deliver, but then deliver more than promised (ibid, p.26). The field of research on customer satisfaction dates back to the 1970's and the foundation for most of these studies have been the disconfirmation paradigm. A paradigm which emphasizes that satisfaction is dependent on the size and direction of the disconfirmation experience (Churchill & Surprenant, 1982, p. 491).

The four key constructs in the disconfirmation model are; (1) expectations, (2) performance, (3) disconfirmation and (4) satisfaction. The idea is that a customer has certain *expectations* when purchasing a specific brand, the *performance* is then subjectively reviewed by the customer as meeting, exceeding or failing to meet these expectations which results in *disconfirmation*; as a discrepancy between these prior expectations and the end performance. Depending on whether the disconfirmation generated a positive feeling or a negative feeling the customer will be either *satisfied or unsatisfied*. (Churchill & Surprenant, 1982, p.492.)

Satisfaction is therefore said to be consumption specific and is essentially an emotional reaction which influences the attitudes of the consumer (Oliver, 1981, p.27). In service marketing it is most commonly described as the judgement, formed in the mind of the consumer, by the service encounter (Nguyen & LeBlanc, 1998, p.53). This judgement is based on every aspect of interaction with the company, its services and after sale services (Homburg, & Giering, 2001, p. 45).

A consumer's prior expectations before purchase in comparison to the actual evaluation of the final interaction with the brand will, as above stated, generate either a satisfied or unsatisfied customer. It is the gap between what you expect to receive and the actual performance of the company that determines the level of customer satisfaction. (see e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998; Srivastava & Sharma, 2013.) Essentially customer satisfaction is the experience a customer has with the company and the brand. In order to measure customer satisfaction or dissatisfaction, it is thus important to acquire an experience with the service (Andreassen & Lindestad, 1998, p. 8).

This judgment by the customer has been said to be influenced by degree of customer involvement. Customers that have more actively participated in the purchase decision tend to form more intense feelings about the outcome. These feelings have a tendency to be stronger both in the positive sense when performance exceeds expectations as well as forming stronger negative feelings when performance does not meet customer expectations. (Oliver, 2006, p.583.)

2.5 RELATIONSHIP BETWEEN CORPORATE BRAND IMAGE, PR, SATISFACTION & LOYALTY

There are two dimensions in creating a strong brand and manage customer loyalty, (1) how the company is perceived, by the consumer, to present itself (through e.g. advertisements and PR) and (2) how the customer experience the interaction with the company. Corporate brand image, relating to the first dimension, represents the image the customer has of the company based on actions taken by the company and attitudes of the company in society. Customer satisfaction, on the other hand, relates to the experience with the company and is defined by the actual interaction between the customer and the company. (Richard & Zhang, 2012.)

The relation between customer loyalty, corporate brand image and customer satisfaction has been researched extensively in the field of marketing. That both customer satisfaction and corporate brand image have an effect on customer loyalty seems to be generally accepted but no conclusive results as to the exact correlation have been found (see e.g. Richard & Zhang, 2012; Hong & Goo, 2004).

In research on customer loyalty in the mobile telecommunication market presented by Aydin & Özer (2005) they base the model on the notion that perceived service quality (in their article defined as “the consumer’s judgment about the overall excellence or superiority of a service” p.912) influences corporate brand image, trust and perceived switching costs which in turn influence customer loyalty (see figure 2.1). This definition of perceived service quality is relatable to the standardized definition of customer satisfaction used by other researchers (Nguyen & LeBlanc, 1998, p. 53). By conducting a questionnaire with 1 662 mobile phone users and an analysis of the data through a structural equation modelling they concluded that perceived service quality is “necessary but not sufficient condition for customer loyalty (ibid. p.910).

Figure 2.1

Relationship between satisfaction, corporate brand image and loyalty as presented by Aydin & Özer, 2005

Experience with the brand (in form of perceived service quality) → Corporate Brand Image + Trust + Switching Costs → Loyalty

In the same spirit Nguyen & LeBlanc (1998), conducted a survey with 1 224 customers of financial services. Through structural equation modelling techniques they conclude that both quality and satisfaction have an impact on value which in turn leads to corporate brand image. Corporate brand image in combination with satisfaction is also proven to influence customer loyalty. (ibid, p.52). See figure 2.2.

Figure 2.2

Relationship between satisfaction, corporate brand image and loyalty as presented by Nguyen & LeBlanc, 1998

*Quality + Satisfaction → Corporate brand image
&
Corporate brand image + Satisfaction → Loyalty*

Also Hong & Goo (2004) conclude that higher customer satisfaction generates a more favourable corporate brand image in professional service firms. In their research they explore the causal model of customer loyalty when it comes to accounting firms. Their result also indicates that corporate brand image does not affect customer satisfaction. However both corporate brand image and customer satisfaction is positively related to loyalty. (ibid, p.536). See figure 2.3.



In the research presented by Andreassen & Lindestad (1998) 600 customers to charter operators were interviewed in regards to perceived quality, value, corporate brand image, customer satisfaction and customer loyalty. The results indicated that for complex and infrequently purchased services corporate brand image rather than satisfaction is the main predictor for customer loyalty. According to them corporate brand image both affects loyalty and satisfaction while satisfaction in turn had no significant effect on customer loyalty (ibid. p.20). See figure 2.4.



Conflicting with the above mentioned results Srivastava & Sharma (2013) conclude in their research on the telecommunication industry, through structural equation modelling, that it is essential to deliver high quality services in combination with having a reliable corporate brand image in order to generate customer satisfaction. They also conclude that higher customer satisfaction results in higher repurchase intention. (ibid. p.286). See figure 2.5.

Figure 2.5
Relationship between satisfaction, corporate brand image and loyalty as presented by Srivastava & Sharma, 2013

Quality + Corporate brand image → Customer satisfaction
&
Customer satisfaction → Loyalty (in the form of repurchase intention)

Also, in the research presented by Richard & Zhang (2012, p.582) a survey was conducted with 52 consumers of travel agencies in New Zealand with the concluding results that corporate brand image of a travel agency is not directly related to customer loyalty, but rather corporate brand image influence customer satisfaction which in turn influences customer loyalty. See figure 2.6.

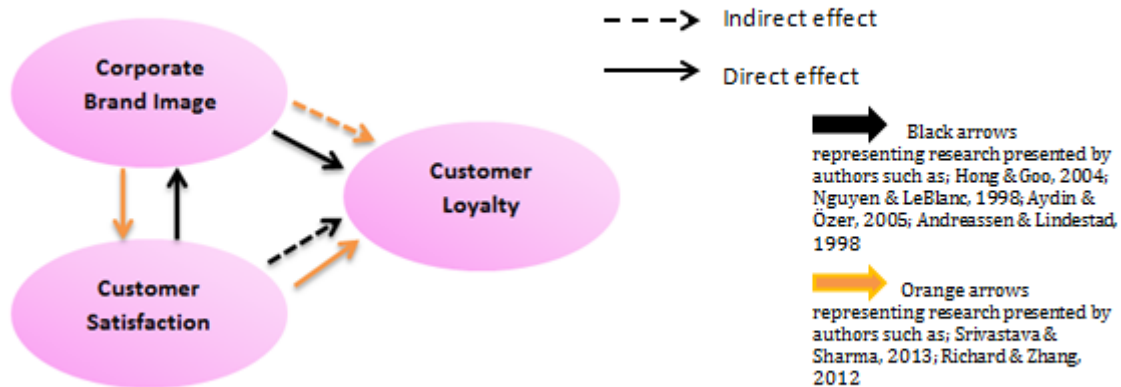
Figure 2.6
Relationship between satisfaction, corporate brand image and loyalty as presented by Richard & Zhang, 2012.

Corporate brand image → Satisfaction → Loyalty

To sum up, although the core model of corporate brand image, customer satisfaction, and customer loyalty is well established in current literature there has been a vast problem in defining the antecedent(s) and the directions of causality in the model. This is illustrated in figure 2.7 where two sets of arrows have been added representing: a) if corporate brand image affect customer satisfaction or vice versa and b) if either of the independent variables have a direct effect on customer loyalty or if they primarily influence customer loyalty through the other independent variable.

Further we build on this problem to deduct our two hypotheses regarding the causal links between a) corporate brand image and loyalty, and b) corporate brand image and customer satisfaction.

Figure 2.7 The core model



Source: Own image based on previous research as referred to above.

The above presented research generates the conclusion that corporate brand image affect customer loyalty. To test the effect of corporate brand image (operationalized through PR) we have devised the following hypothesis:

H₁: Influencing the corporate brand image, through positive PR actions, among customers in the travel industry will increase their loyalty towards the brand.

Further, there is the question regarding if corporate brand image actually affect loyalty through customer satisfaction (as suggested by e.g. Srivastava & Sharma, 2013; Richard & Zhane, 2012). Because we only manipulate corporate brand image (through providing PR) we cannot test the causal link for the opposite direction, that customer satisfaction might affect corporate brand image. This gives us our second hypothesis:

H₂: Influencing the corporate brand image, through positive PR actions, among customers in the travel industry will increase their satisfaction with the brand.

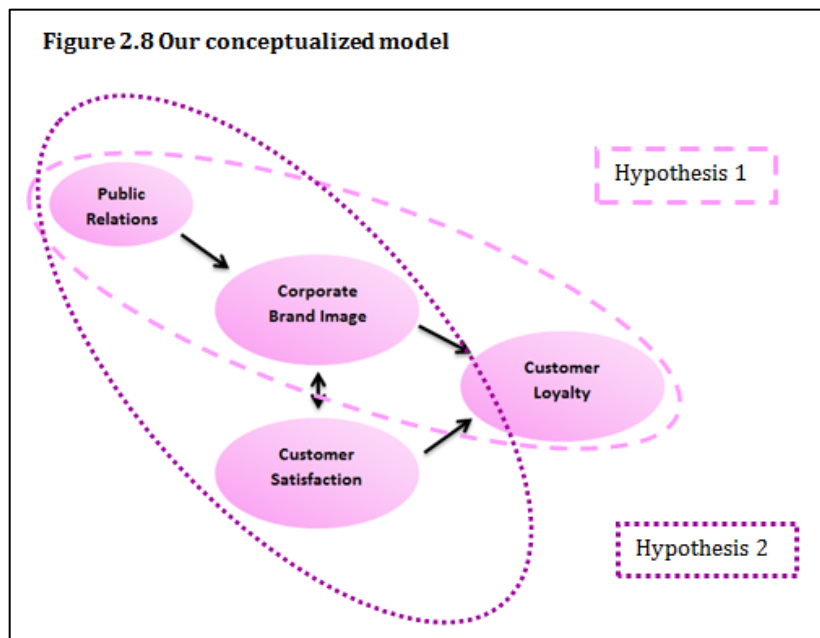
Although this relationship might be quite complex itself, the benefit of the statistical analysis also lets us see if effects on loyalty correspond with similar effects on customer satisfaction or not, giving us a way of approaching the causality of corporate brand image – customer satisfaction (even if not exactly calculable). Positive PR actions are used since it is undesirable to try to position the researched travel agency in a bad way.

2.6 CONCLUDING DISCUSSION OF THE THEORIES

Successful brands generate competitive advantages and by making a customer loyal towards a brand there is a higher possibility of re-purchase intention and positive word-of-mouth. However, it is not easy to control the way a consumer perceives the brand, since this is something created in the mind of the customer. Understanding how much effect the actions performed by the company influences how the brand is perceived is important so resources are not wasted.

Two concepts of significance when trying to determine customer retention and what creates positive word-of-mouth (a.k.a. customer loyalty) are customer satisfaction and the corporate brand image. As previously discussed, the causal relationship between these variables is still an area of debate among researchers.

In figure 2.8 our proposed model is visualized in regards to what variables we will further research in this paper. The model is developed from existing literature, however in this paper the focus will be on PR as a factor influencing corporate brand image and the impact it is thought to have on customer loyalty specifically in the travel industry (hypothesis 1). Further, we will also seek to



test the claims of some authors, that corporate brand image, manipulated through PR, only affects customer loyalty through the intermediate variable customer satisfaction (hypothesis 2). By manipulating the variable PR we will test for a causal connection between both corporate brand image and loyalty as well as between corporate brand image and customer satisfaction and see in what way company actions (in the form of PR) affect how the brand is perceived.

2.6.1 SUMMARY HYPOTHESES

H₁: Influencing the corporate brand image, through positive PR actions, among customers in the travel industry will increase their loyalty towards the brand.

H₂: Influencing the corporate brand image, through positive PR actions, among customers in the travel industry will increase their satisfaction with the brand

In general previous studies, when trying to determine the causality of the relevant variables, have been through statistical modelling without an experimental design. When it comes to study causal links, an experimental design is however preferable (Saunders, Lewis & Thornhill, 2009, p.142). In this paper an experimental design will be used, by manipulating the corporate brand image, through the variable PR, in order to research the above stated hypotheses.

CHAPTER 3

“To find out what happens when you change something, it is necessary to change it”

- Box, Hunter, and Hunter, Statistics for Experiments (1978)

3. METHOD

3.1 THE EXPERIMENT

To test the hypotheses a questionnaire with an experimental design was developed. The experiment was structured so that half of the respondents would receive one questionnaire and the other half another questionnaire. The questionnaires sent to the customers were identical in terms of the questions asked but differed in regards to added information. In half of the questionnaires distributed the only information provided was that it was a customer survey about the experiences with the travel agency Resia. The other half contained additional information (in form of a PR-article) about Resia's involvement with (1) a children's orphanage in Ukraine and (2) work against sex-tourism (see appendix B). Since we chose to collect data through a questionnaire written PR-articles was the most realistic way to present Resia's PR work.

As discussed in the previous chapter corporate brand image is proposed to influence customer loyalty and according to some researchers also customer satisfaction. By manipulating PR, a factor influencing corporate brand image, in our questionnaire we expect to be able to measure the impact of corporate brand image on customer loyalty and customer satisfaction. In this paper the decision is to use news articles which present the company in a positive manner; that is positive PR-articles. We are therefore looking for a positive impact on the corporate brand image as well as increased loyalty and possibly satisfaction.

3.1.1 CHOICE OF METHOD

By choosing a questionnaire we are able to collect a large amount of comparable data. To investigate our hypotheses reaching a large number of customers is essential. Also, previously researchers have chosen a survey strategy with standardized questionnaires in order to capture customers' opinions about corporate brand image, satisfaction and loyalty (e.g. Richard & Zhang, 2012; Andreassen & Lindestad, 1998). This provides us with a chance of asking the same questions to customers in the travel industry and thus making the answers comparable with previous research. This method also increases the reliability of our research in that it will be easily replicated in future research to further build on the data presented in this thesis as well as an opportunity to test our results.

Since we are trying to research causality in this paper, an experimental design is however preferable (Saunders et al. 2009, p.142). By adding the element of experiment to our

questionnaire we get an opportunity to manipulate one variable (PR) while keeping the other variables constant in the questionnaire. Since both groups are subject to the same questionnaire, with the difference of the manipulation of PR, our internal validity is increased. This is because our control group is facing the same external influence as the experimental group with the only difference of our manipulated variable thereby increasing the likelihood of this variable being the reason for any change in our dependent variables.

3.2 SAMPLE AND DATA COLLECTION

3.2.1 *THE COMPANY*

Opposite to previous research conducted on the corporate brand image – customer loyalty – customer satisfaction model our sample only consists of customers to one travel agency, Resia. Resia, is one of Sweden’s largest travel agencies, offering both pre-packaged trips and charter as well as tickets-only (e.g. flights, hotels, events etc.). They have about fifty offices all across Sweden, as well as travel sales over the phone and online. (Resia, 2014.)

We limit the investigation to Resia since we can assume that we will get comparable groups. If we had selected different travel agencies there is the risk that corporate brand image differ significantly between different brands thus thwarting statistical analysis (unless there is a meaningful way to calculate these differences).

Still, the generalizability regarding any potential effects discovered should be considered good for other travel agencies operating in a similar manner as Resia. Note that this applies for significant effects but not for absolute averages in customer responses of for example customer satisfaction.

3.2.2 *SAMPLE*

The survey was distributed among customers to the travel agency Resia, in the age group 20 to 30 year olds. The customers were divided into two groups, where group A was sent a questionnaire with the added information of Resia’s PR activities and the other group (B) received the same questionnaire but without the additional PR information.

There are two reasons for why this specific group was selected. First there is presumably a need to sample among existing customers in order to investigate the relationship between corporate brand image – customer satisfaction – customer loyalty. Interaction with the company is necessary for establishing customer satisfaction. This restricts us to sampling among the actual customers of Resia.

Secondly, when it comes to why this specific age group was chosen, it is a result of a consumer investigation conducted by TNS Sifo in 2013. The investigation indicated that this age group

differed compared to other age groups. Results indicated that people in the age group 20-30 year olds had both the highest knowledge of Resia as well as the highest interaction frequency with the brand. However, they were simultaneously the age group with the lowest amount of purchases. Relating this to the research conducted on corporate brand image – satisfaction – loyalty it offers an interesting opportunity to investigate this model further. Since knowledge of the brand is high within this age group it is reasonable to assume that branding activities conducted by Resia are reaching these consumers to some extent, thus creating and influencing the corporate brand image of the company. However, this does not seem to translate to increased loyalty, at least not in the format of purchase frequency. Since this group seems to be the least loyal we could expect that they will not care to a higher extent about this brand. That is; if any age group were not to be affected, by the presented article, it would be this group. This provides us with a chance to really see the effect of the article, since if we find a difference, even if it is small, we can truly presume that corporate brand image has an effect on how loyal and possibly how satisfied customers will be. This group thus presents an interesting opportunity to experiment in what way a change in the knowledge about these branding activities seems to influence customer loyalty and possibly satisfaction.

3.2.3 DATA COLLECTION AND RESPONSE FREQUENCY

The questionnaire was distributed over the internet, through Easyresearch, an online survey distribution system. This enabled us to reach all the customers in the appropriate age group to which we had email addresses. Thereby; all customers which had provided Resia with their email addresses were sent one of the questionnaires.

Initially 5 000 email addresses per group were put into the distribution list in Easyresearch (received from a customer list containing approximately 35 000 customers). Due to a number of email addresses being unreachable (which might be because they were no longer in use or the email address were incorrectly written in the customer list) the distribution became somewhat uneven between the two groups. In the end a total 8 952 questionnaires were sent out; 4 493 to group A (with article) and 4 459 to group B (without article). In group A (with article) 567 answered questionnaires were returned to us providing us with a response frequency of 12,6%. From group B (without article) 521 answered questionnaires were sent back to us giving us a response frequency of 11,7%. In total this generates 1088 answered questionnaires.

Out of these 1088 answered questionnaires 119 were deemed not usable due to incomplete answers and the respondent not being within the appropriate age group. Leaving us with a total of 969 usable questionnaires.

3.2.4 ANALYSIS

There are two different groups in this survey: group A who is provided additional information about Resia's PR-activities, and group B who was not provided such information. This constitutes the variable PR which is coded as a dummy variable in which additional PR-information is coded as =1 and no additional information is coded as =0.

The PR-variable along with other variables were coded using SPSS. Through a regression analysis the statistically significant effects on the dependent variables (customer satisfaction and loyalty) by the independent variable PR were researched. Questions measuring corporate brand image as a dependent variable was also included in the final regression to test our assumption.

3.3 MEASURES

3.3.1 QUESTIONNAIRE DESIGN

When designing the questionnaire the aim was to make it short, with an easily read article in order to increase the likelihood of participation. The only difference between the two questionnaires is the addition of positive information about Resia in one of them.

The questions in the questionnaire were adopted from questionnaires used in previous research. A summary of how the questionnaire was constructed is found in appendix A. The questions have been divided into four groups; the first five survey questions are control variables; questions 6-8 relate to customer satisfaction. Questions 9-12 are measuring corporate brand image and questions 13-16 are measuring customer loyalty. The number of questions per variable is dependent on number of questions previously used by other researchers. A final control question was also added, in the questionnaire sent to group A (with article) the question was formulated so to sort out whether the customer already, before being presented the article, knew about these PR activities. In the questionnaire without the added information the control question was formulated to determine if the customers still knew about these PR activities and hence had been influenced by previous PR-communication.

Questions 6-16 are all measured using a 5-step Likert-scale, where the scale ranges from; much lower-much higher, very dissatisfied-very satisfied, much worse-much better, very unfavourable-very favourable and strongly disagree-strongly agree.

A final question (question 17) was added as a voluntarily open question where the respondent could add any concluding information about his/her responses. This, in combination with question 5, aimed to further make sure the respondent had an active relationship with the brand and not simply was someone who just went along on the trip or had only paid for the trip. The

answers to this question will not be presented explicitly in this paper, but discussed to some extent when appropriate in the discussion.

3.3.1.1 PRE-TEST

A pre-test of the survey was conducted to determine the most appropriate formulation of the questions and to see how people understood the questions. The questionnaire was sent out to a group of 11 people, consisting of friends and family. Each respondent got to answer the questionnaire and motivate why they had answered in that way, that is – they explained how they interpreted the questions. Alterations of the initial formulations of the questions were then made based on the respondents' motivations.

3.3.2 SATISFACTION

Customer satisfaction is the dependent variable in hypothesis 2 (see appendix A for a summary of the variable). In this thesis we will apply the same operationalization as in the research presented by Richard & Zhang (2012, p.575). Essentially satisfaction is measured in two ways, (1) as the gap between what a customer expected from Resia and the actual performance of Resia and (2) the gap between Resia's performance and the customer's ideas of an ideal travel agency. The questions in the survey are directly taken from their questionnaire. Richard & Zhang in turn developed their questions from Johnson, Gustafsson, Andreassen, Lervik & Cha (2001) and Fornell (1992). This operationalization of customer satisfaction has been used by several researchers and should be seen as a valid way of measuring customer satisfaction (e.g. Hong & Goo, 2004; Andreassen & Lindestad, 1998).

When translating the questions measuring satisfaction question 8; *about the ideal travel agency*, required some special attention. This question might be seen as a bit vaguely formulated and can possibly be interpreted in different ways. The decision to include it anyway was foremost based on the fact that it was used by previous researchers. In the development of our questionnaire the aim was to make it as similar to previous research as possible in order for the results to be as comparable as possible.

3.3.3 CORPORATE BRAND IMAGE

Corporate brand image is the perception of the brand created in the mind of the consumer and is influenced by activities presented by the company (e.g. advertisements, PR) as presented by previous research. In this paper the variable is measured in the same manner as presented by researchers Richard & Zhang (2012) and the questions in the survey are directly adopted from their questionnaire (see appendix A for a summary of the variable). The questions are thus measured through the overall corporate brand image perceived by the customers. Richard &

Zhang in turn, adapted their questions from Johnson & Gustafsson (2000) and Johnson et al. (2001).

The questions in need of the most complex translations were the questions measuring corporate brand image, especially questions 9 and 10. After the pre-test it was clear that the concept of image in relation to a corporate brand was hard to capture in the Swedish translation. Different solutions were explored, such as providing a definition of what we meant by image in extension to the question. However, it was all perceived as too academic. To avoid a negative effect on the response rate, a choice to simplify the questions and make them more straight forward was made. In doing this the aim is to capture the essence of the question without causing the respondents to overthink the questions.

Based on previous research and our formulated hypotheses, corporate brand image should be positively related to the added information of the relevant PR activities. In this sense, corporate brand image is not a dependent variable but rather a mediator variable in between PR and customer loyalty and PR and satisfaction.

3.3.4 PUBLIC RELATIONS

Since PR in this paper is researched as a factor influencing corporate brand image, previous knowledge about Resia's PR activities will not be measured in the same way as in previous research presented by for example Hsieh & Li (2008) and Hung (2008). Rather PR in this study is operationalized through either (1) the lack of knowledge about PR activities (group B) or (2) the provided information of PR activities (group A). Questions as to Resia's PR activities will only be asked in the form of a control question in the end to determine whether the customer already had the knowledge of these activities or not. PR in the form of an article will be the variable that is manipulated and then the variables of customer loyalty, corporate brand image and satisfaction are measured (see appendix A for a summary of the variable).

A distinction should however be made between measuring the long term effect of PR activities versus the short term effect. By including a control question in both customer groups we will be able to separate customers that before this experiment knew about these activities presented in the article. In this way we will be able to research and compare these different groups and in that sense also see the effect of both long term and short term knowledge about these activities.

3.3.5 LOYALTY

Customer loyalty is the dependent variable in hypothesis 1 (see appendix A for a summary of the variable). In alignment with previous research, presented by among others Richard & Zhang (2012) and Hsieh & Li (2008), loyalty is here operationalized as customer's will to repurchase

the services presented by Resia and also consider Resia their first choice when it comes to travel purchase, as well as the intention to spread positive word-of-mouth about the brand.

The questions in the questionnaire are directly adopted from the questionnaire presented in the research by Hsieh & Li (2008) who in turn adapted the questions from research presented by Zeithaml, Berry & Parasurman (1996). These questions are equivalent to questions determining customer loyalty used by other researchers (see e.g. Richard & Zhang, 2012).

3.4 CONTROL VARIABLES

Age is included in the questionnaire as a way of determining that it is answered by the desired customers. Even though the reliability of reaching the desired person is higher when using an internet survey and a personal email address (Saunders et al. 2009, p. 363) we still need to make certain that the respondent falls within the desired age group.

Gender is mainly included as a control variable to facilitate estimations of the randomness in the sample. However, previous research has also suggested that gender might affect loyalty to some extent. For example, Ndubisi (2006) in research on the banking industry concluded that women tend to be more loyal compared to men when the bank is trustworthy. But before any general conclusion as to the whole service industry can be done, further research is needed.

Type of travel is also added as a control variable since previous research has shown that there might be a difference in loyalty depending on what type of travel the consumer has purchased. A travel purchase can be a complex and infrequent event thus causing higher involvement from the consumer. It can also, when it comes to simply purchasing a trip to visit family or friends, be deemed as a less complex purchase and therefore demand less involvement from the customer. (Andreassen & Lindestad, 1998; Asiedu, 2008.) The degree of involvement has been found to influence both customer satisfaction (Gordon, McKeage & Fox, 1998) and customer loyalty (Skogland & Siguaw, 2004).

Contact with Resia was added mainly to benefit Resia and will not be analysed to a deeper extent in this thesis.

Motivating the decision of choosing Resia. This question was added in the last phase of formatting the questionnaire. Together with the final optional extra information it aims at verifying that the customer who is answering the questionnaire in fact has a relationship with the brand and were active in the decision to purchase the trip from Resia. These two questions should be considered as successful, since it became evident when the answered questionnaires were analysed that customers who had not actively chosen Resia themselves added that information to the questionnaire.

3.5 TRANSLATING THE QUESTIONNAIRE

The present study is conducted on the Swedish travel agency Resia and its Swedish customers. Therefore the questionnaire emailed to the customers was in Swedish. The questionnaire has been translated by one of the authors and then reviewed by 4 people, in order to achieve the most accurate translation.

In appendix B you will find both the English version of the questionnaire and the Swedish. It is therefore possible for the reader, fluent in both languages, to determine by themselves the appropriateness of the translation.

CHAPTER 4

"There are two possible outcomes: if the result confirms the hypothesis, then you've made a measurement. If the result is contrary to the hypothesis, then you've made a discovery."

— Enrico Fermi

4. EMPIRICAL RESULT

4.1 GENERAL DISTRIBUTION AMONG THE TWO GROUPS

4.1.1 GENDER

When looking at the distribution in regards to gender among the two groups, this distribution is quite equal. There is generally the same amount of men in both group A (with article) and B (without article) as well as an equal amount of women in both groups respectively, as can be seen in table 4.1 below. Since Resia specifically target women it is reasonable to assume that there would be more women compared to men in general, answering our questionnaire.

Table 4.1 Gender sorted by group

	Gender		Total
	Men	Women	
Group A (with article)	166	345	511
Group B (without article)	150	308	458
Total	316	653	969

4.1.2 PREVIOUS KNOWLEDGE ABOUT PR ACTIVITIES

Also when looking at the distribution of how many of the respondents in each group that already, before being presented with the article, knew about these activities we can see that it is quite equally distributed (see table 4.2 below).

Table 4.2 Previous PR knowledge sorted per group

	Previous knowledge about Resia's PR activities		Total
	YES	NO	
Group A (with article)	32	479	511
Group B (without article)	37	421	458
Total	69	900	969

4.2 NOT PART OF THE DECISION TO USE RESIA

Out of the 969 usable questionnaires 76 people marked that they were not the ones who made the active choice to use Resia as their travel agency.

Table 4.3 Means and medians sorted by group and participation in choosing Resia

	Active choice				No active choice			
	Group B		Group A		Group B		Group A	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Q6	2,29	2,00	2,38	2,00	2,05	2,00	2,04	2,00
Q7	2,99	3,00	3,05	3,00	2,52	3,00	2,45	2,00
Q8	2,14	2,00	2,17	2,00	1,86	2,00	1,89	2,00
Q9	2,62	3,00	2,69	3,00	2,19	2,00	2,53	2,00
Q10	2,48	2,00	2,48	2,00	2,43	2,00	2,33	2,00
Q11	2,39	2,00	2,49	2,00	2,10	2,00	2,13	2,00
Q12	2,78	3,00	2,83	3,00	2,19	2,00	2,45	3,00
Q13	3,01	3,00	3,11	3,00	2,67	3,00	2,65	3,00
Q14	3,17	3,00	3,28	3,00	2,67	3,00	2,67	3,00
Q15	3,05	3,00	3,19	3,00	2,52	3,00	2,45	3,00
Q16	2,24	2,00	2,29	3,00	1,81	2,00	1,73	2,00

Of those 76 who did not make an active choice to use Resia 55 respondents were in group A (with article), indicating that 10,8% of the total amount of responses in group A did not make an active choice in using Resia. This relates to only 21 respondents in group B (without article) stating that they did not make an active choice, thus 4,6% of the total amount of responses in group B did not make an active choice in using Resia. Because those who did not make an active choice consistently scores lower on the questions than those who did make an active choice (see table 4.3), and because those who did not make an active choice are unequally distributed among group A (with article) and B (without article) we must assume that including them in the analysis would skew the results.

In addition, excluding them would be supported by theory since previous research has indicated that type and degree of involvement impact both customer loyalty and customer satisfaction (Skogland & Siguaw, 2004; Gordon, McKeage & Fox, 1998). It is somewhat difficult to measure the loyalty of a customer when the customer has no strong opinion about the brand and company. This also became evident when going through the responses, since most of the customers claiming not to have taken an active part in choosing this specific travel agency also mentioned their incapability to answer some of the questions in the questionnaire. Several added that their answers tended to gravitate towards the middle option. By including these answers the risk would be to skew the results and base it on people who do not have an opinion about the brand. They are therefore excluded from any further results or analysis.

4.3 THE STRENGTH OF THE QUESTIONNAIRE

4.3.1 FACTOR ANALYSIS

To ensure construct validity of the questionnaire a factor analysis was conducted, with a high KMO; 0,932 and a significance of 0,000. As can be seen in table 4.4 corporate brand image (CBI) does not seem to form its own component. Questions 6-8 measuring satisfaction all load on the same factor and questions 13-16 all form component one, indicating that they present a valid way of measuring loyalty and satisfaction. It is however questionable as to what extent questions 9-11 measure corporate brand image. There seems to be some inconsistency as to the way these questions have been interpreted by the respondents. To further explore the measurements Cronbach's alpha was also established for the separate constructs.

Table 4.4 Factor analysis

Pattern Matrix			
	Component		
	1	2	3
Q6 Satisf.		0,894	
Q7 Satisf.	0,304	0,533	
Q8 Satisf.		0,816	
Q9 CBI		0,642	
Q10 CBI			0,929
Q11 CBI			
Q12 CBI	0,370		
Q13 Loy.	0,906		
Q14 Loy.	0,823		
Q15 Loy.	0,871		
Q16 Loy.	0,904		
Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization. a. Rotation converged in 7 iterations. b. Only cases for which Q5EjDelaktig = 0 are used in the analysis phase.			

4.3.2 CRONBACH'S ALPHA

The questions used to measure satisfaction and loyalty were all relatively reliable, see the Cronbach's Alpha of the two measurements in table 4.5.

Table 4.5 Summary of Cronbach's Alpha

Reliability Statistics: Satisfaction			Reliability Statistics: Corporate Brand Image			Reliability Statistics: Loyalty		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
0,788	0,789	3	0,755	0,756	4	0,902	0,909	4

Our Cronbach's Alphas' are relatively high, almost 0,8, for satisfaction and much higher (0,9) for loyalty. Thus, indicating high reliability; that our items are measuring the same underlying construct. However, some caution as to the reliability of the items measuring corporate brand image should be made since it is lower than the other two constructs (and below 0,8).

It is however interesting that the Cronbach's Alpha for corporate brand image is comparatively high (almost at the desired 0,8 level) when comparing it to the results from the factor analysis. Looking only at the factor analysis one could assume that the questions measuring corporate brand image were insufficient, causing us to expect a much lower Cronbach's Alpha.

4.4 RESULTS

The groups A (with article) and B (without article) were coded using a dummy variable for which A=1 and B=0. This means that a positive B-coefficient indicates a positive correlation between any of the questions (see table 4.6), or in other words: reading the article in the survey correlates with higher answers on the five-step-scale.

Type of travel was coded in a similar manner in which those who answered that they had bought a longer journey (for example backpacking a couple of months) were coded as 1. Those with previous knowledge of Resia's work for the children's orphanage and against sex tourism or other PR activities were coded as 1, those who stated they had no previous knowledge were coded as 0. Finally, females were coded 1 and males 0.

In table 4.6 the results from the linear regression are presented. Where we can see that the overall explanatory factor is quite low, but we still have several statistically significant results. Especially in regards to the article's effect on customer loyalty.

Table 4.6 *General results of the linear regression*

Questions		Independent variables						
		PR	Previous PR knowledge	Type of travel	Age	Gender	R ²	Adj R ²
Satisfaction	Q6	.096*	.404***	.064	.010	.010	.025	.020
	Q7	.069	.144	.048	.001	.107*	.008	.003
	Q8	.038	.511***	-.057	-.016	.093*	.035	.029
Corporate Brand Image	Q9	.066	.253***	.099	-.005	.065	.014	.009
	Q10	-.005	.190**	-.019	-.015	.173***	.023	.018
	Q11	.106**	.266***	.024	.003	.003	.015	.010
	Q12	.052	.197**	.010	.013	.125***	.016	.011
Loyalty	Q13	.097*	.252**	.005	-.015	.019	.009	.004
	Q14	.116*	.212*	-.033	.003	.218***	.021	.016
	Q15	.135**	.237**	.035	.003	.211***	.021	.015
	Q16	.059	.626***	-.043	-.015	.199**	.028	.022

* $p < 0.1$

** $p < 0.05$

*** $p < 0.01$

Question 6 is the only question (measuring customer satisfaction) with a statistically significant result. When looking at the table above we see that the average effect the PR-article has on Q6 is 0,1 (on the 90%-level of confidence), meaning that on average, people who were provided PR in

the form of the article, answered 0,1 higher on the five-step scale than those who were not. In the same way the numbers in the table indicate that customers in group A (with article) answered 0,07 higher and 0.04 higher compared to group B (without article) on question 7 and 8 as well, but these results are not statistically significant.

Regarding corporate brand image, the results are somewhat surprising. Similarly to satisfaction there is only one significant result; question 11. Customers presented with the article tended to answer 0,11 higher on the five-step scale compared to customers in group B (without article) on this question. No other statistically significant results were found in regards to the article's effect on corporate brand image.

In terms of the article affecting customer loyalty, questions 13, 14 and 15 all show that customers presented with the article answered between 0,1 and 0,4 higher on the five-step scale compared to customers not presented with the article. These results are all statistically significant. Only question 16 did not present a statistically significant result as to there being a difference between those who read the article and those who did not.

The independent variable with the strongest effect in the survey was previous knowledge of Resia's PR-activities with significance varying between none (one item) and the 99% level of confidence (five items). The effect was also stronger regarding this variable with B-coefficients up to 0,626 (meaning that on average, people who already knew about the PR-activities answered 0,626 higher on the five-step scale). The effect of long term knowledge about a company's PR actions was not part of this research as a hypothesis and was not aimed to be tested in this paper. The result is however interesting and provides a foundation for the discussion presented in the next chapter

Gender had a positive impact on several of the questions meaning that women were more likely to express loyalty to the brand (Q13-Q16) and preference of the brand (Q12). For some reason women also perceived that their friends and relatives spoke more positively about Resia (Q10) than men did. This result is statistically significant in 7 out of the 11 questions divided among the three different constructs. This is in line with previous research, as discussed earlier in this paper.

Lastly, neither type of travel nor age had any significant effects on any of the questions. This might either mean that type of travel and age actually do not matter or that the effect is very small and might require a larger sample to demonstrate. For the age-variable we might also consider that the age did not actually vary very much which might mean that the variance in age is not large enough to demonstrate differences.

The correlation varies between .004 and .029 (adjusted r squared) which means that the five independent variables together does not explain more than roughly 3% of the variance in answers.

A second regression analysis was made using the mean of questions for every latent variable (satisfaction, corporate brand image, and loyalty). For example customer satisfaction was computed as the mean answers for question 6-8. The result of this regression is in line with the results presented in table 4.6; where the only significant effect of the article is found on customer loyalty. A summary of this regression is found in appendix C.

Since we had problems with the construct of corporate brand image, it is not clear if it is really appropriate to use means for these questions (as the factor analysis indicate that the latent variable is not well captured by the questions). Because of this, it seemed more appropriate to present results question by question. This in combination with our interest in analysing each question by itself are the reasons for why the focus in this paper is on the regression analysis done with the different questions independently.

4.4.1 HYPOTHESIS 1

Partially supported

Hypothesis 1 is partially supported. There is statistical significance in three of the questions regarding loyalty. This gives us reason to presume that PR, and thereby corporate brand image, has a significant effect on customer loyalty. It should however be noted that explanatory power (expressed as correlation) is overall low even with significant results (ranges from 1 – 2 %).

It should also be noted that while we can observe significant results in loyalty, the same results cannot be observed in corporate brand image. This is kind of puzzling and might be explained with low reliability in the questions concerning corporate brand image, as previously discussed.

4.4.2 HYPOTHESIS 2

Not supported, not rejected

The results are hard to interpret as support for hypothesis 2. On the one hand, B-coefficients are in the expected direction (between 0,04 – 0,1). On the other hand, statistical significance and explanatory power is low or non-existent. There is only one statistically significant result when looking at the presumed effect the PR-article has on satisfaction. Therefore we cannot reject the hypothesis neither have we found support for it. There seems to possibly be a somewhat small effect of the PR-article, and thereby corporate brand image, on satisfaction, but without further testing nothing conclusive can be stated.

CHAPTER 5

"The customer's perception is your reality."

- Kate Zabriskie

5. DISCUSSION

Overall, the explanatory power of the five independent variables were low, at most the model explains 3% of the variance in answers. As we have had some problems with reliability concerning the questions on corporate brand image this can however not be interpreted as a marginal effect of corporate brand image on loyalty. Because of the low explanatory power we might also guess that other variables such as price and availability (variables that previous research has considered) might increase the explanatory power significantly.

5.1 THE EFFECT OF CORPORATE BRAND IMAGE ON LOYALTY

Even though the explanatory power of our model is low, the statistically significant results in three out of the four questions measuring the impact the presented article has on loyalty are interesting. The results demonstrate that customers presented with positive PR information will, although to a small degree, show a more loyal attitude towards the company and the brand. This supports previous research indicating that there is a direct effect between corporate brand image and customer loyalty (see e.g. Aydin & Özer, 2005; Nguyen & LeBlanc, 1998; Andreassen & Lindestad 1998) as well as that PR impacts customer loyalty (see e.g. Hung 2008; Hsieh & Li 2008).

When reviewing the questions measuring customer loyalty independently, the only question without a statistically significant difference between the two groups is question 16. In comparison to the other questions measuring loyalty this one makes a bold statement; *"that Resia will be my first choice when I need to buy travel services"*. A respondent might not feel confident to "promise" this. Other factors of relevance when purchasing travel services are generally price and availability, therefore the customers might not feel at ease to state that Resia will be their first choice. When it comes to this specific travel agency they also sell several different types of travel services (e.g. charter, flight ticket, hotels, events etc.). The term travel service is therefore quite broad; it includes everything from purchasing a single train ticket to a month long vacation trip. It could possibly be difficult for the respondents to say that for every type of travel service purchase, Resia will be their first choice. This does not necessarily mean that the customer is not loyal towards the brand.

The other three questions (Q13-Q15) all showed statistically significant results, indicating that customers that read the article answered more favourably towards keep buying Resia's services,

speak positively about the brand and recommend it to others. This all shows that the PR-article, and thereby corporate brand image, did have an effect and made people somewhat more loyal towards the brand.

5.2 THE EFFECT OF CORPORATE BRAND IMAGE ON SATISFACTION

Compared to the effect the article seems to have on customer loyalty saying anything specific about its impact on customer satisfaction is more difficult. The results indicate a small effect but compared to the more statistically significant effect the article has on loyalty, the results in this paper are in favour of researchers proclaiming a direct effect between corporate brand image (and PR) and customer loyalty (see e.g. Aydin & Özer, 2005; Nguyen & LeBlanc, 1998; Andreassen & Lindestad 1998) rather than merely an indirect effect through customer satisfaction (see e.g. Srivastava & Sharma, 2013), see figure 2.7.

In the case that corporate brand image would have an indirect effect on customer loyalty through the variable customer satisfaction the result should have given more indications as to a larger effect on customer satisfaction. However, since only the factor PR is measured here, one cannot exclude that corporate brand image in total might have a larger impact on customer satisfaction compared to what is shown in this research.

While measuring customer satisfaction, question 6; *“compared to your expectations, Resia’s performance was”*, showed a statistically significant difference between the two groups. This is interesting because it indicates that customers presented with a more favourable image of Resia remember the experience as more positive. These results suggest that memories are influential, new positive information after the purchase might influence how the customer remembers the experience with the brand. This information is important knowledge for the company since it means that they can influence their customer’s perception of the experience in several different ways as well as after the actual interaction took place.

The fact that question 8; *“compared to the ideal travel agency in your mind, the performance of Resia was”*, did not show any statistically significant differences between the two groups might, as stated above, be because of how it was interpreted by the respondents. This leaves room to question how well a measurement of customer satisfaction this question is. Even though there might be other explanatory reasons for why question 8 lacked significant difference between the two groups, the fact that we found no significant differences regarding question 9 either indicate that the PR-article and corporate brand image do not affect satisfaction to any higher degree. At most there seems to only be a small effect between these variables. Ultimately, corporate brand image seems to have a larger effect on customer loyalty than on customer satisfaction. This

indicates that corporate brand image does have its own effect on loyalty and not simply is indirectly influencing it through customer satisfaction.

5.3 THE RELATIONSHIP BETWEEN CORPORATE BRAND IMAGE AND PR

Another interesting result is the lack of significant results in regards to the PR-article affecting corporate brand image. The expected result, based on the presented model, is that PR should affect corporate brand image which then in turn would affect customer loyalty and possibly satisfaction (see figure 2.8).

As our tests of the strength of our questionnaire showed, (see previous chapter) the reliability of the questions measuring corporate brand image could be a reason for this result. As our pre-test indicated, capturing the construct of corporate brand image is difficult. Both our pre-test and the final result indicate that these questions might not truly measure what we want it to. Also, when it comes to question 10, how friends and relatives talk about Resia, this might be difficult to answer. Respondents would in regards to this question have to know about other peoples' opinions and they may not have the knowledge to answer this properly.

Corporate brand image is a somewhat abstract concept, and to capture it in a survey and make the respondents understand it might be more difficult than first perceived. Therefore the lack of significant results regarding this construct should probably be seen more as a failed attempt at capturing the construct in the questionnaire than it not being affected by PR. This gives clear indications for the need to re-examine this construct in the future and raises some questions as to how well previous research truly has managed to measure this construct.

Interestingly the only question which showed a statistically significant difference (95% level of confidence) was question 11; "*compared to other travel agencies available to you, the image of Resia is...*". This indicates that providing positive brand information to existing customers will distinguish the company from its competitors. This is important knowledge in a world where competition has increased, especially in an industry without vast differences between the different companies, such as the travel industry. Clearly it is important to present and develop positive PR to its customers since it seems to influence both the corporate image of your brand and the loyalty customers feel.

Question 11 measuring the image of Resia compared to other travel agencies is a straightforward question, this question might be seen as less abstract compared to the other questions measuring corporate brand image. This gives reason to believe that PR still has an effect on corporate brand image, as we assumed. The lack of other significant results might be due to the formulation of the other questions, as previously mentioned.

Based on this and in combination with previous research concluding on the mediating variable of (corporate) brand image between PR and loyalty (Hsieh & Li, 2008; Hung, 2008) we can still presume an effect of PR on corporate brand image, which was our assumption in the experiment. It seems as though PR activities are important in order to create a more favourable image of the company brand, especially compared to competitors. This is interesting since most companies put a lot of effort into creating creative PR campaigns. This both supports that people already aware of the brand and who have a relationship with it are affected by PR and also that it is important to show your customers what the company does good in order to create a more favourable image compared to your competitors.

5.4 THE IMPORTANCE OF THE LONG TERM EFFECT OF PR-KNOWLEDGE

Also an interesting aspect of the presented result is the fact that people with previous knowledge about these PR activities, i.e. people who already knew about the actions presented in the article, were all more favourable towards the brand, more loyal and more satisfied. The aim in this paper was not to determine the effect of different types of knowledge (long-term versus short-term) however the result is interesting and worthy of a closer discussion.

Five of the questions have a statistical significant result on the 99% level, these are distributed between all three dependent variables. Another five questions were significant on the 95% and 90% level, resulting in a total of ten out of eleven questions presenting significant differences between people who already knew about these activities and customers who did not know. Interestingly, in this group we have significant differences on questions previously discussed as possibly problematic. Q8 (*ideal travel agency*) and Q16 (*first hand choice*) does not indicate as being problematic when looking at this group of respondents. Also, all questions measuring PR's effect on corporate brand image are highly statistically significant.

Based on these results and relating it to our model it would seem as though being aware of a company's PR actions generates higher loyalty, satisfaction and a more favourable corporate brand image. But this result could just as well be because of some unknown variable, one that has not been researched in this paper.

There might also be a possibility that people who are more favourable towards a brand have a tendency of acknowledging this company's or brand's activities in media and therefore be more aware of these activities. Therefore, we can question whether this type of information (PR) and its impact on loyalty might in fact be the opposite way around. Is there a possibility that a satisfied customer loyal towards a company actively reads information about this company/brand, remembers it and allows him/herself to be influenced by it? That is; could

loyalty have an effect on corporate brand image also, instead of only the other way around as the discussed model implies?

As previous research has indicated (see Hsieh & Li, 2008) if the corporate brand image is negative, positive PR-activities will not generate higher loyalty. If a customer has a negative view of a brand/company they might not care about that type of information. This could give some clues as to the result presented in this paper. Could it be that previous knowledge about these activities seems to generate such a positive result because people with previous knowledge already had a positive view of the brand and therefore actively registered this information?

Still, the most simple explanation is often the most likely. Since we are seeing such strong significant results the most likely explanation is that PR-knowledge does have a significant effect on customer loyalty.

5.5 IMPLICATIONS FOR THE TRAVEL INDUSTRY

As previously discussed the travel industry is characterized by intense competition. It is an industry where it can be difficult to distinguish between different actors and their offers. Often price has become a key variable when trying to obtain customers. This makes it difficult to generate long term relationships with customers and benefit from customer loyalty.

Our results support previous research claiming the importance of shifting focus towards publicity and the corporate brand image of the travel agency (see e.g. Sun & Gui, 2011). This is supported both by the fact that loyalty in our research is affected by publicity in the form of our PR-article and the fact that customers, in group A (with article), tended to favour the brand image of Resia over other travel agencies to a higher extent compared to customers in group B (without article).

Therefore, by making an effort to create well-formulated PR campaigns a travel agency can greatly benefit from distinguishing itself from its competitors and thereby be one step closer to retaining its existing customers. The issue here is to make campaigns that in fact reach the company's customers. In this survey only 69 customers (out of 969 customers) knew about these activities already and admittedly these campaigns will only generate more loyal customers if the customers receive this information. Herein lays a key aspect for travel agencies in the future, to develop their communication channels to reach its customers. This is especially difficult now because of the general information overload in today's society.

It is interesting to note that apparently PR information help a company to maintain a strong brand. Remarkably it is not simply enough to present customers with this information in the way that was done in this experiment, or at least that does not generate a high degree of loyalty

or satisfaction towards the brand. In the case of this experiment there is a risk that the article is not enough or that some customers saw it as an attempt in influencing their opinions. As opposite to someone who already knew about these activities from someplace else. However, going through the final open question and its answers it became apparent that respondents were indeed affected, since some mentioned that now that they know about these activities they will surely continue to use Resia. Clearly, presenting these activities impact certain customers to some degree. Further research would though be needed to sort out whether different types of customers are affected in different ways.

As previous research in the travel industry has indicated type of travel could be a factor influencing customer loyalty. Our results did not show any significant impact of this indicating that different types of customers based on type of purchase does not affect customer loyalty in different ways. Based on the previous discussion that different types of customers might still be affected in different ways it could be necessary to further research this. If it is not type of travel that is key when sorting among the customers, and not age either since this sample all consisted of people in the age 20-30 years old, then the question remains what variable that is of essence. In our results we can see a strong statistical significance in regards to gender. Females tend to be more favourable towards this travel agency. Could it possibly be that women are more easily influenced by PR-articles of this type?

Since we cannot test for the actual attitude towards the brand beforehand, in this case before we presented the customers with the article, we cannot know whether people with an unfavourable corporate brand image would not be affected by this information and that customers with an initially positive corporate brand image of Resia would be more positively affected by the information. However, in accordance with previous research, the results could be taken as an indication that PR might have a more positive effect on people who already have a positive image of the brand and this is something worthy of further research. It is an interesting idea that PR does not aid the company in the sense that it does not necessarily affect customers that had a bad experience with the brand or who simply do not like the brand. But should rather be used as a tool to get customers who are already favourable towards the brand to become more favourable and thereby increase its competitiveness on the market.

In a time where customers might no longer believe in advertisements the idea that PR would be a way of re-establishing trust with the customers, as previously mentioned, is interesting. The result in this research where PR only shows a small effect on creating customer loyalty indicates that this is not as simple as that. It raises questions such as how much customers truly care and in their mind register these efforts made by the company. But if general advertisements are

being questioned by consumers and presenting PR-articles to the public only has a small effect on customers what is the solution then? It is a dilemma in need of some consideration. On a more positive note, the results indicate that PR does have some effect on customer loyalty in the travel industry and should therefore not be considered a waste. Even if its greatest achievement would be to make customers with an already positive view of the brand become even more positive it is still something that adds value to the brand, especially in this highly competitive industry.

5.6 TRUE CORPORATE BRAND LOYALTY

One final interesting aspect of this paper is whether it is possible to measure and influence loyalty this fast. When presenting customers with an article containing this type of information and then have the customers answer a questionnaire is that really a measurement of loyalty? Providing the fact that the people who answered this questionnaire all had some opinion and experience (and therefore some type of relation to customer loyalty; ranging on a scale from no loyalty to true loyal customers) with the brand, we assume that they are open towards information about the brand and let it influence their opinion.

Our results show a significant difference between the two groups. Customers who read the article answered in general 0,1 to 0,14 higher on the questions measuring customer loyalty. Admittedly this is not a huge difference, but it is statistically significant. When looking beyond the variable of customer loyalty these people stated in the questionnaire that they will speak more positively about the brand, recommend it to others and that they will re-purchase from this travel agency. These are all previously used measurements of customer loyalty and this gives us no reason to question whether this article really affected loyal behaviour or not.

Of course, we do not know to what extent this loyalty is formed, or how easily the minds of these customers are changed in the future. If this is true loyalty which Resia will benefit from for many years to come or how immune these customers are to the influence of other travel agencies we do not know. The open question in the end of the questionnaire provides some clues to this, as we received feedback that certain respondents after having read the article were more positively inclined to use Resia in the future. This gives evidence to that certain customers were affected, and this gives us reason to presume that others were as well.

Based on our presented result we cannot assume anything else than that if presented correctly, a company can influence its existing customer's perception of the corporate brand image to become more loyal towards their brand, and possibly more satisfied by using appropriate PR campaigns. Though the effect might not be immense, other activities to further maintain the

relationship should also be developed. The results indicate that it is important to also focus on how customers perceive your corporate brand image and not only focus on customer satisfaction, since this image does seem to have an impact on customer loyalty separate from customer satisfaction.

5.7 CONCLUSION

Influencing the corporate brand image, through positive PR, seems to affect customer loyalty to a higher extent than customer satisfaction. Even though the effect in comparison is quite small, there is in fact an effect. This supports previous researchers (Andreassen & Lindestad, 1998; Hong & Goo, 2004; Nguyen & LeBlanc, 1998) claiming that corporate brand image does have its separate impact on customer loyalty, a part from only being mediated through customer satisfaction. As well as that it is possible for a company to influence its customer's perception of their brand.

When it comes to the relationship between PR and corporate brand image our results are somewhat ambiguous. The assumption made in this paper, based on previous research and definitions, was that PR is a factor influencing corporate brand image. The lack of completely significant results as to this relationship should be seen as a possible measurement error, rather than indication that PR does not influence corporate brand image. This raises questions as to the reliability of previous research measuring corporate brand image and indicates that further development of this construct might be necessary. The significant result in regards to question 11 measuring PR's impact on corporate brand image further supports the causal link between PR and corporate brand image.

The strong support for people who before this experiment knew about the activities presented in the article and its effect on all three dependent variables are interesting. This result might be an indication that PR itself has an even bigger effect on both customer loyalty and customer satisfaction than our research suggests. It might on the other hand be a result of customers with an already favourable attitude to the brand to a larger extent registers this type of information or some other unknown variable. Either way, the result gives further support that a company can influence a customer's perception of their brand and that their PR activities will affect existing customers to some degree.

Maybe the most interesting result for the travel industry is the influence PR seems to have on creating a positive image of the brand compared to other travel agencies. In a highly competitive industry where the services are intangible understanding what generates competitive advantages is crucial in order to survive in the long run. Our results indicate that by providing

positive company information in the form of PR-articles to existing customers, these customers will form a more favourable attitude towards this travel agency compared to its competitors.

5.7.1 LIMITATIONS

The research in this paper is restricted to only one travel agency and customers in the age group of 20-30 years old. Based on our sample size our results should be considered as generalizable to people within this age group but further research is needed in order to make conclusions as to other ages. Additionally, there is no reason to presume that this research is not applicable to other travel agencies active in the same manner as the travel agency used as an example in this paper.

In our experiment we only get the customers' opinions in regards to whether they believe they will re-purchase these services, we do not measure the actual re-purchase or their attitudes before introducing the manipulated variable. More specifically defined we do not measure the actual behaviour among the customers but rather their attitudes. Therefore the reader should be aware that measured in this research is the opinion of the customer as to how they plan to act. As previous research has concluded, this should be seen as a valid way of measuring customer loyalty, but the reader should be aware of this difference.

Also important to consider is that in this research only the factor PR is manipulated to measure the effect of corporate brand image. In reality other marketing activities also impact the corporate brand image. The reader should be aware that one cannot say anything about the total impact of corporate brand image based on this research. However, PR can be seen as a vital part in creating corporate brand image and therefore it is interesting to see whether and how big an impact it has on customer loyalty and satisfaction.

Also PR is constituted of several different actions, not only PR-articles which is the activity utilized in this paper. Communicating PR through newspaper-articles should be seen as a commonly used way. Nevertheless, the reader should be aware that including other types of PR activities could influence the result. The idea with this paper was to add empirical evidence to the ongoing debate in regards to the impact corporate brand image has on customer loyalty and possibly customer satisfaction. Thereby the total impact of PR activities is of less importance. The purpose was rather to see the difference in effect, by manipulating corporate brand image, through PR, on the other variables, which is achieved even though the entire effect of PR is not measured.

5.7.2 FUTURE RESEARCH

The results presented in this paper provide a foundation for different types of future research. First, the result that PR might have an effect on how a customer remembers the experience with the brand deserves to be further explored. This could provide exciting new ways of influencing the customer's experience after the actual purchase.

Secondly, the operationalization and how to measure corporate brand image should also be further investigated. As our research indicates, there are some issues with these questions and before any conclusive results can be presented, these questions need to be further tested and developed. In this paper only the factor PR influencing corporate brand image has been measured. Future research as to the entire effect of corporate brand image on customer satisfaction and customer loyalty is deemed appropriate. Preferably conducted with a more experimental design as opposed to previous research conducted on the model in its entirety.

Finally, as previous research has indicated, women tend to form more loyal bonds to brands in the service industry. This is supported by the findings in this paper. Further research as to why and in what way women might form more loyal bonds would be good to further refine the knowledge of how customer loyalty is created.

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APPENDIX A

SUMMARY OF THE STRUCTURE OF THE QUESTIONNAIRE

Variables	Control Variables	Customer Satisfaction	Corporate Brand Image	Customer Loyalty	PR
Operationalization		Customer expectations & comparison to ideal travel agency	Overall corporate brand image perceived by the customers	Re-purchase intention, preference and will to spread positive word-of-mouth	Article
Questions	Questions 1-5	Questions 6-8	Questions 9-12	Questions 13-16	Control question
	1.Age 2.Gender 3.Type of travel 4. Contact with Resia 5. Reason for choosing Resia	6. Compared to your expectations, Resia's performance was... 7. How would you describe your overall feelings about your interactions with Resia? 8. Compared to the ideal travel agency in your mind, the performance of Resia was...	9. The image of the branch office of Resia you used was very... 10. In general, what do your friends or relatives say about the image of Resia? 11. Compared to other travel agencies available to you, the image of Resia is... 12. How would you describe your overall perceptions about the corporate image of Resia?	13. I will purchase Resia's travel products in the future 14. I will say positive things about Resia when I talk to my friends or relatives about traveling. 15. I will recommend Resia to my friends and relatives when they need the related information 16. Resia's services will be my first choice when I need to buy travel services.	<i>Control question:</i> <i>Group A (with article)</i> Before you answered this questionnaire, did you know of any of Resia's activities to support and improve the society? <i>Group B (without article)</i> Do you know any of Resia's activities to support and improve the society?
Adopted from	Age - none Gender - Ndubisi (2006) Type of travel - Asiedu (2008); Andreassen & Lindestad (1998) Contact & Reason - None	Richard & Zhang (2012)	Richard & Zhang (2012)	Hsieh & Li (2008)	None
Measured through		5-step Likert-scale	5-step Likert-scale	5-step Likert-scale	PR article
Type of variable	Control variable	Dependent variable hypothesis 2	Intermediate variable	Dependent variable hypothesis 1	Used for manipulation

APPENDIX B

THE QUESTIONNAIRE

THE ARTICLE

Socialt ansvar inom reseindustrin - behövs det?

Pressmeddelande • 2013-03-12 23:41 CET

Resia är en svensk resebyråkedja med säte i Göteborg och butiker i ett 50-tal städer runt om i Sverige, samt en resebutik på Internet. Verksamheten startades av entreprenörerna Erland Edvardsson och Björn Kjellgren, som 1974 tog över en liten nystartad resebyrå i Alingsås. "Rätt resa till rätt person och till rätt pris" var devisen då och drygt 35 år senare genomsyras Resia av samma filosofi.

Resia har under snart 15 år stöttat ett barnhem i Ukraina; Novy Dom. Barnhemmet ligger i en gudsförgäten håla i gränslandet mellan Moldavien, Ukraina och Rumänien. Förr i tiden var det ett blomstrande område, men nu är hamnen tom, arbetsplatserna borta och fattigdomen håller regionen i sitt grepp, och med ett ökande antal missbrukande föräldrar drabbas barnen i området. Med Resias stöd får barnen på Novy Dom en möjlighet till ett vanligt liv, där barnen får ta del av den trygghet de annars skulle gå miste om. Ingela Schönning, kommunikationschef på Resia, är positiv till arbetet med att stödja Novy Dom, "vi är glada att vårt engagemang kan bidra till att göra skillnad för barn som lever under extremt fattiga förhållanden".

Utöver det långsiktiga stödet till Novy Dom är Resia också den första svenska resebyråkedjan som har undertecknat Ecpats uppförandekod för att aktivt bidra till att motverka all form av barnsexturism. Det gäller både utbildning, policydokument, leverantörskontrakt, rapporter och information till resenärer. Siffror visar att endast 35% av Resias kunder tycker sig veta hur man ska agera om man ser något misstänkt på sin semester.

Filmen När ingen ser är en dokumentär om barnsexhandeln och kan ses gratis på Näringsse.se. Resia har lanserat kampanjsidan Resia.se/agera för att uppmärksamma sina kunder på problemet.

THE ENGLISH VERSION

Email to customer:

Headline: Questionnaire about Resia for Uppsala University, support the orphanage Novy Dom & and win movie tickets.

Hi,

This survey is directed to customers to the travel agency Resia.

It is a part of a master thesis conducted for the Business Department, Uppsala University. *The purpose is to find out more about customers' perceptions about travel agencies, in this case the company Resia.*

We would very much appreciate if you could take a few minutes of your time to answer this short survey. To express our gratitude, for every answered questionnaire (Resia will donate) 20 SEK will be donated to the children's orphanage Novy Dom in Ukraine and you who complete the survey will get the chance of winning movie tickets.

The survey consists of 17 short multiple choice questions and will only take 3-4 minutes to answer.

Your answers are anonymous and we will not release your contact information to third parties.

In case of questions, please don't hesitate to contact us.

Stephanie Ekorn; s_ekorn@hotmail.com

Silvia Khan; silviank88@yahoo.com

Thank you for your participation!

Instructions:

Survey with PR-article:

You will first be presented with a short article with information about Resia. Read through the article and answer the following questions by marking the alternative that best corresponds with your opinion.

The survey is anonymous, but in order for you to participate in the lottery of movie tickets you need to fill out your address in the end of the survey, it will not be used for any other purposes than sending you your movie ticket.

Thank you for your participation!

Survey without PR-article:

Answer the following questions by marking the alternative that best corresponds with your opinion.

The survey is anonymous, but in order for you to participate in the lottery of movie tickets you need to fill out your address in the end of the survey, it will not be used for any other purposes than sending you your movie ticket.

Thank you for your participation!

The survey

1. Age _____

2. Gender

Female

Male

3. **Type of travel purchased from Resia** (*mark all the different trips you've ever purchased through Resia*)

- Leisure 1 – 2 weeks (e.g. charter)
- Visit family or friends
- Extended trip (e.g. back-packing for several months)
- Weekend trip
- Other: _____

4. **Your contact with Resia was foremost through:**

- The local Resia office, which _____
- Resia's website
- Telephone

5. **Why did you choose to purchase your trip from Resia?** (*If you've made several purchases please mark all the appropriate alternatives.*)

- It was the cheapest option
- Recommendation from someone I know
- Resia offered the destination I was interested in
- There was a special offer on the trip
- I prefer Resia over other travel agencies
- Convenience, Resia is the optimal choice for me geographically
- I was not part of making the decision to use Resia
- Other: _____

6. **Compared to your expectations, Resia's performance was...**

- | | | | | |
|--------------------|---------------|--------------------------|----------------|---------------------|
| 1Much lower
() | 2Lower
() | 3Met expectations
() | 4Higher
() | 5Much higher
() |
|--------------------|---------------|--------------------------|----------------|---------------------|

7. **How would you describe your overall feelings about your interactions with Resia?**

- | | | | | |
|---------------------------|----------------------|-----------------|-------------------|------------------------|
| 1Very dissatisfied
() | 2Dissatisfied
() | 3Neutral
() | 4Satisfied
() | 5Very satisfied
() |
|---------------------------|----------------------|-----------------|-------------------|------------------------|

8. Compared to the ideal travel agency in your mind, the performance of Resia was...

₁Much worse ₂Worse ₃The same ₄Better ₅Much better
() () () () ()

9. The image of the branch office of Resia you used was very...

₁Very unfavourable ₂Unfavourable ₃Neutral ₄Favourable ₅Very favourable
() () () () ()

10. In general, what do your friends or relatives say about the image of Resia?

₁Very unfavourable ₂Unfavourable ₃Not sure ₄Favourable ₅Very favourable
() () () () ()

11. Compared to other travel agencies available to you, the image of Resia is

₁Much more unfavourable ₂More unfavourable ₃The same ₄More favourable ₅Much more favourable
() () () () ()

12. How would you describe your overall perceptions about the corporate image of Resia?

₁Very unfavourable ₂Unfavourable ₃Uncertain ₄Favourable ₅Very favourable
() () () () ()

13. I will purchase Resia's travel products in the future

₁Strongly disagree ₂Disagree ₃Uncertain ₄Agree ₅Strongly agree
() () () () ()

14. I will say positive things about Resia when I talk to my friends or relatives about traveling.

₁Strongly disagree ₂Disagree ₃Uncertain ₄Agree ₅Strongly agree
() () () () ()

15. I will recommend Resia to my friends and relatives when they need the related information

1 Strongly disagree () 2 Disagree () 3 Uncertain () 4 Agree () 5 Strongly agree ()

16. Resia's services will be my first choice when I need to buy travel services.

1 Strongly disagree () 2 Disagree () 3 Uncertain () 4 Agree () 5 Strongly agree ()

17. Before you answered this questionnaire, did you know of any of Resia's activities to support and improve the society? (Mark all the alternatives appropriate to you.)

YES, Resia's collaboration with Ecpat

YES, Resia's collaboration with Novy Dom

YES, other: _____

NO

alternatively, for the survey without PR-article:

17. Do you know any of Resia's activities to support and improve the society?

YES, Resia's collaboration with Ecpat

YES, Resia's collaboration with Novy Dom

YES, other: _____

NO

Other voluntarily added information to develop your answers:

Your email address: _____

THE SWEDISH VERSION

Mejl till kunderna:

Rubrik: Enkätundersökning om Resia för Uppsala Universitet; stöd barnhemmet Novy Dom & vinn biobiljetter.

Hej,

Detta är en enkät som vänder sig till dig som handlat av resebyrå Resia.

Undersökningen är en del av en masteruppsats som skrivs vid den företagsekonomiska institutionen på Uppsala universitet. *Syftet är att undersöka kunders uppfattning om reseföretag och, i detta fall, specifikt reseföretaget Resia.*

Vi skulle uppskatta om du tog dig tid att besvara denna korta enkät. **Som tack för varje besvarad enkät kommer (Resia att skänka) 20 kr skänkas till barnhemmet Novy Dom i Ukraina och du som besvarar enkäten deltar även i en utlottning där du kan vinna biobiljetter.**

Enkäten består av 17 korta frågor med svarsalternativ och den tar endast **3-4 minuter** att besvara.

Dina svar är helt anonyma och vi kommer inte lämna ifrån oss din kontaktinformation till någon tredje part.

Vid funderingar eller frågor, tveka inte att kontakta oss.

Stephanie Ekorn; s_ekorn@hotmail.com

Silvia Khan; silviank88@yahoo.com

Tack för din medverkan!

Instruktioner:

Med PR-artikel:

Du kommer först få lite allmän information om Resia, läs igenom detta översiktligt och besvara sedan frågorna genom att markera det svarsalternativ som bäst överensstämmer med din åsikt.

Deltagande i undersökningen är anonymt, men för att kunna vara med i utlottningen om biobiljetter behöver du fylla i din mejladress i slutet av enkäten. Din adress kommer inte användas i något annat syfte än att kontakta dig gällande eventuell vinst.

Tack för ditt deltagande!

Utan PR-artikel:

Besvara frågorna genom att markera det svarsalternativ som bäst överensstämmer med din åsikt.

Deltagande i undersökningen är anonymt, men för att kunna vara med i utlottningen om biobiljetter behöver du fylla i din mejladress i slutet av enkäten. Din adress kommer inte användas i något annat syfte än att kontakta dig gällande eventuell vinst.

Tack för ditt deltagande!

Enkäten

1. Ålder _____

2. Kön

Man

Kvinna

3. **Vad för typ av resa har du handlat hos Resia?** (Markera samtliga alternativ som stämmer överens med de typer av resor du köpt hos Resia.)

Semesterresa 1 – 2 veckor (ex. charter)

Besök hos familj eller vänner

Långresa (ex. backpacking under flera månader)

Weekendresa

Övrigt: _____

4. **Din kontakt med Resia var främst genom:**

Det lokala Resiakontor, vilket _____

Resias hemsida

Via telefon

5. **Varför valde du att använda just Resia?** (Vid köp av flera olika resor markera samtliga alternativ som stämmer överens med varför du handlat av Resia.)

Billigaste alternativet

På rekommendation av någon jag känner

Resia erbjöd den specifika destinationen jag var intresserad av

Det var kampanjerbjudande på resan hos Resia

Jag föredrar Resia framför andra resebyråer

Bekvämlighet, Resia är det geografiskt smidigaste valet för mig

Jag var ej delaktig i beslutet att välja Resia

Annat: _____

6. **Jämfört med dina förväntningar så var Resias prestation...**

₁Mycket sämre

()

₂Sämre

()

₃Som förväntat

()

₄Bättre

()

₅Mycket bättre

()

7. **Vad är ditt generella intryck av kontakten mellan dig och Resia?**

₁Väldigt dåligt

()

₂Dåligt

()

₃Neutral

()

₄Bra

()

₅Väldigt bra

()

8. I jämförelse med hur du föreställt dig den ideala resebyrån, hur skulle du beskriva Resias prestation i förhållande till denna?

1 Mycket sämre 2 Sämre 3 Likvärdig 4 Bättre 5 Mycket bättre
() () () () ()

9. Ditt intryck av det lokala Resia kontoret/internetsidan som du använde för att köpa din resa var:

1 Väldigt ofördelaktigt 2 Ofördelaktigt 3 Varken ofördelaktigt eller fördelaktigt 4 Fördelaktigt 5 Väldigt fördelaktigt
() () () () ()

10. Generellt, hur uppfattar du att dina vänner och släktingar talar om Resia?

1 Väldigt ofördelaktigt 2 Ofördelaktigt 3 Osäker 4 Fördelaktigt 5 Väldigt fördelaktigt
() () () () ()

11. Hur ser du på varumärket Resia jämfört med varumärken av andra resebyråer som du känner till?

1 Mycket mer ofördelaktig 2 Mer ofördelaktig 3 Likvärdig 4 Mer fördelaktig 5 Mycket mer fördelaktig
() () () () ()

12. Hur skulle du beskriva din generella uppfattning av varumärket Resia?

1 Väldigt ofördelaktig 2 Ofördelaktig 3 Osäker 4 Fördelaktig 5 Väldigt fördelaktig
() () () () ()

13. Jag kommer att köpa Resias resetjänster i framtiden

1 Instämmer inte alls 2 Instämmer delvis inte 3 Osäker 4 Instämmer delvis 5 Instämmer fullständigt
() () () () ()

14. Jag kommer tala positivt om Resia när jag pratar om resande med mina vänner och släktingar.

1 Instämmer inte alls 2 Instämmer delvis inte 3 Osäker 4 Instämmer delvis 5 Instämmer fullständigt
() () () () ()

APPENDIX C

ALTERNATIVE REGRESSION ANALYSIS RESULT (CALCULATED ON MEANS)

Questions	Independent variables						
	<i>PR</i>	<i>Previous PR knowledge</i>	<i>Type of travel</i>	<i>Age</i>	<i>Gender</i>	<i>R²</i>	<i>Adj R²</i>
Satisfaction Q6-Q8	.068	.353***	.019	-.001	.070	.026	.020
Corporate Brand Image Q9-12	.054	.227***	.028	-.001	.092**	.023	.017
Loyalty Q13-Q16	.102*	.332***	-.009	-.006	.162***	.022	.016

* $p < 0.1$

** $p < 0.05$

*** $p < 0.01$